



## **MARKETING PLAN OF REALONDA S.A.**

**Author: Luis Roldán Silvestre**

**Tutor: Cristina Gaona Garcia**

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## 1. EXECUTIVE SUMMARY

Realonda is a Spanish company, located in the town of Onda (Castellon) dedicated to the manufacture and sale of ceramic tiles. The company was founded in 1952, more than 70 years ago. The company sells a very wide catalog of models and collections of tiles, differentiating itself through the manufacture of tiles with avant-garde and innovative designs with high quality and many technical characteristics.

The company is among the top 35 producers in the sector and has managed to differentiate itself from the competition thanks to its high-quality products, its innovative designs and the image as a company committed to the environment. It incorporates these values into its way of being of the organization and its organizational culture and also provides a careful and personalized customer service.

In the following work, the company and the sector are analyzed both internally and externally, and after that, it is determined that tiles are one of the leading products par excellence in floor and wall coverings due to their characteristics. Their consumption has deteriorated in recent years both due to global crises and war conflicts between some countries. In addition, a notorious importance is highlighted in technology, innovation, changing tastes and the personalization of customer services. customer, which are the bases on which companies must focus their efforts looking to the future.

In the following points an internal and external analysis is collected, as we have mentioned previously, which shows the resources, capabilities and values of the company, as well as an analysis of the macroenvironment and microenvironment, where the market where the company competes has been studied, as well as such as the demand and the company's competitors. After collecting the information, a SWOT has been formed based on this analysis.

After analyzing the environment and the factors that affect the company, 6 SMART objectives have been set along with a series of strategies and a plan of 11 actions to be carried out in the next two years in order to expand and improve the company.

The different actions have been developed with a specific timeline and with a specific budget for each of them, adding up to a total budget of €409,400. Additionally, a schedule and a series of control actions to be followed have been established, to control that the proposed actions and objectives are met correctly and within the established time frames.

## 2. SITUATION ANALYSIS

In the next point, the situation in which the company is currently located is analyzed, collecting the internal and external analysis that involves the organization in order to see the state of the company and to be able to adapt corporate strategies.

### 2.1. INTERNAL ANALYSIS

In the following section, the internal state of the company will be evaluated in order to find out the weaknesses and strengths of the organization.

#### 2.1.1. Description of the company

In the following subsections you will see a small description of the company that shows an introduction to the company, the mission, vision and corporate values.

##### 2.1.1.1. Company's presentation

REALONDA is a company dedicated to the production, commercialization and marketing of ceramic wall and floor tiles, being experts in red body and porcelain tiles. Founded in 1920, with the name of "El Tercio" it began its business activity. Already in 1952 it began its commercial activity under its current name, Realonda S.A. with which the brand has continued to grow and adapt to changes and the needs of customers, in order to offer a service that meets their expectations, since their opinions are highly valued in the company to try to give them the best support and service in order to make them loyal to the company.

Image 1: Foundation of Realonda S.A.



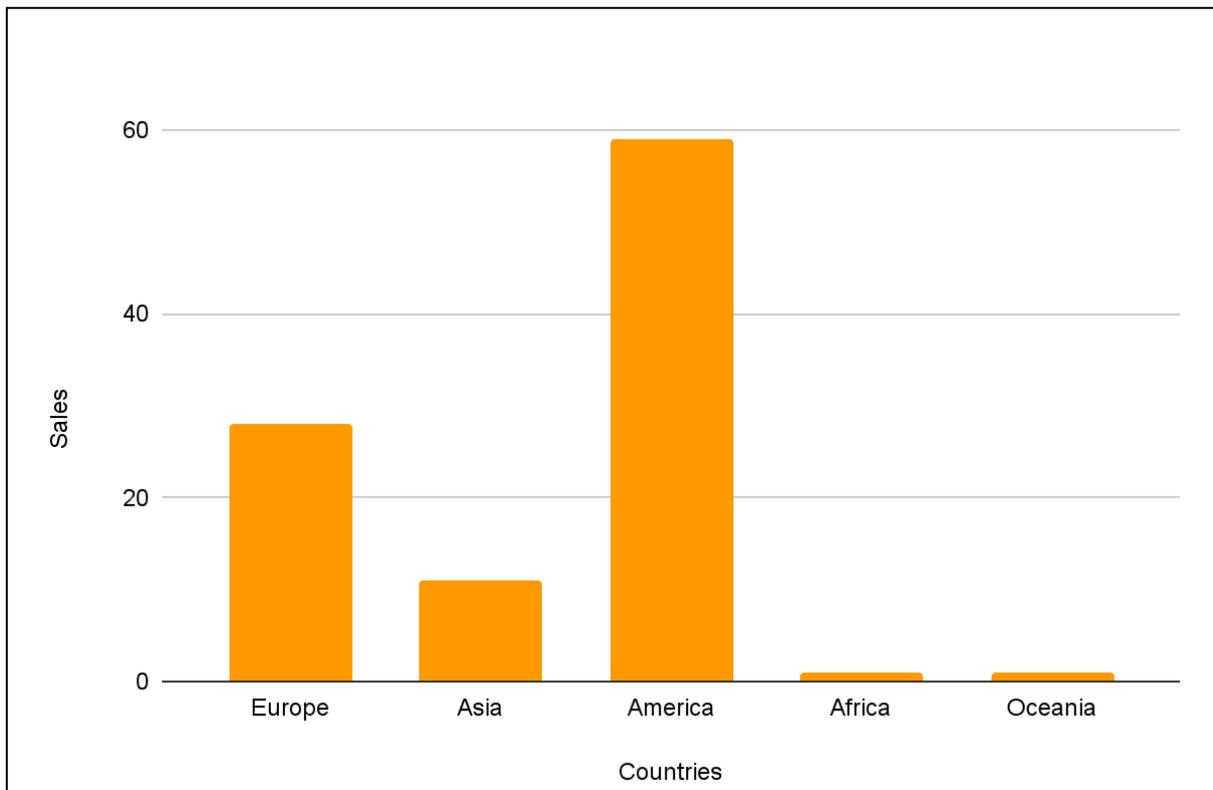
Source: Realonda.com

The commercial activity of the company is based for the most part on the international sale of tiles since it exports more than 85% of its production to all its clients spread over the 5 continents, reaching some 44 million in sales in 2021. The company bases their production

in search of a superior quality by demanding very strict quality standards, as required by the European standards ISO 9001 and 14001 that regulate the quality of ceramic products, in addition to quality they also bet on great environmental awareness, since that apply several strategies to reduce the contamination footprint during their production processes.

It exports 89% of its production to more than 95 countries around the world, some of the most frequent are: Poland, France, UK, USA and Saudi Arabia, for a better visualization we see in the following graph, the percentage of exports to each of the 5 continents:

Graphic 1: Percentage of Sales by Continents



Source: Own Elaboration, data from Realonda (2023)

The company's production center is located at Av. del Mediterráneo, 50, Nave 12200 Onda (Castellón), in the same place where it was founded, but with modern and automated facilities with the aim of creating innovative and quality tiles. It also has another warehouse also located in the town of Onda (Castellón) where most of the company's logistics tasks are stored and carried out.

Realonda, being a company with so much experience in the market, is very clear about its mission, vision and the values that it wants to transmit from its company, both to customers and to its employees:

### 2.1.1.2. Corporate Mission

**MISSION:** "Offer a product of the highest quality and a careful service to customers"  
(Realonda, 2023)

### 2.1.1.3. Corporate Vision

**VISION:** To be one of the companies with the most projection in the ceramic sector and recognized for being a benchmark in design, innovation and commitment to the environment.

### 2.1.1.4. Corporate Values

**VALUES:** The values that Realonda projects in its products and in its human team are several. The company tries to include them in its entire production processes as they are one of the pillars on which the company is based. These values are:

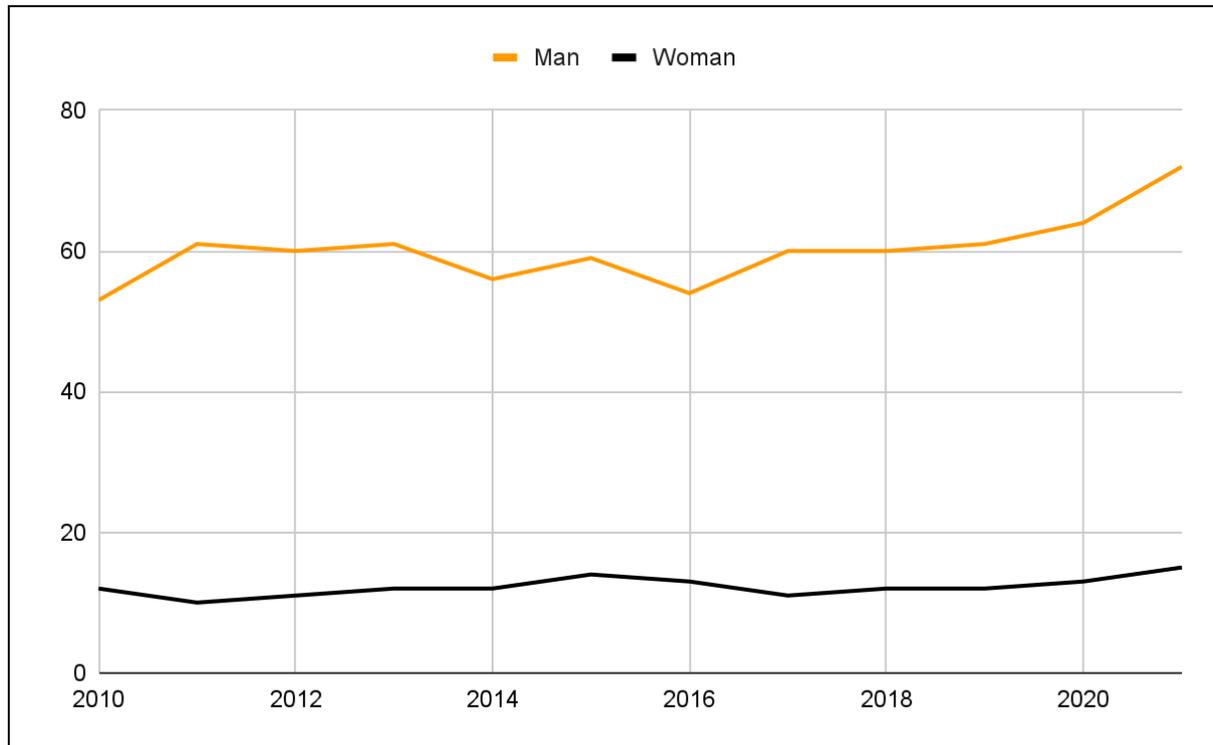
- Research and innovation, both in production processes and in design processes, product development and logistics. In addition, his other significant values in the company are
- The commitment to quality, always seeking the greatest possible excellence in production, design and customer service.
- Respect and awareness for the environment
- CSR (Corporate Social Responsibility) aimed at sustainable development carrying out practices that try to control and reduce the carbon footprint and pollution in the company, in addition to having a great labor responsibility promoting development, creativity and personal growth among employees.

## 2.1.2. Resources and capabilities

### 2.1.2.1. Human Resources (HR)

The company currently has 86 employees, of which 95% have a permanent contract with the company, since the company is committed to hiring qualified people with extensive experience in the ceramic sector, in addition to betting on young talent. The following graph shows the evolution of employees in the company in recent years, noting a slow but sustained growth.

Graphic 2: Evolution of Employees in recent years



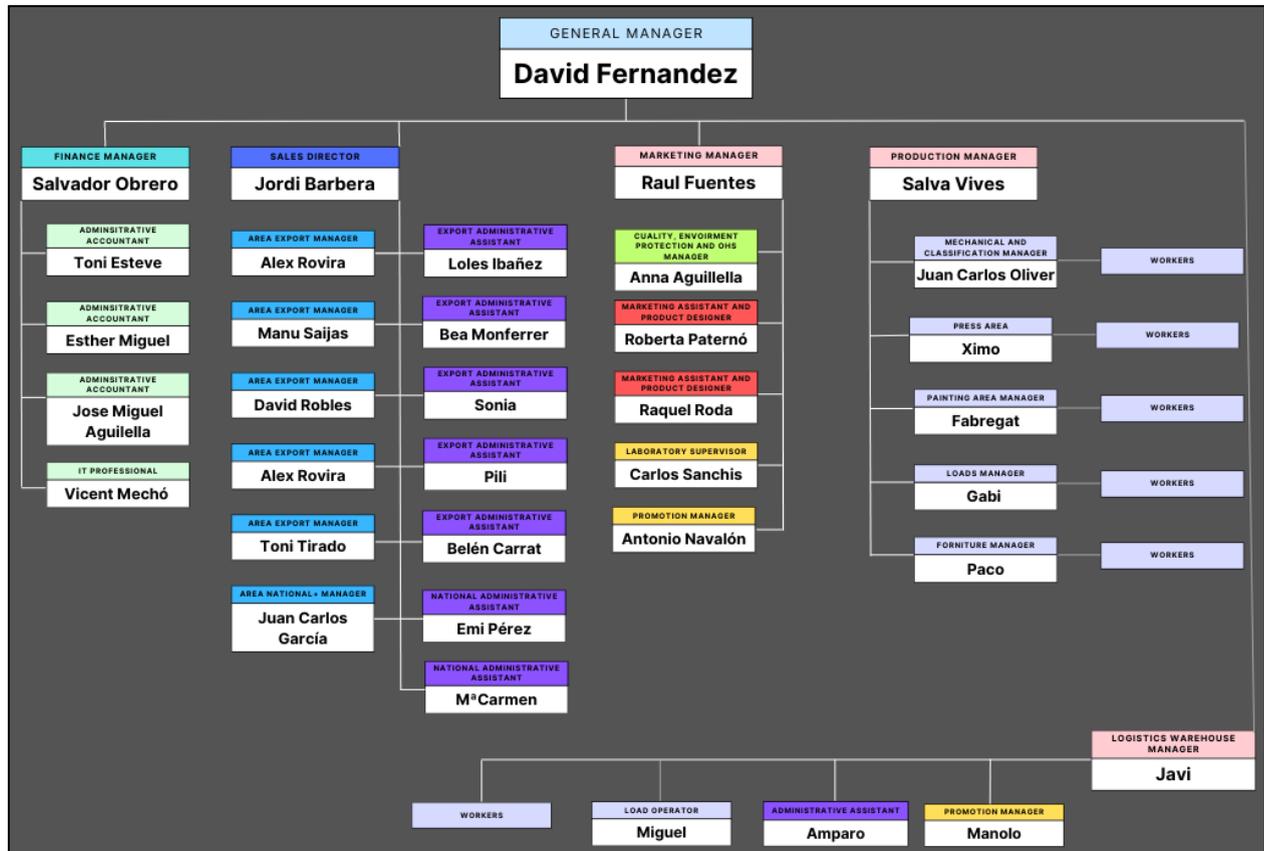
Source: Own elaboration data from SABI (2021)

In addition to this, the company tries to involve workers with the objectives and values of the organization to ensure that all company processes are carried out with high quality and excellent service. Realonda believes that personal development within the company is essential for the success of the organization, which is why it encourages creativity in the company and is committed to carrying out activities and courses to develop employees and their skills.

In order to see the organization of the company in a more schematic way, we will see how the company is structured through the organizational chart. Realonda is divided into several departments, such as the finance department, the commercial department in which the export part is differentiated from the national one, the product design and marketing department, the production and logistics department, and the R+ department. D+i HR and quality.

The company has a very vertical hierarchy, quite common in the tile sector, we see it in more detail in the organization chart shown below:

Figure 1: Organizational chart



Source: Own Elaboration data from Realonda

### 2.1.2.2. Technological Resources

As for the technological resources that the company uses when working, there are several, since the company has an IT professional who has helped to develop the software with which the company manages almost all its activities through this. To help manage the company, apart from the internal computer program, most Microsoft Office programs are also used, such as Excel, Access, Power Point...

The company attaches great importance to the corporate website since it is one of the best ways to attract customers, which is why a lot of effort is focused on keeping the website up-to-date with all the news that it brings to the market and all the products and services that are offered.

The company has a corporate profile on all social networks in which the company is promoted, content is shared about its activities, news and news about the company and its surroundings.

Image 2: Automated Production and Logistics Processes with Robots in Realonda



Source: Own Elaboration

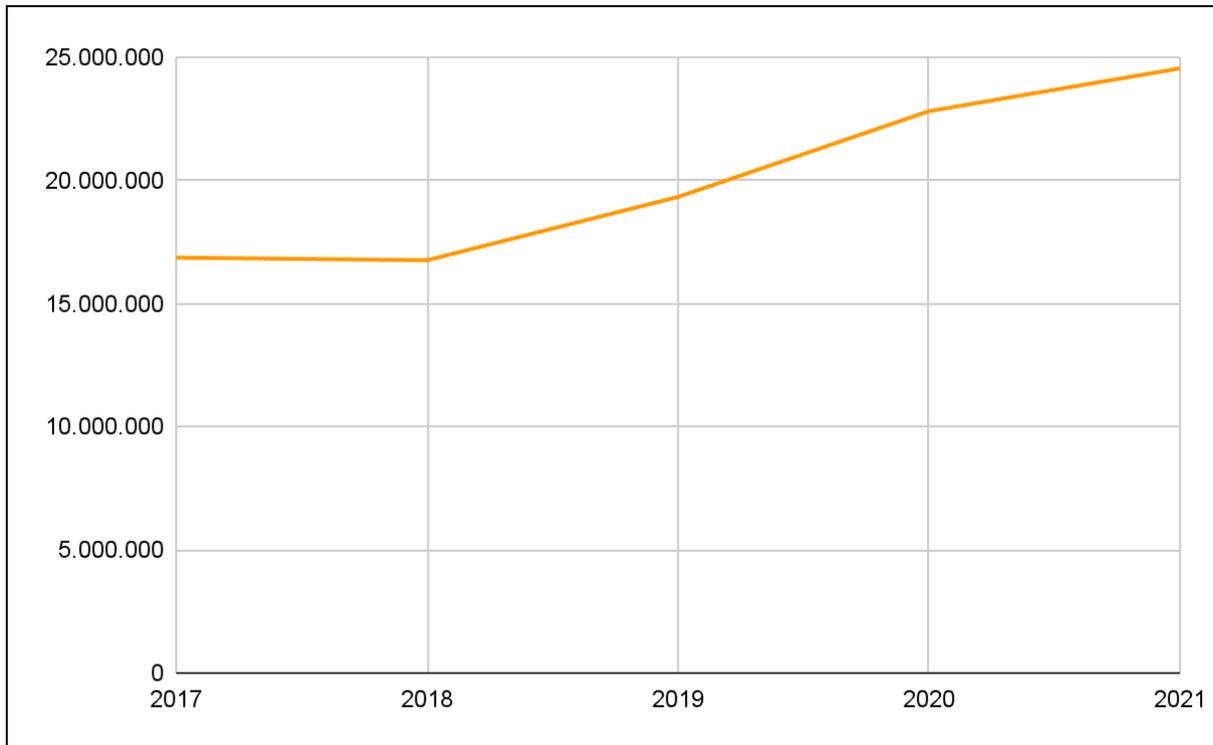
These robots are used to take the tiles to the furnace area and to the sorting and packaging area. In this area of the company, the process is also automated in the production line, where the tiles are classified and packaged according to the caliber tone and tile model. After being packaged, a robot arm distributes the boxes on the different pallets for their subsequent packaging and storage which is carried out by the factory operators.

### 2.1.2.3. Financial Resources

As for the latest financial data of the company, in 2020, sales grew by 17.77% compared to the previous year, reaching around 44 million euros in turnover, in 2021 they continued to grow by 8%, reducing their growth, and in 2022 they have been stagnant, with the sales figure remaining almost in the same place as in 2021, although the figure has not decreased. In the year 2021 the company accumulated a total of €25,824,264 in the company's own funds and in terms of available treasury in that year it was €6,565,702.

The following graph shows the evolution of the company in operating income in recent years.

Graphic 3: Evolution of Realonda's operating revenue



Source: Own Elaboration data from SABI (2023)

In that same year, the financial and economic profitability ratios were 16.92% and 20.07% respectively, these percentages show that the company continues to generate benefits. Regarding the treasury ratio that measures the financing that the company has externally compared to the company's own financing, said value is 15.68%, which shows that the company has almost no debt compared to its assets. own.

#### 2.1.2.4. R+D+i Resources

At this moment the company is carrying out several projects with which it has made itself stand out in the sector:

The first of the innovations that Realonda has implemented has been REALINK, a new paint and enamel printing technique that makes it possible to create a new type of products with which the company's design department has no limitations to create new and innovative products, which few companies equal in the sector. Realonda is also characterized by creating tiles, whether red body or porcelain, with very characteristic reliefs and geometric shapes, such as hexagonal tiles, rhombuses, triangles... all of them with endless combinations so that customers can create the final design that best suits your tastes and needs.

Another of the innovations that has been launched for which the company has been awarded an Alfa de Oro (awards for innovation, technology and design in the ceramic sector), and that together with the company Gimecons and the IUTC-UJI ( University Institute of Ceramic Technology of the Jaume I University) have developed a type of ceramic tiles that allow controlling and regulating the temperature of homes compared to outside the home, controlling the degree of humidity thanks to its great porosity and thus to be able to reduce the energy consumption of the houses both in heating and cooling them. For this type of tile, the INKJET printing technology is also incorporated, with which high-precision designs can be printed on top of the tiles, with many details in their patterns and carried out with greater efficiency and reduced waste in the production of the tiles. tiles.

Image 3: Gold Alpha Awards 2021



Source: Google images and Realonda (2023)

In addition to these innovative proposals, the company continues to research and incorporate improvements to its ACTIV (tiles with bactericidal and disinfectant properties) and SMARTGRIP (tiles more resistant to wear and abrasion) product ranges, which were launched a few years ago but are still in use. constant research and application to new projects with which, combined with previous innovations, they create highly innovative tiles, non-slip and with very high antibacterial properties that, together with unconventional designs, attract the attention of customers.

### 2.1.2.5. Cultural Resources

The cultural resources that Realonda tries to integrate into the company and show abroad are: the knowledge or know-how that they have been accumulating thanks to the 80 years of experience that the company has in the sector, where it has been adapting and growing, always trying to find the higher quality products and excellence in customer service.

The company's philosophy is based on producing high-quality and innovative products, always trying to minimize environmental impact, committed to sustainability and applying environmentally responsible processes. In addition to having a social responsibility that seeks integration, awareness of business objectives, growth and personal development of employees in search of innovation and creativity, giving rise to differentiating products in the market that make the Realonda brand grow.

### 2.1.2.6. Environmental Resources

The company is committed to reducing pollution in its production processes, some of the practices that the company does to contribute to the 17 Sustainable Development Orders (SDG) and to ensure that they contribute to sustainability and environmental protection are:

- **Waste management:**

The company manages various types of waste, with the mentality that everything possible can be 100% reused, these are:

- Rejection of atomized dust: It is the dust that comes from the press, ovens and enameling areas, as well as the broken or rejected pieces before the firing process. This dust is vacuumed and stored, after which it is returned to the company supplying said dust to return to atomize it and that it is ready for production again, that is, this material is 100% reused.
- Wastewater and Sludge: In the area of enameling and painting of the pieces, water is used as a cleaning medium, in order to manage said water that contains traces of paint, dyes, or hazardous materials, the company has a water channeling system that takes it to decantation ponds where wastewater and solid matter (sludge) are separated, said water is separated and taken to the atomizers for use in its production process. Thus, the company identifies and commits itself to the zero discharge of water.
- Ceramic enamels: Enamels (already obsolete due to the replacement of inks) are managed as hazardous waste, due to the content of some of these metals and other hazardous substances. The company manages them with an authorized manager and those that can undergo a reuse process.

- Plastic and Cardboard: This waste is generated in the warehouse, order preparation and product classification areas. Said waste is deposited in large containers and an external company carries out its reuse process.
- Wood: Wood waste is also generated from the warehouse, order preparation and classification area, such as the boxes where the rollers from the ovens or more materials come from or the pallets that are broken. The wood that is reusable does so until it deteriorates or breaks and the broken ones are taken by a company to make chipboard pieces.
- Plastic and paper containers that have contained dangerous products: The management of these products is carried out by a specialized external company, since the waste contained in these containers is considered dangerous substances.

- **Promotion of innovation in the company:**

Realonda incorporates into its philosophy the spirit of innovation and research into new technologies in order to make its production processes more efficient and always focused on contributing to the environment. For all these reasons, the company encourages and promotes research and innovation and works on a daily basis to achieve technologies such as INKJET, Activ, SmartGrip or the Confortma project, which incorporate technologies in companies to manufacture tiles so that the surfaces have properties such as antibacterial, wear and abrasion resistance and temperature regulation.

- **Process optimization and energy efficiency:**

Another of the tools that the company uses in its production process and in order to be environmentally responsible is the optimization of production processes. The company invests many resources in the research and application of new technologies to save costs and optimize energy and its production process. The most recent practices that it has incorporated into its production plants are: A digital decoration technology to reduce thermal energy consumption, another technology to reduce the energy consumption of the baking oven, and this added to an energy efficiency plan in the offices, with the installation of LED lights and high-efficiency air conditioning systems and the Conforma Plan with which it produces ceramic tiles with temperature regulation, to save energy in places where this product is installed.

In the following table are classified by the ODS, the actions in which Realonda works to contribute with good environmental practices and focused on sustainable development:

Table 1: Actions carried out by Realonda for Sustainable Development

ODS What works Realonda	Actions carried out by Realonda
 <p>6 AGUA LIMPIA Y SANEAMIENTO</p>	<ul style="list-style-type: none"> <li>- Wastewater management</li> <li>- Toxic water management</li> <li>- Water discharge 0</li> </ul>
 <p>7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE</p>	<ul style="list-style-type: none"> <li>- Energy efficiency</li> </ul>
 <p>9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA</p>	<ul style="list-style-type: none"> <li>- Promotion of innovation in the company to develop new technologies (inkjet technology and activ and smartgrip)</li> </ul>
 <p>12 PRODUCCIÓN Y CONSUMO RESPONSABLES</p>	<ul style="list-style-type: none"> <li>- Seeks to guarantee the production of responsible ceramic products with raw materials and sustainable dyes</li> </ul>
 <p>13 ACCIÓN POR EL CLIMA</p>	<ul style="list-style-type: none"> <li>- Inks with inkjet technology</li> <li>- Water waste management</li> <li>- Management of wood, cardboard and plastic waste</li> <li>- Management of containers with toxic products</li> <li>- Management of atomized dust and unfired broken parts</li> </ul>

Source: Own Elaboration

### 2.1.2.7. Physical and logistics resources

Realonda has two warehouses and a building where it carries out its business activity. The main warehouse where the company carries out its production process is located at Av. del Mediterráneo nº 50 Onda, (Castellón), in the production plant there are all kinds of machinery to carry out the production process of ceramic tiles, always adapting to technological changes, for example in the introduction of automated robots that help transport and place ceramic pieces, rollers and kilns for firing tiles, belts for sorting and palletizing loads. In this warehouse apart from the process Logistics and truck loading tasks are also carried out at the manufacturing plant to transport the tiles to the end customer, since there is a loading dock next to the warehouse where these trucks are loaded.

Image 4: Loading dock



Source: Own Elaboration

Next to it, is the aforementioned building, where the company's offices are located, where administration, management, design, laboratory, and commercial activities are carried out. This building has two floors where these activities are distributed, on the ground floor is the showroom where all the products offered by the company are displayed.

Image 5: National sales offices and showroom



Source: Social Media of Realonda (2023)

There is also the company's laboratory and design and R+D+i area where current and future products are researched, designed and improved. In addition to being on this floor the national administration area. And already on the second floor we find the offices where the administration and accounting, export, commercial and management departments are located.

Image 6: Realonda Offices and R&D area



Source: Social Media of Realonda (2023)

Apart from the main warehouse, the offices and the R+D+i area where most of the company's activities are carried out, Realonda also has a second warehouse where the company's tiles are stored and distributed and they carry out the administration tasks necessary for its proper functioning of the secondary warehouse.

Image 7: Manufacturing plant and Warehouse of Realonda



Source: Youtube of Realonda and Google (2023)

### 2.1.2.8. Marketing Resources (Marketing Mix)

- **Product**

The catalog of products that Realonda offers its customers is very broad, so we are going to explain the dimensions of its products:

- Basic or essential product:

The basic functionality of the products offered by the brand is to be able to decorate the home, make ceramic coverings for walls, floors and swimming pools, both for interiors and exteriors. The company offers several collections that have characteristics such as thermal insulation, anti-slip, wear resistance and maximum durability.

- Formal product:

The formal product refers to the attributes that the product may have, for this reason at Realonda we will highlight that all the collections have various forms of combination and unusual designs, since being tiles with geometric shapes they can be combined in many different ways adjusting to the tastes of the client. In addition, the products offered by the company seek to have maximum quality and durability so that the customer is always satisfied with the product.

- Expanded product:

The extended product refers to the additional services to the purchase that realonda offers. Among them we will highlight the advisory and follow-up service for the placement of ceramic pieces, showing the client the different combinations that can be made with the collection of tiles that they like best or that best suit their needs, so that they can apply it to their projects. . The post-sale service is another of the company's strong points, since conversations are held with customers after the sale to assess the products and verify that the quality and durability offered by the company is reflected in the products. In some cases and for specific clients, special packaging is made that requires different measurements, or different packaging and packaging formats for the products.

As the company offers many different types of tiles, whether they are red body or porcelain. We will divide the products by format, classifying them by size and collections available for that size. Realonda offers a large number of different formats and sizes so that the tiles can be perfectly matched to the client's tastes, these are:

Table 2: Types of tiles by format type

Format	Collections
45x45	Aranjuez, Riga
48.5x28	Parma Thassos Blue, Triangle, Verona
31.5x31.5	Timbao
56x48.5	Argos, Arlet, Artelier, Confeti, Dolomite, Parma, Pietra Antica, Thassos Blue, Thassos Gold, Verona
70x40	Diamond Brume, Diamond Calacatta, Diamond City, Diamond Marquina, Diamond Pallet, Diamond Statuario, Diamond Timber, Diamond Triangle, Diamond Waves
modular (several formats mixed)	Burgundy White, Canyon, Dark Marble, Esla, Filita, Modular Antiga, Modular Bardiglio, Modular Borgogna Stone, ModularDust, Modular Houston, Modular Pietra, Modular Porfido, Modular Quartz, Modular Slate, Modular Venato, Slate Indian, Venato
28.5x33	Andalusí, Bardiglio/Venato, Calacatta, Gold, Carnaby, Craft, Dark Marble, Donegal, Grazia, Jakarta, Kerala, Uncle, Memphis, Oasis, Opal, Osaka, Sevres, Trapez Vintage, Venato, Venus, Yara, Zaire
26.5x51	Habitat, Hex Aquamarine/Hex Snow, Hex Calacatta, Hex Nouveau, Hex White, Hex Zellige, Muse, Rhombus Black/ Rhombus Snow, Rhombus Blue, Rhombus Colour, Rhombus Emerald, Rhombus Marquina, Rhombus Stone, Rhombus Venato, Sequoia, Stonehenge, Venato
33x33	Antigua, Antique, Bali, Calacatta Gold, Cieza, Delta, Dolomite, Eclipse, Frame, Habitat, Hanoi, Lens, Loire, Muse, Occitane, Oxford, Pattern, Pattern Wood, Sequoia, Stonehenge, Zellige
40x120	Calacatta Gold, Dolomite, Habitat, Redwood, Stonehenge, Thassos Blue, Verona
44x44	Avalon, Borgogna White, Canyon, Chevron, Cordoba, Scotland, Remember, Filita, Firenze, Gatsby, Glint, Kilim, Kimono, Marrakech, Medes, Orly, Padova, Patchwork, Provenza, Rialto, Siena, Skyros, Slate Indian, Star, Stonehenge, Tangram Tin Tile, Trevi.
21x63	Dark Marble, Maristone, Opal Strip, Venato
31x56	Coda, Dakhla, Driftwood, Empire, Kefren, kyiv, Luxor, Manhattan, Masía, Megane, Mindanao, Multisize Pallet, Muse, Niagara, Ontario, Petra, Stone, Quartzite, Ribera, Rioja, Roof, Teiki, Timbao
30.9x30.9	Calacatta Gold, Calacatta Gold Circle, Circle Black/White, Circle Collage, Circle Glossy Calacatta, Circle Glossy Grey/White, Circle Marquina, Circle Metal, Circle Oak/ Walnut, Dakhla Circle
44x66	Ardennes Beige, Arlet, Burgundy White, Brasil, Canyon, Deva, Dukkan, Erebor, Esla, Filita, Harz Steel, London, Porfido Terra, Sahara, Sella, Slate Indian, Yosemite
30.7x30.7	Scale, Scale Boho, Scale Gloss, Scale Shell, Scale Slate, Scale Stone

<b>22x44</b>	Burgundy White, Canyon, Isla, Phillips, Slate Indian
<b>32.9x32.9</b>	Carnival Fresco, Inca, Parma, Venice
<b>22x22</b>	Burgundy White, Canyon, Isla, Phillips, Indian Slate
<b>31x31</b>	Penny

Source: Own Elaboration

As you can see, Realonda has a large number of tile designs in its catalog. Each type of collection that the company offers its customers can have various formats, a lot of colors, various shapes, and in many of them various combinations can be made so that the final finish is not the same and each client chooses the type of combination. that best suits your needs.

- **Price**

The prices in the company are based on rates and the types of orders made by the clients, since in the sector of the sale of tiles there is a lot of competition and prices are constantly changing although Realonda offers products differentiated from the competitors. It uses several criteria to set the final prices:

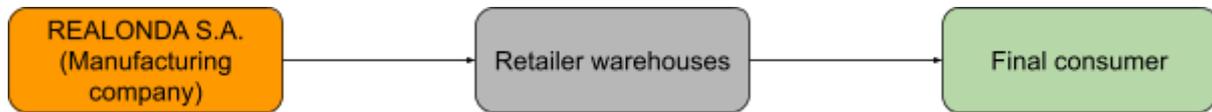
- It starts from the base price of each type of tile according to its characteristics such as color, format, whether they are non-slip or not, whether they are exclusive or second-rate models.
- It is completed with the rate by type of customer, since depending on the type of customer that is frequent, unusual or new, their rates are adapted in a different way.
- Other factors may intervene such as the payment term, whether prompt payment or volume discounts are applied to them, whether the products are of lower quality because they have come out with a lower than optimal quality tone.
- The environment greatly influences the sale prices of the tiles, since increases in the price of gas or electricity greatly increase production costs and therefore the sale prices vary.

- **Place**

The distribution networks that the company has are selling to wholesale and retail companies that then distribute and sell their products to the final customer and also distribute to companies that are dedicated to importing tiles internationally. For this reason we can distinguish three distribution channels of the product to the end customer

- Short Channel: The company sells the product to a retailer who is in charge of selling the product to the final consumer.

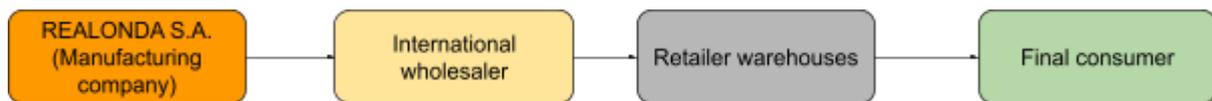
Figure 2: Distribution short channel



Source: Own Elaboration

- Long Channel (without commission agent): The company sells to a wholesale company that is in charge of exporting the tiles and taking them to their destination, where they are then sold and distributed to retail companies that send them to the final consumer.

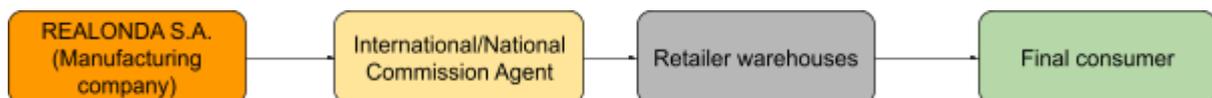
Figure 3: Distribution long channel



Source: Own Elaboration

- Long Channel (with commission agent): The company's commercials contact international commission agents who are interested in the products that manage sales abroad to retail companies and end customers.

Figure 4: Distribution long channel with commission agent



Source: Own Elaboration

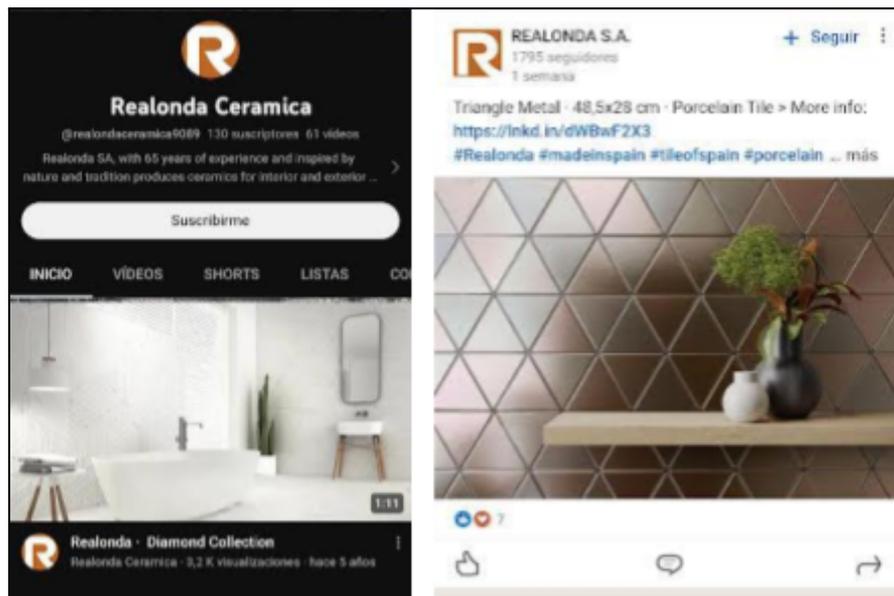
- **Communication**

To promote its products and collections, Realonda uses several marketing tools to attract target audiences and start interacting with the company, as well as gain more loyalty from the company's current customers, since they are in constant contact with them. For this we will classify and explain them according to the following tools:

- Advertising:

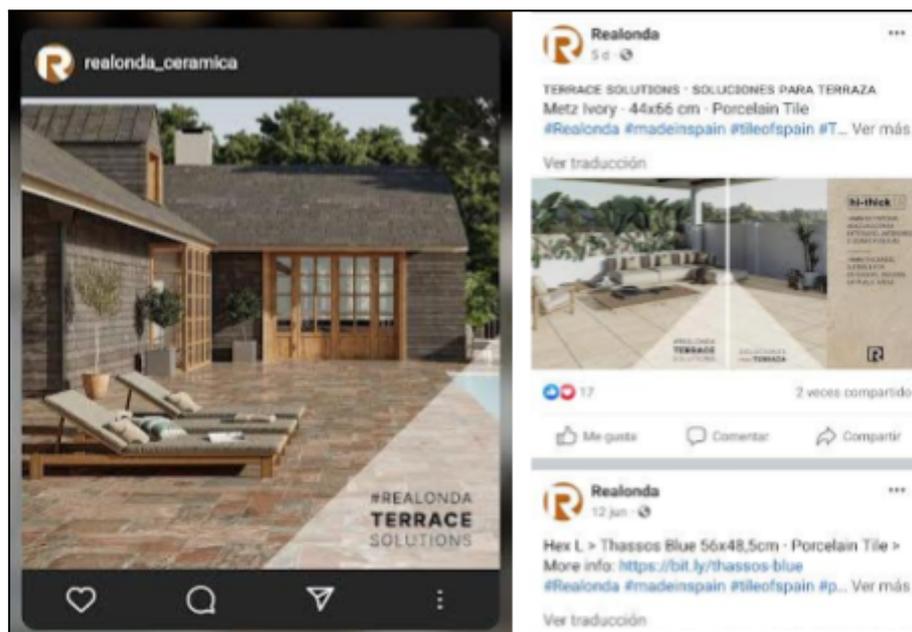
The main advertising tool carried out by the company is the promotion and advertising in RRSS and digital media of its different collections and designs.: Realonda has a profile on the main social networks such as Instagram, Facebook, Linkedin, Twitter and Youtube, in which they promote their products and news, publish news and content related to the company and thus keep their clients and interested parties very well informed about changes. and news.

Image 8: Realonda Social Media Networks



Source: Youtube and LinkedIn of Realonda

Image 9: Realonda Social Media Networks



Source: Instagram and Facebook of Realonda

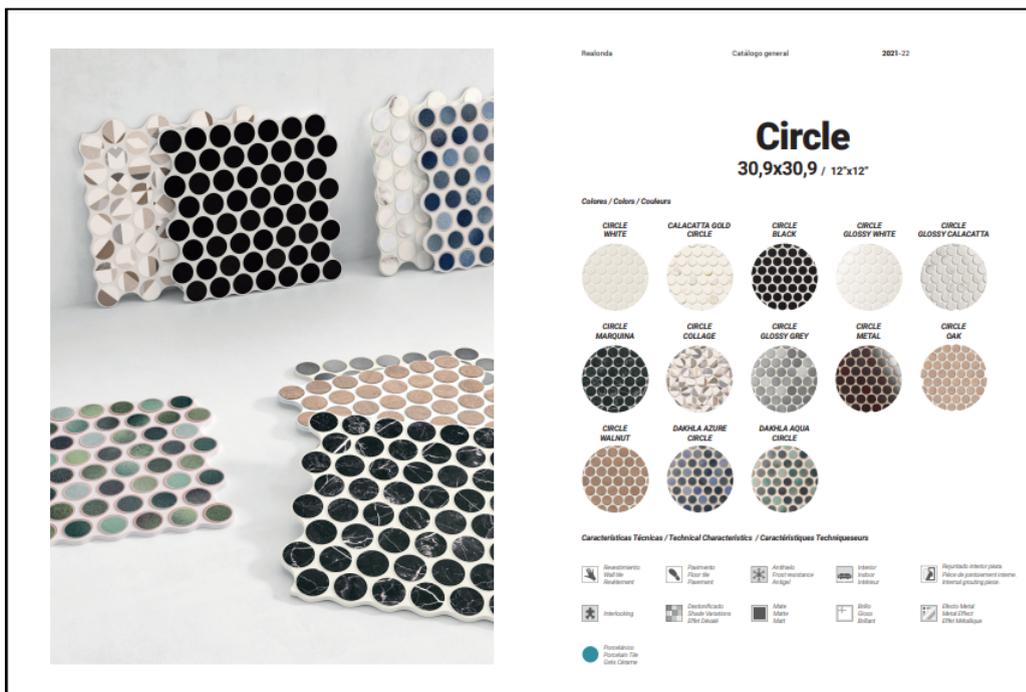
Another way to advertise their products in a secondary way is the presence in some company databases, such as the yellow pages, where your contact information, location and company website are displayed. In addition, its products are also displayed in various e-commerce and decoration marketplaces , since the company sells products to retailers that put the tiles in their online stores (e-commerce of Leroy Merlin and Baldosas Cerámicas), this helps to advertise both the products and the Realonda brand.

- Direct marketing

The main direct marketing tool used by the company is to send all its customers and in interviews with its target public, product catalogs and technical manuals, in the following photos you can see some pages of the different catalogs.

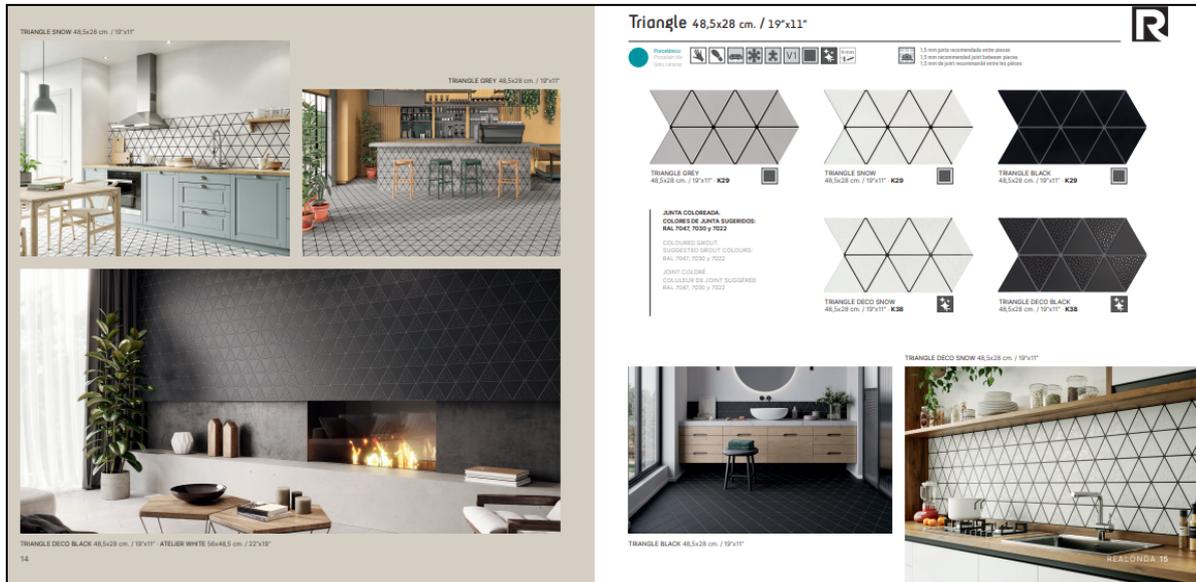
- The general catalog (where all the available models are), (Image 10)
- The catalog of novelties (where they offer all the novelties of the year), (Image 11)
- The pool catalog (showing pool collections), (Image 12)
- The catalogs of the ACTIV, SMARTGRIP and DIAMOND collections, (which show the content of these collections in much more detail) (Image 13)
- Several technical manuals for placing the pieces so that customers can choose the combination of shapes and colors that they like the most. (Picture 14)

Image 10: General Catalog



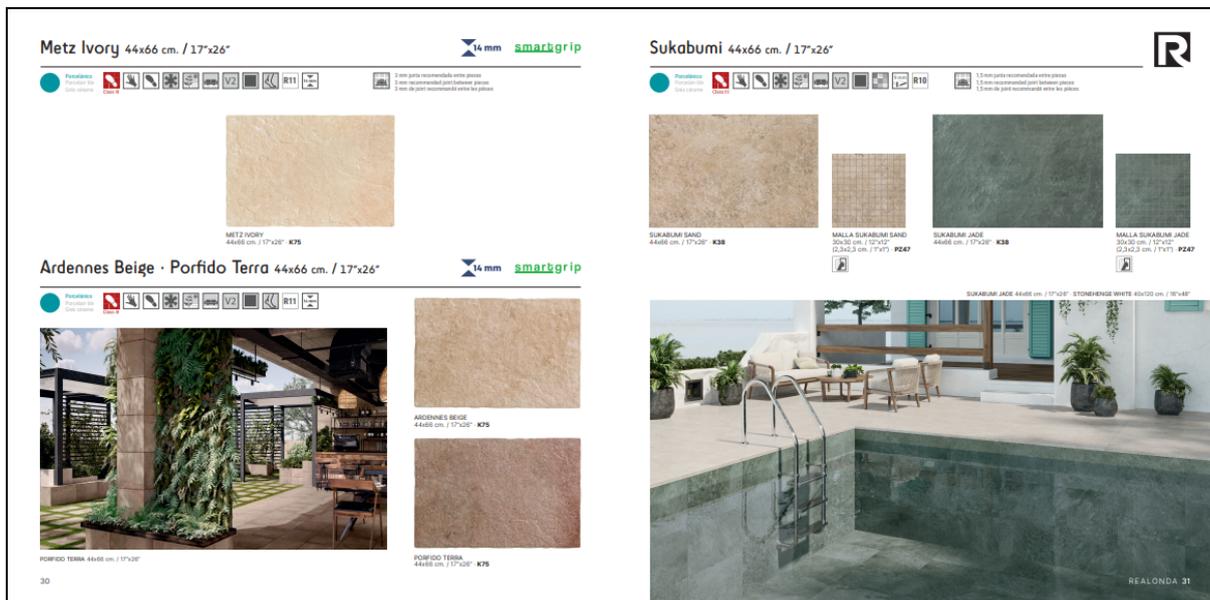
Source: Realonda catalogs (2023)

Image 11: New Tiles Catalog



Source: Realonda catalogs (2023)

Image 12: Swimming Pool Tiles Catalog



Source: Realonda catalogs (2023)

Image 13: Smart Grip Catalog

## Esla

**44x66 / 17"x26"**







Piezas especiales para caravanzamiento de piscinas / Special pieces for pool covering / Pièces spéciales pour revêtement de piscine  
Disponibles en todos los colores de la serie sobre pedido / Available in all colours according to order / Disponible dans toutes les couleurs sur demande






Packing list (gross bruto approximate) / (approximate gross weight) / (poids brut approximatif)

FORMATO	PIEZAS CADA	MP CADA	MP CADA	CADA PIEZA	MP CADA	MP CADA
60x60	100	100	100	100	100	100
60x30	200	200	200	200	200	200
30x30	400	400	400	400	400	400
30x15	800	800	800	800	800	800
15x15	1600	1600	1600	1600	1600	1600
15x7.5	3200	3200	3200	3200	3200	3200
7.5x7.5	6400	6400	6400	6400	6400	6400

Realonda
Anexo Catálogo general
2022-23




Esla Cobblestone 44x66 Cm / 17"x26" Manhattan Cotto 21x66 Cm / 17"x26"  
Esla Base 44x66 Cm / 17"x26" Esla Stoneark 44x66 Cm / 17"x26"

Source: Realonda catalogs (2023)

Image 14: Technical Installation Manuals for Pieces



Realonda
Catálogo general
2021-22



### ¿Como se rejunta la colección Circle?

**ES.** Material necesario:

- Material de rejunte
- Lana de goma
- Esponja y cubeta de agua
- Paño

1. Chapar piezas con una junta de 1.5 mm
2. Preparar mortero según recomendación del fabricante
3. Rellenar juntas con ayuda de la lana de goma.
4. Quitar el exceso y dejar secar (según recomendación del fabricante)
5. Alisar las juntas con una esponja mojada.
6. Dejar secar hasta que la junta pierda elasticidad y se opaque (según recomendación del fabricante).
7. Limpiar con un paño.

**EN.** Necessary material:

- Material for grouting
- Rubber grout float
- Sponge and bucket of water
- Cloth

1. Tile with a 1.5mm joint space.
2. Prepare grout as recommended by the manufacturer.
3. Fill the joints with the help of a rubber grout float.
4. Remove the excess grout and let it dry (see instructions from grout manufacturer).
5. Smooth the joints with a wet sponge.
6. Remove the excess grout and let it dry (see instructions from grout manufacturer).
7. Clean with a cloth.

**FR.** Matériel requis:

- Matériau de coulis
- Taloché en caoutchouc
- Éponge et seau d'eau
- Tissu

1. Collocation des pièces avec une taille de joint de 1,5 mm
2. Préparer le mortier selon les recommandations du fabricant.
3. Remplissez les joints à l'aide de la taloché en caoutchouc.
4. Enlever l'excédent et laisser sécher (selon les recommandations du fabricant).
5. Lissez les joints avec une éponge humide.
6. Laissez sécher jusqu'à ce que le joint perde son élasticité et devienne opaque (selon les recommandations du fabricant).
7. Essuyer avec un tissu.

Source: Realonda technical manuals (2023)

- Personal selling and sales promotion

The main personal selling tools with a form of promotion and communication are:

- Presence at fairs and exhibitions: Realonda takes fairs as a very attractive point for attracting customers, which is why it is present at the most important fairs in the world such as: Cersaie (Bologna, Italy), Cevisama (Valencia, Spain) and Coverings (USA). Realonda designs its exhibition stands adapted to each fair, in addition to promoting all the news that the company has.

Image 15: Cevisama and Cersaie Trade Fair Stands 2023



Source: Instagram of Realonda

- The direct sales and visits to customers in order to offer the company's products, as well as changes in them, in rates, news or new discounts that may benefit them. In addition, the company is in constant contact with customers since exclusive customer service is one of the pillars of the company's values, as long as they are satisfied during the purchase process.

### **2.1.3. Company capabilities**

In the following sections we will see and analyze the different capabilities with which the company works and the activities that make up the value chain.

#### **2.1.3.1. Distinctive capabilities**

The capabilities that the company has is the way and skills with which it combines its available resources to create or adapt to changes that may occur. The most significant capabilities and those that add the most value to Realonda are the ability to adapt production, quality control, the ability to innovate and design, and the ability to market and market research:

The ability to adapt and personalize production refers to the fact that the company is able to make its production process more flexible in order to manufacture the product they want at all times, since demand in the ceramic market is very volatile and the company has to adapt to customer requests. Together with this, another fundamental pillar of their production is quality control, the company has several quality controls distributed in the different sections of the production process, emphasizing the final product, and always trying to receive feedback on the product from the client and if he is satisfied with the product and service provided.

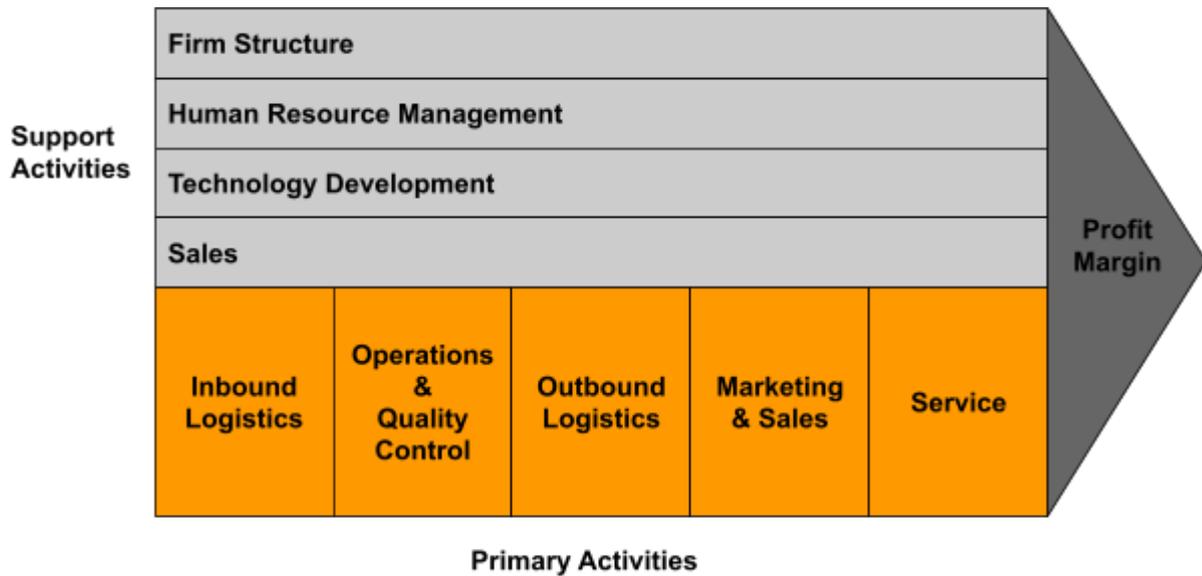
On the other hand, there is the capacity for innovation and market research that the company has, since it has highly qualified personnel in market research and design of new materials with which to create new models adapted to the changing needs and tastes of consumers. customers today, always betting on excellence and exclusivity in all the pieces they manufacture in order to enhance the company's brand image.

As previously mentioned, Realonda takes into account the opinions of customers and that they are satisfied with the products and services received. For this reason, all management, administrative, commercial and marketing personnel are always in contact with customers, whether it is their order management, their advice on placement and distribution of final designs, personalized attention and contact with clients or to the suggestions or claims that they make, always with the aim of improving said service.

#### **2.1.3.2. Value chain**

The value chain is a strategic analysis tool defined by Michael Porter in 1985, in order to differentiate the activities carried out by the company and determine which generate value for customers. The value chain consists of 2 parts: primary activities and secondary or support activities.

Figure 5: Value Chain



Source: Own Elaboration

The primary activities carried out by the company in order to obtain said competitive advantage are:

- **The management of the internal logistics of the company;**

Realonda performs several tasks to manage its productive processes effectively and efficiently, some of which are the reception, classification and first quality control of the raw materials in the different materials that the tiles are made of, such as porcelain, stoneware and paste. red, plus enamel paints. After that, the necessary activities are carried out to distribute the different materials or raw materials through the company's production lines and to be able to start manufacturing the products.

- **Operations and Quality Control:**

After carrying out the first activities, the production process begins in which the raw materials are transformed into the final tiles. As in Realonda, quality is one of the main characteristics of the product, during all phases of production, such as the pressing and firing of the pieces, painting and classification all carry out a quality control that classifies the pieces according to their internal quality specifications, in order to identify which are of high, medium high, medium low or broken quality, according to how the pieces come out of the kiln in the painting room.

- **External logistics:**

The main tasks carried out by the external logistics company are, after classifying and packaging the tiles in the corresponding boxes, they are palletized and taken to the plasticizing area. After this, they are stored in the corresponding warehouse, either in the factory itself or in the other warehouse, then the operators in charge of the loads classify the pallets according to the type of tile and the collection according to their quality standards.

The same operators prepare the orders several days before loading and then proceed to load the trucks for shipment to their customers throughout the world.

- **Marketing and sales:**

The tasks of Marketing, Design and Sales of the tiles also take on importance in the company, since it is constantly investing in promotion and publicity to make itself known and inform about the news, in addition to the daily activity of the commercials and administrative staff to be in constant contact with customers. The promotion and advertising activities that are most used in the company are the stands of the different international fairs, the frequent updating of all the company's social networks and the organization's website and the internal exhibition that is in the same offices. of the company where they show all their available collections.

- **After sales service:**

In addition to constant contact with clients, Realonda provides them with technical assistance in terms of placement and final design of their collections, since, as we have previously mentioned, they have various forms of assembly and final finishes. Services such as complaint treatment or ideas provided by customers are important for the company since said service is improved from there.

Apart from these practices that are classified as the primary activities carried out by the company, they are accompanied by other practices that complement them and that provide support so that these practices are carried out correctly. Among them we can highlight the infrastructure that the company has in terms of its management, ranging from financial and accounting management, to the maintenance of machinery and cleaning of the facilities.

Another of the support activities that Realonda attaches great importance to is the investment and provision of resources to the area of technology and innovation, either for the design and planning of new models or collections, or for research into technology that can make one more efficient. of the activities carried out by the company.

The other two activities that support the success of the organization is the company's involvement with human resource management and with the supply chain and suppliers. Regarding human resources, great importance is given to the selection and recruitment of employees who meet the requirements of the positions in demand, in addition, the organization seeks to create a good work environment in order to increase employee motivation. and that they feel involved in the organization. In addition, the company is committed to the continuous learning and training of employees, making them grow and develop better skills, such as teamwork, languages or creativity, with which to carry out their tasks.

On the other hand we have purchasing management and the supply chain. The company is committed to having solid, long-term relationships with its suppliers, which gives them advantages in terms of costs, continuous availability of quality materials and raw materials, and good delivery times, thus ensuring that they maintain a solid supply.

## 2.2. EXTERNAL ANALYSIS

Next, the external factors of the environment that affect the company will be analyzed and described, first the macroenvironment will be analyzed through the PESTEL analysis, then the microenvironment will be analyzed through Porter's 5 forces, and a more detailed analysis of the different competitors that surround the company will be seen, an analysis of the ceramic market.

### 2.2.1. Analysis of Macroentorno (PESTEL)

The PESTEL analysis is a tool for the strategic analysis of the environment, this analysis is made up of 5 critical factors that we will analyze below, specifically they are: Political, Economic, Social, Technological, Ecological or Environmental and Legal factors. Companies must be alert to detect any opportunity to take advantage of or threat to try to solve it, as quickly as possible. The following table summarizes several of the arguments developed in the PESTEL over Realonda analysis:

Table 3: Summary of PESTEL arguments

PESTEL FACTORS	ARGUMENTS
POLITICAL	<ul style="list-style-type: none"> <li>- Political instability in Spain</li> <li>- Wars and conflicts between countries</li> <li>- Economic and supply crises</li> <li>- Government aid and measures</li> <li>- European grants and subsidies</li> <li>- Export tariff policies</li> </ul>

ECONOMIC	<ul style="list-style-type: none"> <li>- Energy and supply crisis</li> <li>- Economic crisis</li> <li>- Rise in Inflation and CPI</li> <li>- GDP</li> </ul>
SOCIOCULTURAL	<ul style="list-style-type: none"> <li>- High unemployment rate</li> <li>- Decrease in birth rate</li> <li>- Trend in ecological products</li> </ul>
TECHNOLOGICAL	<ul style="list-style-type: none"> <li>- R+D+i</li> <li>- ERP y CRM</li> <li>- ITC, Big Data and AI</li> </ul>
ECOLOGICAL	<ul style="list-style-type: none"> <li>- Environmental laws</li> <li>- R&amp;D in renewable energy and sustainability</li> </ul>
LEGAL	<ul style="list-style-type: none"> <li>- Fiscal policy and high tax rates</li> <li>- Export requirements of international countries</li> <li>- Quality control standards for the industry (ISO)</li> <li>- Occupational health and safety regulations</li> </ul>

Source: Own Elaboration

### 2.2.1.1. Political Factors

First, the political factors that affect the environment surrounding Realonda are analyzed. In recent years, the Spanish political situation has been and is unstable, given all the changes of government that have occurred in the last 10 years.

Spain is governed by a parliamentary monarchy, headed by a coalition government between various political parties, headed by PSOE and PODEMOS. Since 2019, when this government was formed, the political situation has been unstable, derived from the changes in government given before 2019 and the constant conflict between political parties of both the coalition and the opposition.

In addition, the continuity of the war between Ukraine and Russia has meant that the institutions have been forced to adopt measures to counteract the economic and supply crisis that the war is dragging on. To this end, the government continues to adopt measures to alleviate the effects of the crisis. Some of these aids are: The drop in VAT on staple foods to 0%, a special aid for families with incomes of less than €27,000 per year and a line of aid to farmers due to the increase in fuel prices and fertilizers. In addition, the government continues to carry out relevant social policies such as raising the minimum wage to 1080€ per month and the revaluation of pensions by 8.5% to increase the purchasing power of Spaniards and to encourage consumption. (Moncloa.gob, 2023)

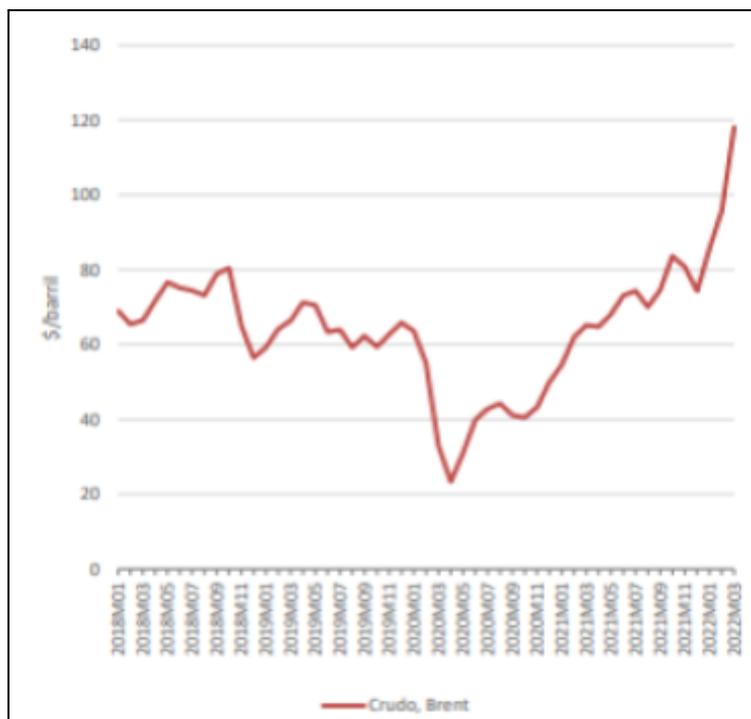
Spain continues to adhere to the "Recovery, Transformation and Resilience Plan" to be able to finance digitization, the transformation of education in the country and the dissemination of the Spanish language and culture, in order to carry out ecological actions, digitize and

modernize the Spanish economy (Elcano Institute, 2023). Also highlight the continuity of the agreement of the Next Generation EU funds for the purpose of economic and social recovery derived from the COVID-19 pandemic, which promote both ecological and digital development, rural development, employment and development of SMEs.

Another of the factors that affect the ceramic sector are the tariff policies or the strong export requirements that some countries demand or impose, since said sector bases most of its sales on exports. Some countries to take into account when exporting products are countries outside the European environment, such as Egypt, Algeria, the United Arab Emirates and even the US or UK derived from Brexit

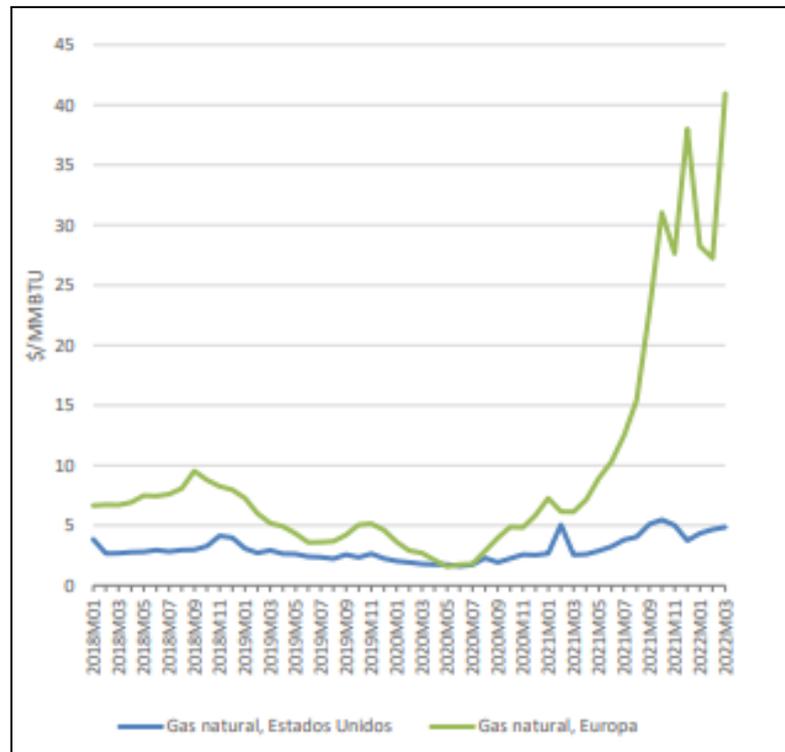
In addition to this, exports and foreign trade are being marked by the slowdown in growth in the global economy resulting from the war between Russia and Ukraine, which is causing a rise in the prices of gas, crude oil, energy and raw materials and therefore high levels of inflation in the world economy. The following graphs show the variation in gas and oil prices from 2018 to the end of 2022.

Graphic 4: Evolution of oil prices



Source: Weforum (2022)

Graphic 5: Evolution of natural gas prices in Europe and the United States



Source: Weforum (2022)

### 2.2.1.2. Economic factors

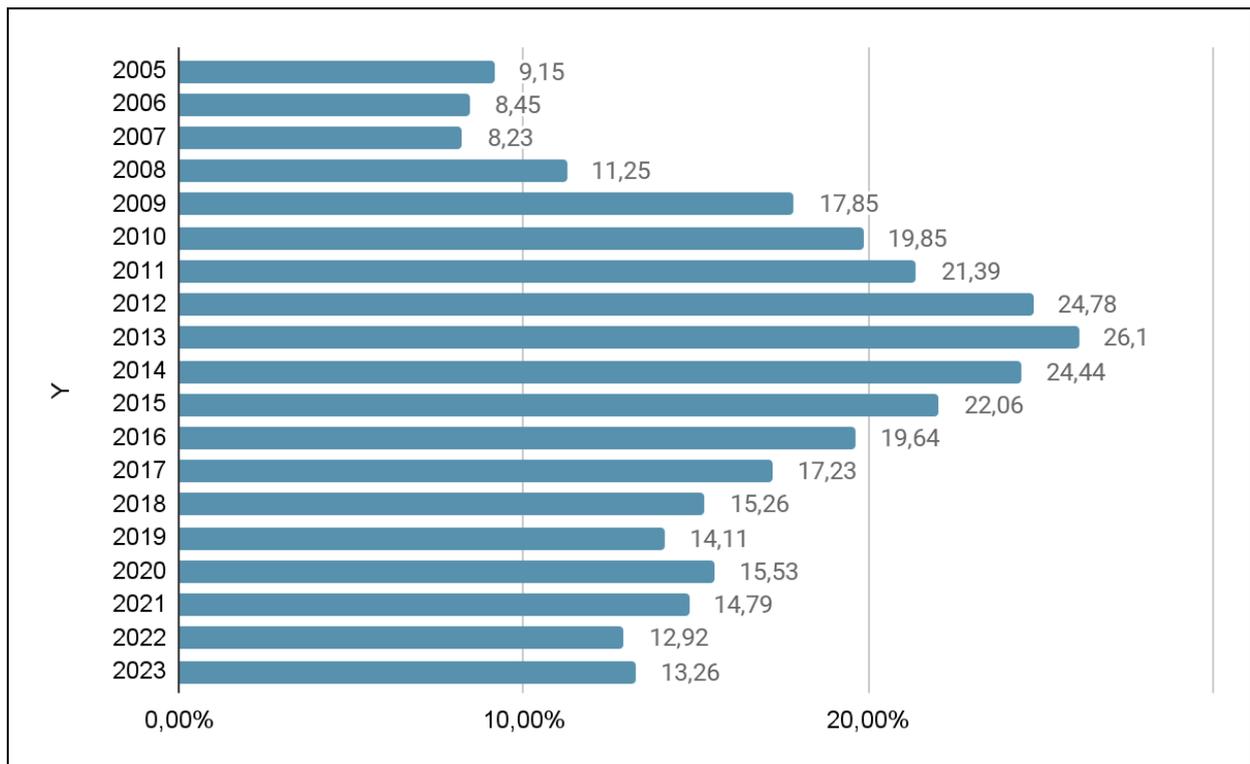
Regarding the economic factors that surround Spanish politics, we can highlight several, which affect both the Spanish economy and the tile industry, we will base the analysis on 3 macroeconomic data that show us the economic situation of a country, these data They are: the Unemployment Rate, the Gross Domestic Product (GDP) and the growth rates of the economy. The situation in the Spanish economy is in a process of very slow recovery and with several factors that make this growth difficult, which we will detail later.

The financial crisis of 2008 was overcome in 2014, since that year the GDP values were increasing until 2020, when a new global health crisis arose, caused by COVID-19, which subsequently stopped the world and its economies hit. The great health crisis that arose in China that quickly spread throughout the world, due to the rapid contagion process of the virus, paralyzed all world economies and created another of the great recent world crises. To contain the advance of the virus in Spain, a state of alarm was imposed, where all non-essential activities were stopped and a quarantine of the population was declared. This quarantine caused the economy to plummet in a few months, contracting up to 10.8% in 2020 and lowering GDP from 1.9 trillion euros in 2019, to 1.2trillions after the pandemic, in addition to giving indicators of 14.78%% in the unemployment rate at the end of 2021.

To show the evolution of the unemployment rate and GDP, we will see a graph from the year 2006 to the last quarter of the year 2022 of the unemployment rates and a second one that reflects the GDP rates from 2008 to 2021.

We summarize the data on the evolution of unemployment in the following graph, in which two clearly marked peaks can be seen: that of 2014, due to the financial crisis, and a rebound in 2020, derived from the health crisis, which indicate the highest level. high number of unemployed

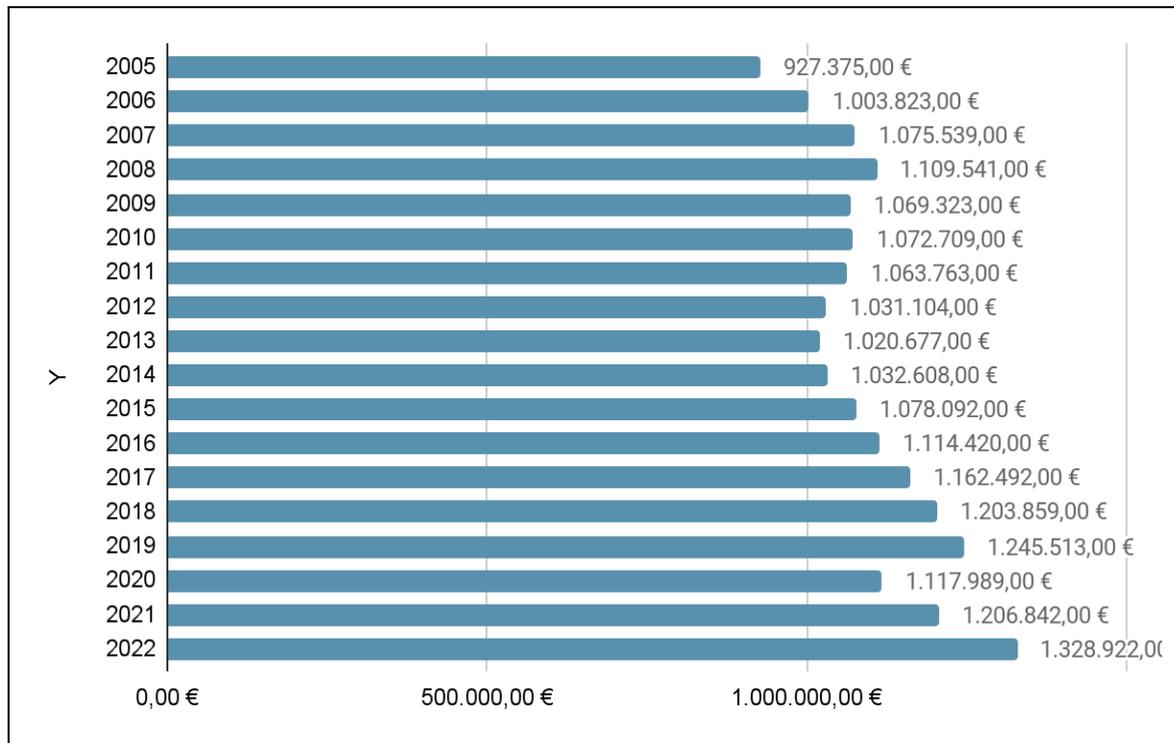
Graphic 6: Unemployment rate in Spain 2010-2023



Source: Own Elaboration data from INE(2023)

The graph shown below shows the GDP totals recorded from 2008 to 2021, in which two clear pronunciations are seen, the first reflects the financial crisis of 2008 with a decline and long and prolonged growth, and the second second in 2020 the sudden drop in GDP derived from the health crisis, but with a faster recovery than in the previous crisis.

Graphic 7: GDP from 2005-2021 (in millions of euros)



Source: Own Elaboration data from INE (2023)

On the other hand, we will highlight the economic growth that Spain has had in recent years. In 2019 the Spanish economy grew by 2% compared to the previous year. As we have previously mentioned in 2020, the economy was paralyzed and it fell by 11.3%, but after the crisis, a recovery plan was started to restore the economy, so that in the following years 2021 and 2022 the economy grew by 5.5 % and 5.5% respectively in each year. (Datosmacro, 2023) This growth in recent years is supported by the aid that the European central bank has been granting to reactivate the economies of the eurozone and return to the economic levels of before the pandemic as quickly as possible, the forecasts that given by the government to close the year 2023 are a growth rate in the economy of 3.5% compared to 2022. (portal.mineco.gob.es)

Not for this reason, the level of public debt that Spain has should be neglected, which places the country as one of the countries with the highest debt relative to GDP in the world, standing at 113.2%. Along with this, inflation is another factor to take into account in the coming years, since this stood at 5.7% at the end of 2022, with a notable rise in the prices of the usual shopping basket for families.

These levels of inflation and rising prices, not only in the shopping bag, but in many other things, such as gas and energy, come from the supply crisis that is taking shape in the world derived from political wars between countries. One of the most notorious at present is the

conflict between Russia and Ukraine, which is affecting all world economies in various ways, several of these points are:

Trade between countries can cause it to be greatly affected by political instability and administrative sanctions. Another point is supplies, since the Eastern countries are one of the main suppliers of energy, both gas, electricity and raw materials. This not only affects Spain but all of Europe as this will cause a rise in prices, which will harm the European economies. Added to the financial sanctions due to uncertainty is the volatility of the financial markets due to the little investment that is made in unstable environments, which could trigger a global financial crisis in the markets.

Therefore, we can conclude that Spain is in a difficult economic situation, that after overcoming the 2020 crisis, moderate growth values are being registered with various European financial aid subject to the recovery plan, but said growth is diminished by the different conflicts between countries, the rise in prices and a high level of inflation, but with the forecasts for 2023 they are favorable in terms of economic growth and reduction of its public debt.

### **2.2.1.3. Socio-cultural factors**

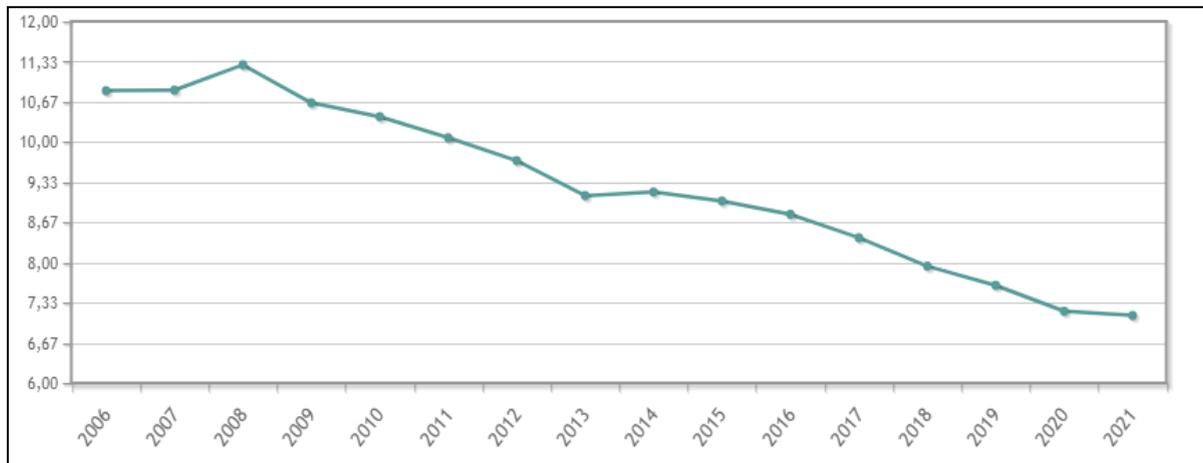
Sociocultural factors are also another point to take into account when analyzing the strategic environment of the company. For this we will analyze points such as Spanish and world demography and its evolution, income levels, and changes in trends, values and tastes of people and their culture.

First, things like demographics affect the business environment. In Spain, specifically, in the last decades the birth rate has been reduced significantly, to the point that in the last year another historical minimum of births was registered.

The downward trend continues as the INE (National Institute of Statistics) has been preventing in recent decades, such and as the following graph shows.

As a consequence of this and the increase in life expectancy, Spain is becoming a country with a very high aging rate, which could cause a major crisis in the future due to the unsustainability of some parts of the State and public institutions.

Graphic 8: Evolution of the birth rate in Spain



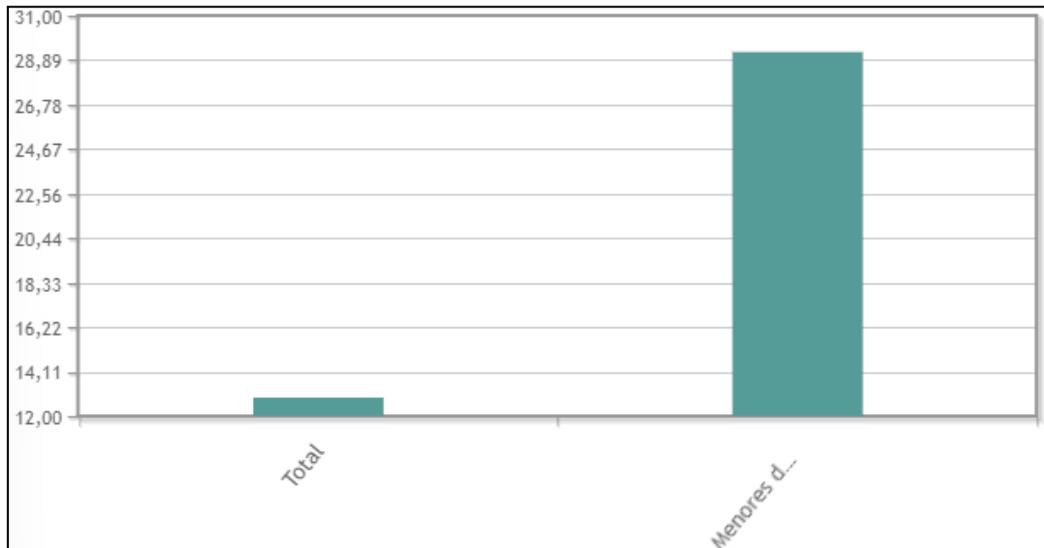
Source: INE (2022)

As a result of the pandemic, society has been affected and has altered many habits and behaviors of people, habits such as going out to play sports or socializing have been reduced in many people, also due to the pandemic many families have been closely affected and therefore mental illnesses such as depression or anxiety have been accentuated. Currently, the return to life as it was before the pandemic is helping to improve some aspects, but at the same time mental illnesses and disorders continue to increase and this means that society's behavior is constantly changing.

Another of the sociocultural factors that are affecting the environment of the company are the constant changes in the tastes and preferences of consumers. In the technological era that we find ourselves in, consumers constantly change their tastes derived from the globalization of the world thanks to the internet and to the fact that there are currently many alternatives that are best suited to the consumers. Changes in culture or traditions also affect the tastes and purchasing behavior of people, for which reason companies have to adapt to these changes in needs and customize products and services much more, the way they sell and the marketing campaigns to attract the company's target audience. In recent years, the trend in the ceramic market is to acquire products with designs based on simplicity, innovation and elegance and with finishes in traditional forms of coating such as wood or natural stone.

One of the problems that most socially and economically affects the population is unemployment and the upward trend in the prices of basic products. Spain closed the year 2022 with an unemployment rate of 12.8% of unemployed compared to the active population, making it one of the countries with the highest rate in the EU.

Graphic 9: Unemployment rate and youth unemployment rate in Spain in 2022



Source: INE (2023)

Added to this, youth unemployment is also one of the aspects to take into account for the future, since it provides young people with inexperience and a decrease in self-confidence. All this means that both young people and unemployed adults do not help the economic growth of the country and that, together with the aging of the population, create an unsustainable financial and economic situation in the future.

On the other hand we have the consumption habits of the population. In recent years there has been a growing demand for ecological and environmentally sustainable products, which is why companies have been adapting to the demand for these products for a few years and trying to develop both technologically and innovatively to join this new trend, at points Following we will see the technological and ecological factors that affect the environment that surrounds the company.

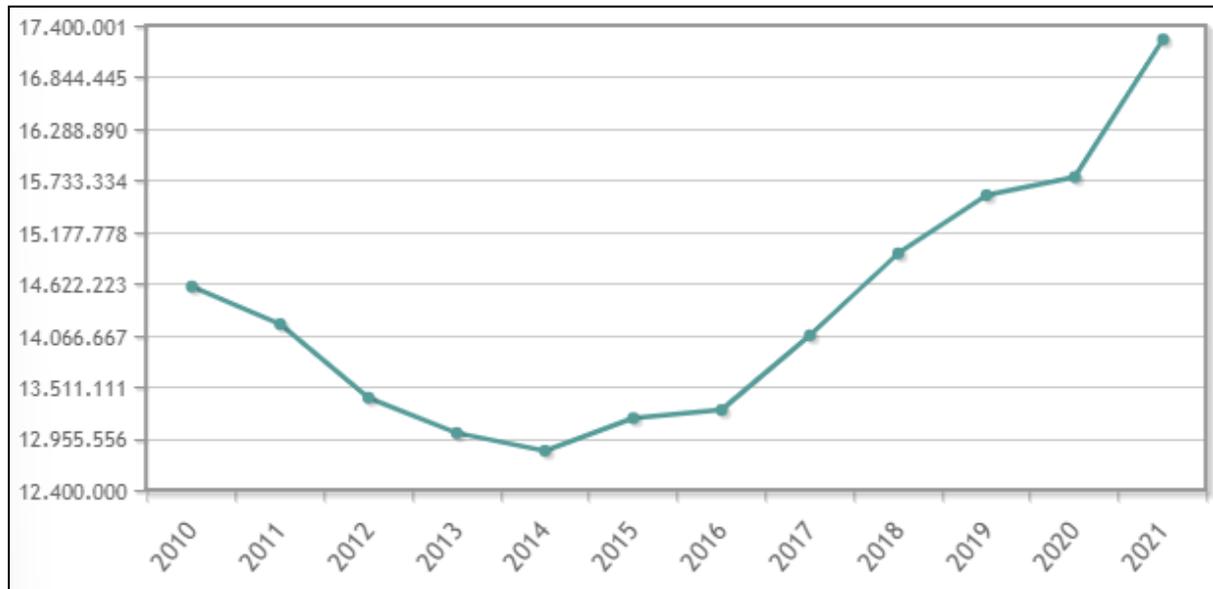
#### 2.2.1.4. Technological Factors

The technological era in which we find ourselves makes consumer tastes change constantly, so companies have to take advantage of the technological innovations that arise in society and especially those that surround the company environment.

With regard to Spain, in 2021 the government allocated a total of 17,249 million euros to Research and Development (R&D) (ine.es), ranking this as the highest peak in history, as reported You can see in the following graph. Thanks to all the resources allocated to this part, Spain can continue to create and innovate technologically, so that companies can maintain a certain competitiveness with other countries thanks to the incorporation of new

methods, techniques and processes that allow greater efficiency and efficiency in the production and provision of services.

Graphic 10: Total R&D expenditure in Spain in thousands of euros



Source: INE (2022)

On the other hand, the ceramic industry takes advantage of this evolution that technology is undergoing in recent decades, since machinery and personnel are needed in all its processes to carry out the production process. For this reason, companies, in order to automate and make their production more efficient, take advantage of this advance. Some of the processes that machines or robots already carry out in practically the entire industry are: The preparation and subsequent pressing of the raw materials to turn them into raw tiles, the entire process of transporting the pieces throughout the production line, firing in the ovens, the enameling of the pieces and one of the most important is the classification of the pieces, packaging and subsequent palletizing. Thanks to all these processes, the industry has become much more efficient, which allows them to create more annual m2 of product, in order to market it. The use of robots in the industry is also very important since they prevent operators from carrying heavy loads and transports that are harmful to health and carry out processes with greater precision and efficiency. For this reason, companies in the ceramic sector have to make investments in said processes, which, although they are quite expensive economically, compensate the company in many ways, both in quality, efficiency, and quantity of annual production.

Last but not least, are the Information and Communication Technologies (ICT), which, apart from transforming the way of communicating among society, have allowed improvements in

the inventory of companies, in the design and modeling of ceramic pieces, in the marketing and commercialization processes of the products and many other things.

ICTs have provided society with instant and very global communication throughout the world, allowing you to connect with whoever you want, at the time you want and in the place you want. This has improved communication and coordination internally in companies and externally with customers or suppliers.

Thanks to them, marketing tools have been developed that allow companies to reach more markets, attract new customers and identify new trends and business opportunities throughout the global market. In addition, another key point is the incorporation of Big Data and AI to companies that are making them grow by more than 11% (Use of artificial intelligence and big data in Spanish companies, ONTSI, 2023), with the use of these tools, companies have helped to automate processes and workflows or help managers in decision-making. The incorporation of these tools makes the Spanish economy continue to advance in the technological field, but compared to the European average, it is still at a medium level compared to the European leaders that are Denmark and Portugal.

Secondly, the inventory management of companies has made a differentiating leap in recent decades thanks to the installation of software, Big Data and data processing that perform this task automatically and do not require operators to do this task. which makes the productivity of these employees more efficient since they can do other tasks for which their skills are necessary. In addition, electronic data interchange systems through ERP and CRM continue to evolve compared to previous years, which together with Big Data allows companies to control and reduce their costs as well as improve internal data exchange, with the suppliers and with customers. Another important fact regarding ICT is the rise of electronic commerce in recent years, since it offers companies the possibility of reaching a greater number of customers through the network and with little effort.

#### **2.2.1.5. Ecological Factors**

The ecological factors that surround the industries are becoming increasingly important in society in order to increase sustainability and help preserve the environment by trying to solve the problem of climate change.

Some of the aspects that surround the most important ceramic industries are the environmental regulations that are imposed to try to stop the advance of contamination, the management of waste derived from the production process, the impact on the environment due to the use of materials raw materials, new consumer trends towards sustainable products, and innovation and incorporation of technologies that reduce the environmental impact of companies.

As we have mentioned, the ceramic industry is regulated by environmental standards, in order to avoid contamination as much as possible. This industry is classified as one of those that cause the greatest environmental impact, since unsustainable activities are carried out throughout its production process. These standards are becoming stricter since Spain is one of the countries with the greatest social awareness for sustainability, and it is also convenient for companies to reduce these impacts as much as possible since more and more consumer trends are directed towards purchasing products much more sustainable and with the least impact on the environment. Some of the state regulations that regulate pollution in Spain to highlight are included in the table shown below:

Table 4: Spanish Laws for Environmental Regulation

Law/Royal Decree	Title
<b><u>Orden TEC/1171/2018, of October 29</u></b>	By which the information, control, monitoring and evaluation of large combustion facilities (GIC) is regulated
<b><u>Royal Decree 773/2017, of July 28,</u></b>	For which they modified several royal decrees in terms of industrial products and emissions.
<b><u>Law 16/2002, of July 1</u></b>	Integrated pollution prevention and control
<b><u>Royal Decree 815/2013, of October 18</u></b>	Regulation of industrial emissions and development of Law 16/2002
<b><u>Order PRA/321/201 of April 7, 7</u></b>	Regulation of the procedures for determining the emissions of atmospheric pollutants SO <sub>2</sub> , NO <sub>x</sub> , particles and CO from large combustion facilities, the control of measuring instruments and the treatment and submission of information related to said emissions

Source: Own Elaboration, Data from MITECO (2023)

Regarding the environmental impact caused by this industry, we can highlight several important factors such as the use of raw materials such as clay or sand, for the manufacture of tiles. The extraction of these materials causes damage to the environment since it can damage the soil structure of the mines or extraction sites, in addition, in their transport to the production centers, gas and dust emissions are produced that are harmful to the environment. environment.

In addition, another natural resources, like water, are also necessary in this productive process and in recent years water levels have been decreasing throughout the country, due

to prolonged droughts. All this is increasing the prices for the use of water for all activities, so companies must use processes to reuse and purify their wastewater to try not to be greatly affected by these measures and the rise in costs.

On the other hand, various activities are carried out in the industries that cause gas and dust emissions into the atmosphere, some of these processes are the atomization of the earth, the gases that the kilns emit while they are firing the pieces, gases or toxic residues that are created in the painting and enameling area. During the production process, not only are harmful gases emitted, but solid toxic waste is generated as well as the noise typical of all the processes that also affect the environment.

For this reason, companies must correctly manage the waste that is emitted, not only to avoid contamination and stop the maximum emission of gases, but it can help some companies to be able to differentiate themselves from the rest by carrying the seals of less polluting companies. Activities such as the correct management of recycling of plastics, glass and cardboard, the treatment of wastewater or the elimination of toxic and hazardous waste are the most relevant practices in the sector.

Image 16: Photovoltaic Installations, Gas Filters, and Atomized Dust in the Ceramic Industry



Source: Images from Google imagenes.

In order to mitigate gas emissions and waste generation as much as possible, companies must bet on innovation and technology in ecological matters and efficiency not only of resources but also of energy. Some of the most developed innovative initiatives are: the reuse of water in the process through techniques such as decantation of sludge and clay to leave reusable water above the waste, the use of filters to try to eliminate most of toxic gases that are created in the production process, it is also investing in renewable energy, such as the installation of solar panels in the warehouses to reduce their electricity consumption, and the use of enamels in printing is also being reduced of the parts that are replaced by ink injection, which makes the process much less polluting and does not generate as much toxic waste as the heavy metals that are contained in its components and are highly polluting.

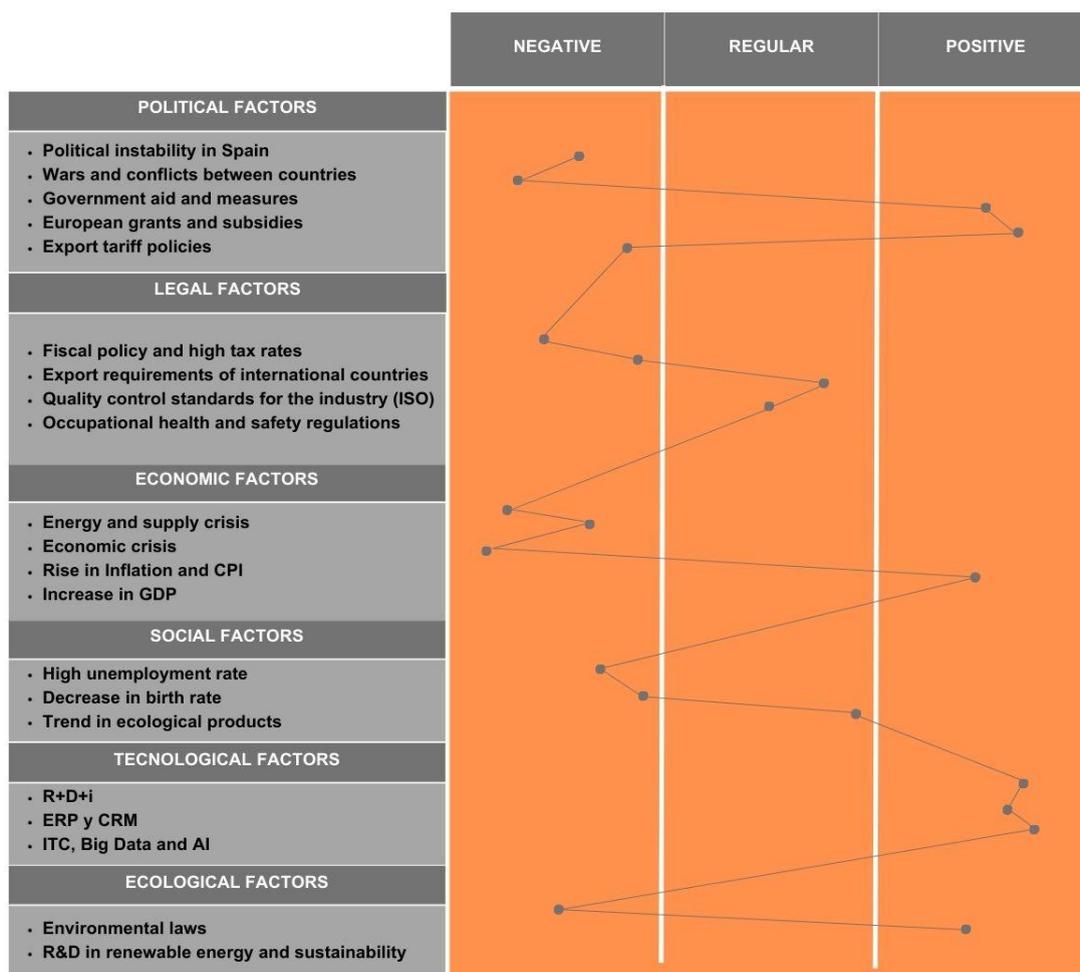
### 2.2.1.6. Legal Factors

Added to the current political instability and armed conflicts in the world, the ceramic sector is regulated by several laws that affect it first hand, such as environmental laws, strong fiscal policy and high tax rates, not only for sale. , if not corporate taxes, personal income tax..., this sector being one of those that contributes the most to the Valencian economy.

On the other hand, in the legal field, we can highlight the high control imposed on the industry in terms of quality, safety and environmental standards. Such as the ISO standards for quality, the prevention of occupational risks for safety and the control of emissions, waste and wastewater for environmental regulation.

The following figure shows a brief summary of the importance of the previously analyzed factors for the external environment surrounding the company:

Figure 6: Diagram of importance PESTEL ANALYSIS



Source: Own Elaboration

## **2.2.2. Analysis of Microenvironment (Porter's Five Forces)**

To begin to analyze the environment that surrounds Realonda, this analysis will be based on Porter's five forces that will give us a point of view of the existing competition in the market and the profitability that it can offer.

### **2.2.2.1. Bargaining Power of Customers**

The changing tastes of consumers in recent years, the high level of competition in the sector and the large variations in costs and prices, mean that the bargaining power of customers is high, but Realonda, by offering differentiated products, of high quality and having a large number of customers loyal to the brand and with good long-term relationships, makes said power decrease, so we conclude that the bargaining power of the customers they have with Realonda is moderate.

### **2.2.2.2. Bargaining Power of Suppliers**

Ceramic companies need a wide range of suppliers, both for raw materials with which to produce, and for the machinery and technology necessary to do so, but the existence of many suppliers, the vast majority concentrated in the Castellón cluster, lowers their bargaining power. Realonda tries to generate long-term relationships with its suppliers in order to make favorable agreements for both parties, in addition, due to its position in the market, it can influence negotiations with its suppliers due to its high level of purchase, so we conclude that the bargaining power of suppliers is low.

### **2.2.2.3. Threat of New Entrants**

The ceramics sector requires a large amount of initial investment outlay to start the activity and be able to compete with the companies that are currently in the market, since the costs of technology and machinery are quite high, so the entry of competitors is average. On the other hand, in recent years, due to the growth in both national and international demand, new competitors have emerged in other countries where both production costs and minimum energy requirements are lower and more tolerable than in Spain.

Table 5: Top Manufacturing Countries

COUNTRY	2017 (Sq.m Mill.)	2018 (Sq.m Mill.)	2019 (Sq.m Mill.)	2020 (Sq.m Mill.)	2021 (Sq.m Mill.)	% on 2021 world production	% was. 21/20
1.- CHINA	10.146	9.011	8.225	9.474	8.863	48.3%	4.6%
2.- INDIA	1.897	2.011	2.223	2.318	2.550	13.9%	10.0%
3.- BRAZIL	867	872	909	840	1.049	5.7%	24.9%
4.- SPAIN	530	530	510	488	587	3.2%	20.3%
5.- IRAN	373	383	398	449	458	2.5%	2.0%
6.- TURKEY	355	335	296	370	438	2.4%	18.4%
7.- ITALY	422	416	401	344	435	2.4%	26.5%
8.- ENGLISH	307	383	347	304	410	2.2%	34.9%
9.- VIETNAM	560	602	560	534	370	2.0%	-30.7%
10.- EGYPT	300	300	300	285	310	1.7%	8.8%
TOTAL	15.757	14.843	14.169	14.406	15.470	84.4%	7.4%
TOTAL WORLD PRODUCTION	18.208	17.430	16.803	17.101	18.339	100.0%	7.2%

Source: Own Elaboration data from ACIMAC "World production and consumption of ceramic Tiles"

#### 2.2.2.4. Threat of substitute products

Tiles are still the largest coating product for construction, but currently there are many products that can replace them, due to a lower cost, not only for purchase but also for installation, yet the threat of substitute products is situated to a moderate degree.. Some of the products most used in construction as tile substitutes are: wood, natural stone, vinyl cladding, epoxy resin, different types of paints, marble...

#### 2.2.2.5. Rivalry between competitors

The ceramic industry offers a great variety of companies where you can buy products, so the rivalry between companies is high. Large corporations or industrial groups take an advantageous position since they can compete in economies of scale against small companies like Realonda, for this reason The companies try to differentiate themselves in quality to be able to compete with said industrial groups and alliances and enter to compete for a market niche.

## 2.2.3. Analysis of the Competition

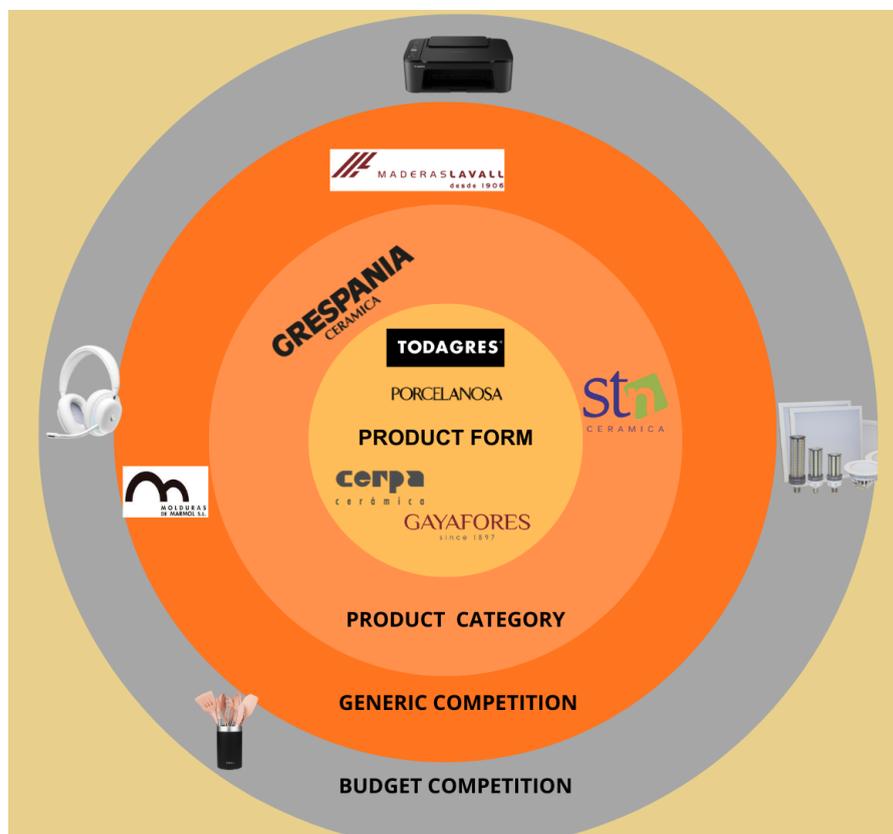
### 2.2.3.1. Levels of the Competence

We can differentiate various levels of competition in the competitive environment that surrounds the Realonda company. We differentiate four types of competition:

- Competition in the form of a product
- Competition in product category
- Generic Competition
- Competition for budget

The following image shows several competitors, classified according to the type of competition they have with Realonda:

Figure 7: Levels of competence



Source: Own Elaboration

### 2.2.3.2. Main competitors

All the information of Realonda's main competitors is summarized in several tables that are shown below, where the competitors are shown in the form of product, in product category and in generic competition:

Table 6: Competitors in form of product of Realonda

COMPANY	REALONDA	CERPA	TODAGRES	GAYA FORES	PORCELANOSA
Years of de company	71	43	21	74	50
Operating income	24.547.083	26.965.859	23.194.347	25.690.920	289.492.862
Revenue Growth rate	8.01%	27.79%	16.89%	9.95%	79.61%
Assets	30.628.213	2.0114.668	26.756.137	29.890.120	890.619.642
Treasury	6.565.702	3.706.272	41.539	2.230.350	112.720
Debt Ratio	15.68%	70.84%	110.68%	16.22%	23.35%
Employees	86	74	160	110	1.195

Source: Own Elaboration, date from SABI (2023)

According to the previous classification, we will differentiate the main competitors of the company according to the level of competition they have with the company:

- **Competition in product form:** At this level, there are many ceramic companies that compete with similar strategies and aimed at the same market segment, so we will highlight the following:
  - Cerpa Cerámica sl:

Cerpa S.L. is a company that manufactures and markets ceramic tiles, betting on the quality and design of its products and paying a lot of attention during its production process. It is located in Onda (Castellón) on Carretera Burriana 28 and was founded in 1980. with which it has more than 30 years in operation.

Image 17: Cerpa Ceramica Logo



Source: Google images (2023)

The company, in addition to having its production plant, also has its own plant to be able to perform ceramic grinding and polishing of the tiles that they create, thereby gaining a competitive advantage. With operating income of €27 million and a result for the year of €1,589,743, the company is positioned in the ranking of ceramic companies Castellón in

position 30, in 2021. Cerpa has a total of 74 employees, and in 2021 it had a financial return of 15.82% and a debt level of 70.84%

- Todagres S.A.

Todagres, S.A. is a ceramic tile manufacturing and marketing company, focused on creating high quality products and differentiation through innovation and design in its products and with a great mentality of sustainability and commitment to the environment.

Image 18: Todagres Logo



Source: Google images (2023)

The company is located in Vila-Real (Castellón) on the Onda highway (km 5), it was founded in 1969, with which it has more than 60 years of experience in the ceramic sector. In the year 2021 It obtained income of more than 23 million euros and ended its year with a negative result of €3,841,629. The company has a total of 160 employees and is ranked 184th in the ranking of tile companies from Castellón. This year it had a financial return of 207.18% and a debt level of 110.68%.

- Children of Francisco Gaya Fores

Gayafores is a company that manufactures and markets porcelain tiles. They are specialists in this type of tile and always focus their production process on maintaining high quality in their products and customer services.

Image 19: GayaFores Logo



Source: Google images (2023)

The company is located in Onda (Castellón) on the CV-20, 8 road and was founded in 1949 as sons of gaya fores but the company has been doing business since 1897 with the firm Gayafores, with which it has more than one century of experience and specialization in the ceramic sector. In the year 2021 they obtained operating income of more than 25.6 million euros and ended the year with a result of €3,051,541. The company has a total of 135 employees, with whom the company feels identified and for them they are not just "mere

employees but they are their "travel companions", it is located in the tile sector ranking in position 32 Regarding their profitability, they obtained a financial return of 14.68% and the company has a debt level of 16.22%

- Porcelanosa SA

Porcelanosa is a company that produces and sells ceramic products, as well as offering ceramic products for decoration and equipment for kitchens and bathrooms. The company is located on National Highway 340 (km 56,200), in the town of Vila-Real (Castellón)

Image 20: Porcelanosa Logo



Source: Google images (2023)

The Porcelanosa Group is made up of 8 companies distributed throughout the municipality of Vila-Real, it has grown intermittently and positioned itself as a leading company in said market. The company bases its policies and actions on the exceptional quality of its products, environmental commitment and energy expenditure, researching and carrying out continuous improvement processes to continue growing and positioning itself as market leaders.

In 2021, they obtained revenues of almost €270 million, placing them in 4th position in the sectoral ranking of the ceramic industry, and ended the year with a result for the year of €51,727,863. Regarding their financial profitability, they obtained a result of 9.13% and with a level of indebtedness of the company of 23.35%.

- **Competition in product category:** This level of competition refers to companies that offer ceramic tiles and wall tiles but that focus their strategies differently. Some companies that compete with Realonda at this level are:

- Grespania:

Grespania is a company that manufactures and markets ceramic tiles and coverings. The company produces all kinds of ceramic products, but it specializes in large-format porcelain tiles and ceramic plates for countertops or tables. The company is located on the Alcora highway (cv-16 km 2.2) in Castellón de la Plana (Castellón).

Image 21: Grespania Ceramica Logo



Source: Google images (2023)

Was founded in 1974 with which it has almost 50 years of commercial activity, it currently has a total of 479 employees, and is ranked number 12 in the ceramic tile manufacturing sector ranking. In 2021, it obtained revenues of more than 115 million euros and ended the year with a result for the year of €4,084,374. In terms of profitability, the company has a debt ratio of 36.86% and a level of financial return of 4.51%.

- STN Ceramica:

STN is a company that manufactures and markets ceramic tiles and products, located on Carretera Villavieja (km 1.6) in the town of Nules (Castellón). STN is a group of companies all dedicated to providing their customers with advanced quality products. The company has one of the most productive plants in Spain and, together with the technology it incorporates, makes it one of the leaders in production in the market in Spain. It was founded in 2002, with which they have 30 years that guarantee their trajectory and growth.

Image 22: STN Ceramica Logo



Source: Google images (2023)

In 2021, the company had a total of 225 employees and reached operating income of more than 268 million euros and ended that year with a result of €8,098,063. Regarding its profitability in financial terms, it stands at 23.70% and with a debt ratio of 55.58%.

The data of the competitors in product category is summarized in the following table:

Table 7: Competitors in category of product of Realonda

COMPANY	REALONDA	GRESPANIA	CERAMIC STN
Years of de company	71	49	50
Operating income	24.547.083	115.537.134	133.140.063
Revenue Growth rate	8.01%	34.52%	7.47%
Assets	30.628.213	180.689.891	264.992.702
Treasury	6.565.702	2.085.469	41.539
Debt Ratio	15.68%	36.86%	61.91%
Employees	86	479	251

Source: Own Elaboration, date from SABI (2023)

- **Generic competition:** This level of competition refers to competing companies that satisfy the same need as a ceramic tile manufacturing company. Some examples that satisfy the same needs are companies that manufacture marble, natural stone finishes, in wood or work with resins and coating paints. Some competitors at this level of Realonda are:

- Molduras de Marmol S.L.:

Molduras de Mármol is a company dedicated to the production and carving of marble pieces for finishes and coverings. In addition to marble, the company also specializes in natural stone in order to create unique designs, taking care of the details as much as possible, to adapt to the needs and tastes of customers.

Image 23: Molduras de Marmol S.L. Logo



Source: Google images (2023)

The company is located in the Colomer industrial estate (cm Ratils, parc. 17), in the town of Onda (Castellón). It was founded in 1997 and has a total of 15 professionals. In 2021, the company obtained operating income of more than 1.4 million euros and ended the year with

a result of €160,723. The financial profitability of the company in 2021 was 12.09% and ended the year with a debt level of 25.08%.

- Maderas Lavall:

Maderas Lavall is a company dedicated to the manufacture and machining of wooden parts for construction for carpentry and joinery projects. It was founded in 1906 and has evolved in the construction and carpentry sector, positioned number 64 in the ranking of the wood sector. Located at Av/ Hermanos Bou nº 237 Castellón de la Plana (Castellón), the company to It has evolved and grown throughout its history, beginning as a small company that stored boxes for the production of Valencian citrus, to become one of the leading companies in the marketing and machining of wood.

Image 24: Maderas Lavall. Logo



Source: Google images (2023)

In 2021, the company obtained income of more than 2.7 million euros, ending that year with a result for the year of 56,972 euros. Regarding its financial profitability, this stands at 3.97% and the company ended the year with a level of indebtedness of 52.98%.

Table 8: Competitors in general competition of Realonda

COMPANY	REALONDA	MARMOL MOLDURAS, S.L.	LAVALL WOODS
Years of de company	71	26	43
Operating income	24.547.083	1.478.222	2.742.373
Revenue Growth rate	8.01%	28.65%	18.98%
Assets	30.628.213	2.338.895	3.758.181
Treasury	6.565.702	2.388.895	257.891
Debt Ratio	15.68%	25.08%	52.98%
Employees	86	15	11

Source: Own Elaboration, date from SABI (2023)

- Competition at budget level:

At this level of competition, all companies that sell products with a market price similar to ceramics are included. The price range that oscillates in the ceramics market varies from €10 to €50 per year. m2. It should be noted that the most differentiated and exclusive tiles will always have a higher price than the more conventional ceramic tiles. In this type of competition, it includes, among many others, products such as: lighting products, such as light bulbs or lamps, decorative elements at affordable prices, consumer electronics at low prices or utensils and kitchenware.

### 2.3. Market Analysis

At this point we will analyze the most important data and points of the Spanish ceramic sector, since it is where the company is located, apart from competing in the Spanish market, it competes in the international market, since in the ceramic industry it is exported in general on average 77% of the total production.

According to data from the Spanish Association of Ceramic Tile Manufacturers (ASCER, 2022), the Spanish ceramic industry reached a turnover of more than 5,538 million euros, increasing by more than 16% until 2021, and that the increase in turnover is due to the increase in tile prices, because if we compare sales in m2, in 2022 13% less has been sold than in previous years, which indicates that the increase of the prices in the final products and the inflation have done that the buyers of these products have lost purchasing power, reason why the demand in some countries decreases.

Image 25: Ceramic Sector Data in 2022



Source: Ascer (2022)

In terms of consumption and production, we can say that ceramics continues to be the star product compared to its substitute products, such as wood or marble, due to its good properties, such as great durability, high resistance or that they are not alterable by atmospheric phenomena or by being exposed to the elements, which is why it continues to be the most consumed product for the use of coatings in construction, but as we have said previously, the consumption of tiles has been reduced in the last year, after the recovery of consumption after overcoming the pandemic in 2020 derived from the rise in prices.

As for the main importing countries of Spanish tile, marked with the signature: Tile of Spain, they are: the USA in first place followed by France and the United Kingdom that continue with a growth in demand for these products, in addition to one point in favor of the industry is that in Spain consumption has been increasing in recent years, arriving in 2022 to increase its demand by 15% compared to the previous year. We must not forget the great world powers such as China and India, which cover most of the production and consumption of ceramic tiles with a total of 8,863 and 2,550 million m<sup>2</sup> respectively.

The ceramic sector in Spain concentrates most of its production in the ceramic cluster in the province of Castellón, where it generates more than 17,000 direct jobs divided into 201 manufacturing companies, spread over the regions of La Plana Alta, La Plana Baixa and l'alcalaten. Based on the ASCER report (Social, Economic and Fiscal impact of the tile and flooring sector in Spain: 2021).

Image 26: Tile of Spain Brand



Source: Google images (2023)

This industry contributes to the Spanish economy with 2.4% of the Spanish industrial GDP and equivalent to 0.4% of the Spanish total, and that these terms are equivalent in terms of industrial GDP in the Valencian Community to almost 20% and in general GDP of the community it contributes 3.8%, and in terms of taxation, it ended the year 2021 with a direct tax contribution to the state of more than 390 million euros. The main companies that

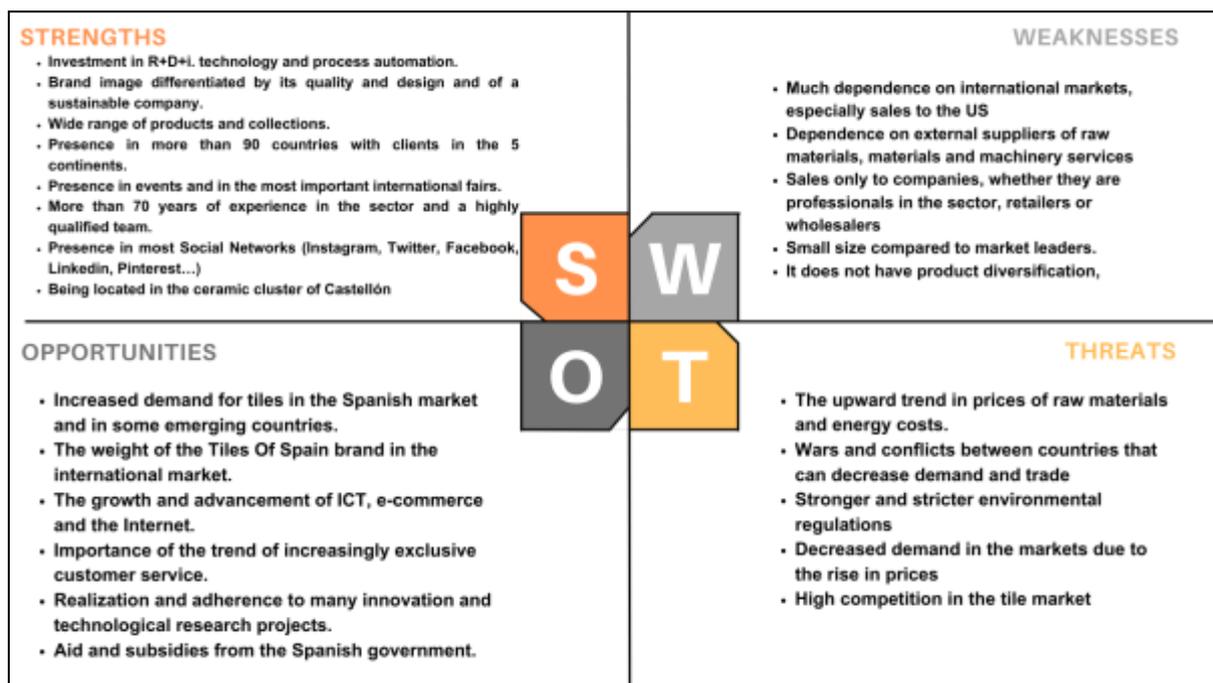
compete in the Sector are grouped into several groups of companies, the main ones that dominate the ceramic sector in Castellón are: The Pamesa group, The Porcelanosa group, Halcón Cerámicas, The STN Group, apart from these large business groups, most of ceramic companies located in Castellón are classified as small and medium compared to other large producers.

### 3. SWOT ANALYSIS

Now, the strengths, weaknesses, opportunities and threats (SWOT) that can be posed to the Realonda company after internal, external and market analysis are defined. Thanks to this analysis, the internal and external critical factors that surround the company are identified and from there the company can adapt its objectives, strategies and make the necessary decisions to continue with the business activity in the best possible way.

We can summarize the SWOT in the following image:

Image 27: SWOT analysis of Realonda



Source: Own Elaboration

#### 3.1. Strengths

For the company Realonda we can observe the following strengths:

- Investment in R+D+i, technology and process automation.

The company is strongly committed to innovation and technology, since the ceramic sector is highly competitive and innovative, and to compete in it, the company develops

technologically in machinery and process automation, such as self-classification and packaging of tiles or software and computer programs that control the entire production process. They also bet on innovation in the design of their products and composition of the tiles in order to give new and innovative technical characteristics to these, such as the ranges ACTIVE o SmartGrip and to continue to differentiate itself through these innovations.

- Brand image differentiated by its quality and design and of a sustainable company.

The company has a great image both nationally and internationally, since it has clients from more than 90 different countries. It is recognized for its innovative tile designs, for its versatility and for its high quality in terms of product durability. It is also recognized in the sector for creating tiles by applying materials and techniques committed to the environment in its manufacturing processes, an example is the new inkjet technology applied in the Conforma project, with the aim of creating tiles through the circular economy reusing waste and applying it to the design and composition of the tiles.

- Wide range of products and collections.

Realonda offers its clients many different types of collections and avant-garde designs in its tiles, with which they create cozy environments and are able to adapt to different tastes and changing consumer trends.

- Presence in more than 90 countries with clients in the 5 continents.

The company has clients spread over the 5 continents and sales representatives who are competent in terms of languages and experience, which allows it to reach a large number of target audiences.

- Presence in events and in the most important international fairs.

In order to reach more customers and promote its products, the company is present every year at the 3 most important fairs in the sector, such as Cevisama (Spain), Cersaie (Italy) and Coverings (USA).

- More than 70 years of experience in the sector and a highly qualified team.

All this experience has allowed the company to acquire great knowledge and a great capacity to adapt to the changes that have arisen in the sector and anticipate the tastes and trends of consumers.

- Presence in most Social Networks (Instagram, Twitter, Facebook, LinkedIn, Pinterest...)

Realonda believes that an important point of the promotion and to know the market trends, it is necessary to have a team that controls the social networks and its website, so it has profiles in almost all the social networks of the moment and a website constantly updated.

- Being located in the ceramic cluster of Castellón

Being surrounded by the cluster allows the company to have all the raw materials, materials and services very close to the company, so services such as the supply or repair of machinery become much more efficient. It also allows the creation of synergies with other companies or the ITC (Technological Institute of Ceramics) that manages to enhance capacities and create strategic alliances in order to develop the growth of companies and multiply the success capacities of projects.

### **3.2. Weaknesses**

- Much dependence on international markets, especially sales to the US

By exporting more than 89% of its production, it depends a lot on the foreign market, it also sells more than 50% only to the US, so it depends a lot on this country, as we have seen previously, the national market and that of emerging countries is increasing so it could give an opportunity to diversify your sales a little more.

- Dependence on external suppliers of raw materials, materials and machinery services.

The company does not have professionals specialized in the repair of some of the machines in the production process, nor does it have transport services or its own mines, so it depends on supplies for all these points.

- Sales only to companies, whether they are professionals in the sector, retailers or wholesalers

Realonda only sells its products to intermediaries through its sales representatives, but does not sell to the final consumer, neither personally nor through the website.

- Small size compared to market leaders.

The limited size of the company compared to the large companies that compete in the industry that are capable of producing more than 100 million m<sup>2</sup> per year and have much

larger facilities than Realonda, which only has a production hall, a warehouse and some Offices.

- It does not have product diversification, although it has a wide catalog, it only sells ceramic tiles.

Although the company offers a wide catalog of tiles, with many formats, combinations and designs, the product portfolio is not extensive as it only offers tiles. It could be an opportunity to study diversifying by offering finishes in wood or natural stone to combine and create new environments. and finishes.

### **3.3. Opportunities**

- Increased demand for tiles in the Spanish market and in some emerging countries.

After the Covid-19 crisis, demand has been stimulated in the national market and in emerging countries the construction market is being stimulated, which creates a business opportunity in those countries where the company can establish its products. and that they become important markets within their sales.

- The weight of the Tiles Of Spain brand in the international market.

In the international market, the brand that has attached the tiles manufactured in Spain have an added value for customers, which can be important to enter new markets.

- The growth and advancement of ICT, e-commerce and the Internet.

The development of ICTs and everything they involve allows companies to create new modes of communication between companies and the market in order to reach customers in more ways, faster and more efficiently, as well as being able to continue developing processes. , designs, and ways to anticipate new trends.

- Importance of the trend of increasingly exclusive customer service.

The trend that most markets are currently acquiring is to offer customers exclusive shopping experiences and provide exceptional customer service, so it can be a business opportunity to sell tiles to customers by offering innovative shopping experiences that have not lived before, which will give them a feeling of privilege and exclusivity, making them remember the company's brand and its commitment to its high-quality products.

- Realization and adherence to many innovation and technological research projects.

The company is very strongly committed to research, which is why it itself, and together with other companies, develop various projects, which make it create new products and new technology with which to develop the sector. What makes it take advantage of new opportunities that arise from these new technologies and innovations and show the exclusivity of being one of the few or the only one to possess that technology.

- Aid and subsidies from the Spanish government.

The Spanish government offers many subsidies and aid to sectors and companies that help carry out projects that would be unfeasible without these aids, either because of their great cost or because of the capacity of small and medium-sized companies.

### **3.4. Threats**

- The upward trend in prices of raw materials and energy costs.

The crisis affecting energy has caused energy costs to suffer a very large increase in recent years. In addition, it does not only affect energy, fuels and raw materials have also been rising for more than 2 years, which is why Spanish tile companies see their capacities diminished as a result of this increase in costs in productive and energy matters.

- Wars and conflicts between countries that can decrease demand and trade

Wars like the one in Ukraine, Afghanistan or Syria destroy countries, and cause them to shield themselves and not allow trade with them, so demand can decrease, this not only affects these countries, but also those around them, since barriers can be put up that prevent relationships or trade with them due to the war that exists in neighboring countries and that can affect companies. In addition, derived from these conflicts, crises such as supply crises also arise, as we are seeing with the Russia-Ukraine war, which is affecting the supply of many raw materials and energy to the entire world, especially Europe.

- Stronger and stricter environmental regulations

At present, governments and administrations are emphasizing that companies reduce both their emissions and their waste in production processes to combat climate change. What can cause some of these laws to have an impact on companies because they have to implement new systems or new actions that are very expensive for the company, and therefore it cannot cope with said regulations.

- Decreased demand in the markets due to the rise in prices

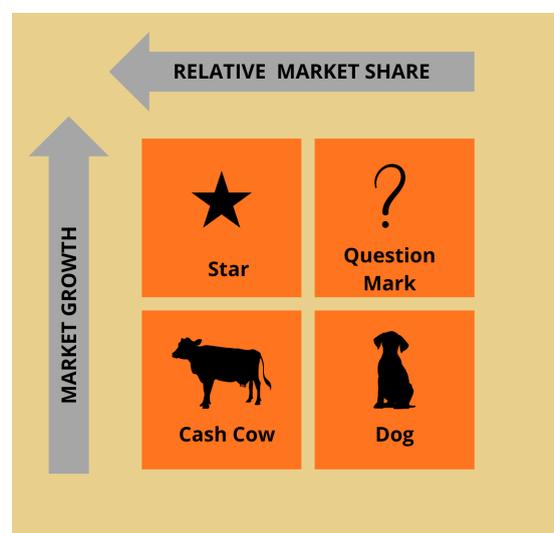
The crisis not only affects producers, consumers are also affected, which is why demand is contracted, also, since reform or construction are not regular expenses, people even delay more if they consume, so the demand for the tiles falls further still.

- High competition in the tile market especially from the big producers.

Derived from the high number of companies in the tile sector, competitiveness in it increases, in addition to being an international market, competitors also arise in many of the countries. In addition, there is a difficulty in identifying trends in the current technological era and being a sector so dependent on innovation, that a change in this means that all companies have to adapt quickly, which increases competitiveness.

To see how the company should adapt the products it offers to the market, we will base the analysis on the BCG matrix (Boston Consulting Group), and that 8 models are differentiated according to their format and the group of products to which they belong according to the growth they have in the market and the importance in the market of those products.

Figure 8: Boston Consulting Group Matrix



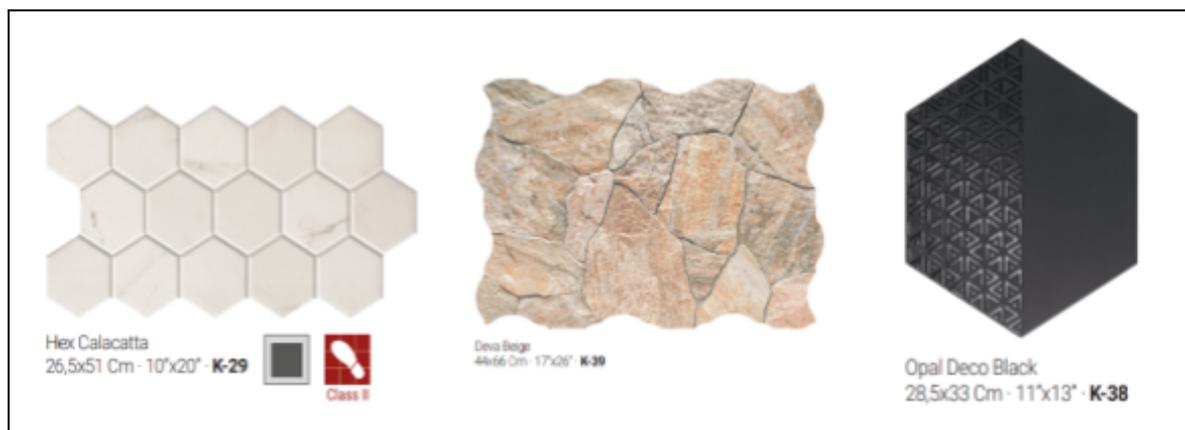
Source: Own Elaboration

- Star

Star products are the ones that are most important to the company and to which they allocate the most resources, since they are at an early stage and experience potential growth in previous years. As Realonda star products, highlight the range of “HEX” hexagons in the 26.5\*51 cm format, the “DEVA” collection in the 44\*66 cm format and the “OPAL”

collection in the 28.5\*51 cm format. These 3 collections are one of the most important that the company has, since they are products and designs that are in high demand by customers, also in recent years they have managed to establish themselves in leading positions in the market, since these designs offer customers various features differentiating features, such as unique shapes and textures, a wide variety of models and colors, and a multitude of ways to place them. The company continues to research and invest in technology in order to continue developing these collections, bringing new models, colors or textures to the market that follow consumer trends and maintain the market leadership that these tiles possess.

Image 28: Star Products of Realonda

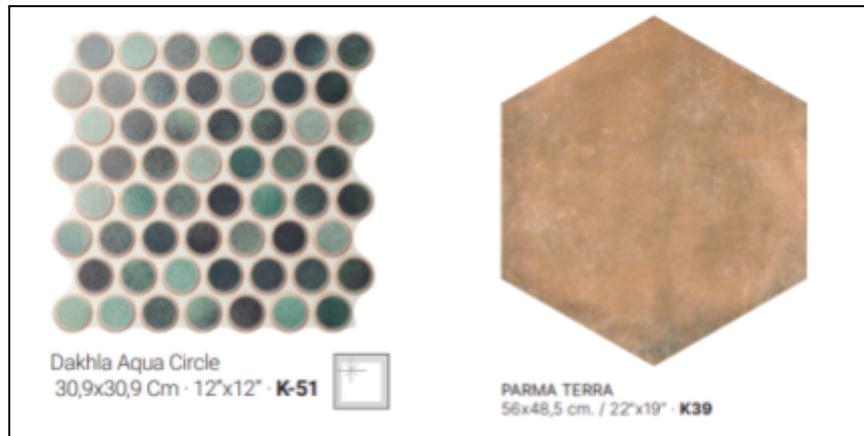


Source X: Own Elaboration from Realonda Catalog

- Question Mark

The products that are classified as Question marks are those that have been on the market for a short time and have not established a large market share but have good growth potential in the coming years as they have been well received by customers. . A collection released in 2022 and that includes these acceptance characteristics is the "CIRCLE" range, an innovative collection with a 30.9\*30.9 cm format and with various placement possibilities, since it can be useful both for lining swimming pools , of bathrooms, floors and kitchens, which creates an avant-garde mosaic with a total grouting of the pieces in their placement. On the other hand, there is the "HEX L" collection, released at the beginning of 2023 and related to the HEX collection (the company's flagship product), with the novelty of being a superior format, 56\*48.5 cm, and incorporating Smart technology in its texture.Grip, making them innovative tiles with new non-slip textures, new colors and finishes and can be applied both indoors and outdoors and in swimming pools, giving a multitude of installation possibilities.

Image 29: Question Mark Products of Realonda



Source X: Own Elaboration from Realonda Catalog

- Cash Cow

Cash Cow products are the products that provide a good margin to the company and have a slow but stable growth for many years. In this category we will establish three formats that have been manufactured in the company for many years and account for a good part of sales. The most notorious collection in this category is the 31\*56 cm “MANHATTAN” range, with 9 different ranges of designs, and different brick simulation textures. Sales of this format have been very stable since its creation more than 8 years ago, which is why it is considered one of the company's most profitable ranges. On the other hand we have the “OXFORD” and “MARRAKECH” with a 33\*33 cm and 44\*44 cm format respectively, are collections aimed at different audiences and with very particular designs, but which have been well received by customers since the beginning of their manufacture, with very slow but stable growth over the years. Over the years, these two collections are also profitable sources of income, since they do not require much investment and provide stable profits.

Image 30: Cash Cow Products of Realonda

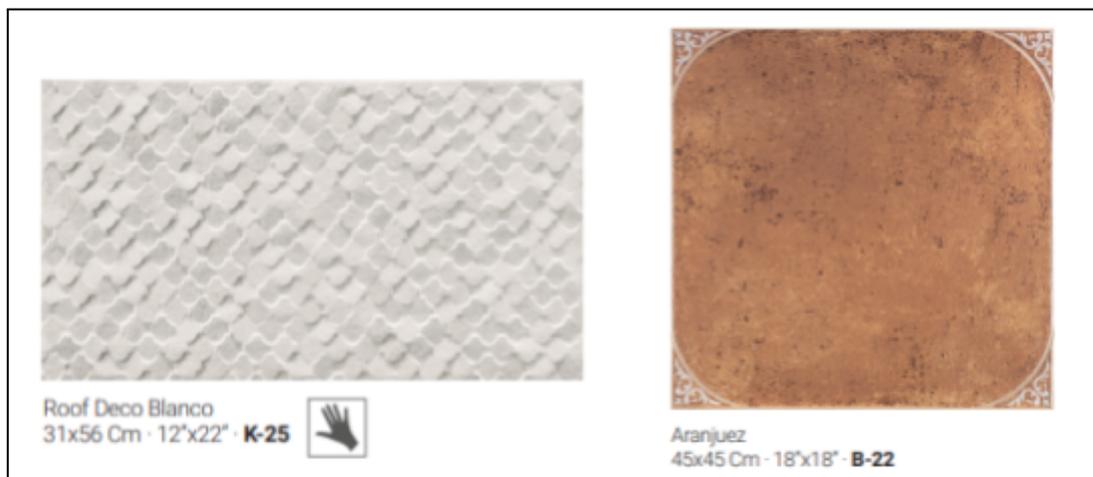


Source : Own Elaboration from Realonda Catalog

- Dog

The products classified as dogs are those that do not represent high amounts of income for the company, and do not have the expected growth. One of the collections that meets these characteristics is the "ROOF" range with a 31\*56 cm format. The wavy shapes of this range have not been very well received by customers, so they do not contribute significantly to the revenue of the company. On the other hand, we have the "ARANJUEZ" collection in the 45\*45 format, this collection is based on the traditional style and the 45\*45 format is one of the most used in the ceramic industry, so the products that are manufactured in this size do not stand out in the market. In addition, they are tiles that have been designed and in the catalog for several years and in which not much investment is allocated to the company, since the orders that come to the company are usually for specific projects.

Image 31: Dog Products of Realonda



Source : Own Elaboration from Realonda Catalog

#### 4. MARKET SEGMENTATION

In the next point we will analyze the profiles of consumers and the target audience to which the company's strategy is directed. Then we will show the position of the company in comparison with its main competitors according to a series of variables, which we will define later.

##### 4.1. Segmentation Strategy

In order to segment the market and define the target public to which Realonda's products are directed, we distinguish several categories and characteristics that all include companies and professionals from the construction, interior design and wholesale sectors, since as previously mentioned, The company does not sell to the final consumer. These groups are:

- Construction professionals and companies:

This segment of the market are companies or professionals that carry out reforms or new works in which they are looking for a good quality and durable material, with a close and personalized treatment, most of them have limited or moderate budgets.

#### Design and architecture companies

- Design studios and designers:

This segment is very important for the company in some parts of the world, it is aimed at professionals who seek to create innovative designs and welcoming environments to suit their clients. They look for characteristics such as quality, elegance, and innovative designs in the market. They have moderate-high budgets, with a lot of versatility, creating projects with a large budget or the opposite.

- Architecture studios and architects

This group of clients are professionals who are recognized by their names or architecture studios, who create and sign high-end projects for major real estate development companies around the world. They look for characteristics such as very high quality, avant-garde and innovative designs and exclusive service in the products. The budget that this group has is very high, since most of the studios that surround the Realonda environment carry out exclusive and luxury projects.

#### Retail

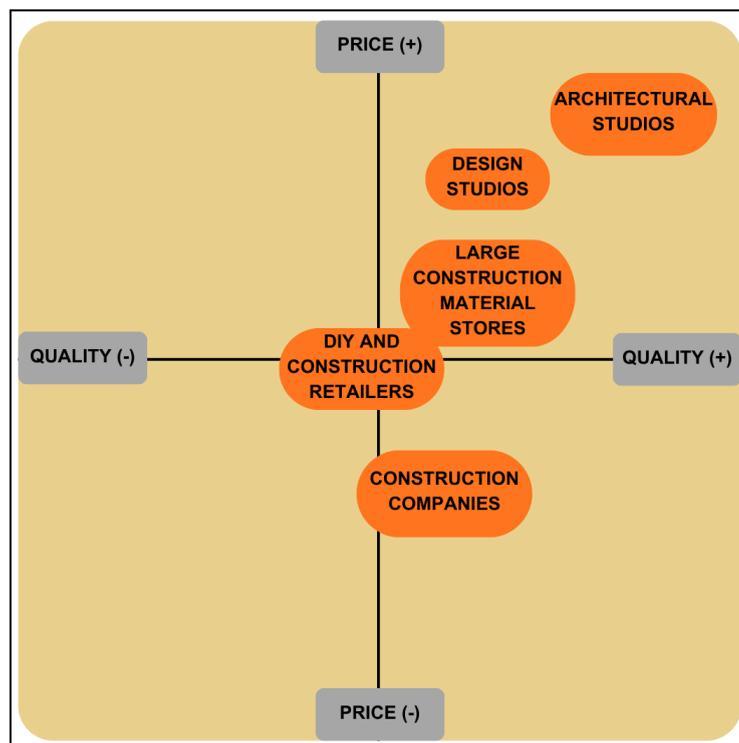
- Large construction materials distribution warehouses (Category killers)

They are companies that seek to have all kinds of reference products under construction, in this case tiles, that seek to have the widest possible range of offers, so that their customers can choose according to their tastes, characteristics and budgets, for which they seek to acquire large quantities. and many types of collections, in order to be able to negotiate with the company on purchase prices, but always looking for innovative and high-quality designs in Realonda. Some examples of these stores are BigMat, Maderas del Alto Urgel or Las Chafiras SA.

- Retailers of sale and distribution of DIY and construction products

They are also companies, but they offer their clients a greater variety of products apart from construction. They are the only channel through which end customers can purchase their products themselves, in addition to companies. They are characterized by having several points of sale distributed in many places, they also seek to have a wide range of collections in their portfolio to be able to adapt to all their clients. In terms of budget, they are similar to wholesalers if they are department stores, but if they are small retailers, it depends on the products offered by said retailer, but always looking for high quality and competitive price.

Graph 11: Positioning Map of Targeting (Quality-Price)



Source: Own Elaboration

## 4.2. Positioning

After knowing the target audience to which Realonda wants to deliver its products, the following graphs show the position of the company and its competitors depending on several variables.

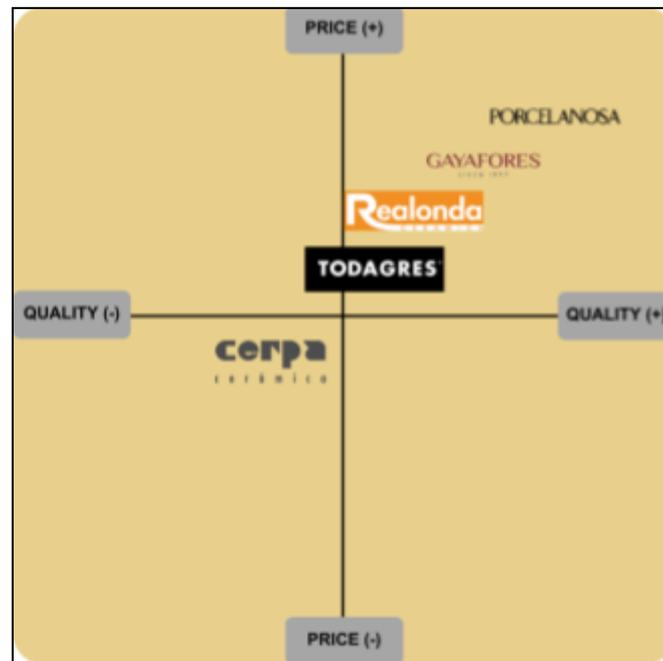
Table 9: Strengths and weaknesses of Realonda's competitors

COMPETITORS	WEAKNESSES	STRENGTHS
PORCELANOSA	<ul style="list-style-type: none"> <li>- High price</li> <li>- Focused only on the most luxury markets</li> </ul>	<ul style="list-style-type: none"> <li>- High quality in its products</li> <li>- Strong and consolidated brand image</li> <li>- Leaders in the Spanish ceramic market</li> <li>- Wide and diversified product catalog</li> </ul>
GAYAFORES	<ul style="list-style-type: none"> <li>- Little product diversification</li> </ul>	<ul style="list-style-type: none"> <li>- Quality and durability in your products</li> <li>- High investment in innovation and technology</li> <li>- More than a century of experience in the sector</li> </ul>
ALLAGRES	<ul style="list-style-type: none"> <li>- Low brand image visibility compared to competitors</li> <li>- Younger company than its competitors</li> </ul>	<ul style="list-style-type: none"> <li>- Specialized in porcelain tiles</li> </ul>
CERAMIC CERPA	<ul style="list-style-type: none"> <li>- Lower quality compared to its competitors</li> </ul>	<ul style="list-style-type: none"> <li>- Own ceramic grinding and polishing plant</li> <li>- Good quality of products</li> <li>- Competitive prices</li> </ul>
CERAMIC STN	<ul style="list-style-type: none"> <li>- Lower quality products than competitors</li> </ul>	<ul style="list-style-type: none"> <li>- most competitive price</li> <li>- One of the most productive ceramic companies</li> </ul>
GRESPANIA	<ul style="list-style-type: none"> <li>- High price compared to its competitors</li> </ul>	<ul style="list-style-type: none"> <li>- Large format tile specialists</li> <li>- Multitude of subsidiaries spread throughout Spain and the world</li> </ul>

Source: Own Elaboration

In the first graph, Realonda's competitors and the company are classified, according to their quality and price. and in the second graph they are classified according to their quality and their design and innovation.

Figure 9: Quality - Price Positioning Map



Source: Own Elaboration

Figure 10: Quality - Design/Innovation Positioning Map



Source: Own Elaboration

As can be seen in the graphs, Realonda has a high degree of quality in its products derived from its involvement in quality control in the production process. Porcelanosa is ranked above it, quite far away since it is one of the main Spanish corporations and Gayafores, which has similar characteristics to Realonda. Below these are Todagres and Cerpa

Cerámica, with a slightly lower quality but with a price according to its quality. Todagres is more involved in quality and differentiation than Cerpa.

On the other hand, we can see that Realonda and Porcelanosa stand out for their commitment to offering their customers high-quality products and, above all, allocating many resources to research and innovation to develop products with innovative and avant-garde designs to differentiate themselves from their competitors, who do not invest as much. at these points.

## 5. MARKETING OBJECTIVES

After the analysis and diagnosis of the state of the company in the previous points, the following point defines the objectives that are to be achieved in the coming years, all the objectives set are SMART, so they must have the following characteristics: They must be specific, measurable, achievable, relevant and with a certain period of time. Thanks to this type of objectives, we can establish control parameters to know if they can be achieved on time and within the pre-established budgets.

The objectives that are set are the following:

- **Objective 1:** Increase activity on social networks and on the web, increasing the number of followers by more than 40% in 11 months,
- **Objective 2:** Increase sales in the Spanish market until reaching 15% of its production in the next 2 years
- **Objective 3:** Increase sales in foreign trade by 5% in the next 7 months.
- **Objective 4:** Strengthen the brand image in terms of design and sustainability by 20% in the next 15 months
- **Objective 5:** Increase customer satisfaction by 20% within 15 months.
- **Objective 6:** Introduction of 3 new collections from the Smart Grip and Activ range, to be accepted by at least 15% of customers within 2 years

The objectives are summarized and classified in the following table, which differentiates whether they are monetary or not and with criteria to see if they are met or not and to what extent.

Table 10: Marketing SMART Objectives

4P	Goals				
	Monetary	Aim	Pessimistic scenario	Realistic Scenario	Optimistic Scenario
Product	Yes	6	Introduction of <3 Activ and SmartGrip collections	Introduction of 3 Activ and SmartGrip collections	Introduction of >3 Activ and SmartGrip collections
	No	5	Increase customer satisfaction by <20%	Increase customer satisfaction by 20%	Increase customer satisfaction by >20%
Place	Yeah	2	Increase domestic sales to <15% of production	Increase national sales up to 15% of production	Increase domestic sales to >15% of production
		3	Increase sales in foreign trade by <5%	Increase sales in foreign trade by 5%	Increase sales in foreign trade by >5%
Promotion	No	4	Strengthen the brand image by <15%	Strengthen the brand image by 15%	Strengthen the brand image by >15%
		1	Increase the number of followers in the RRSS and the web by <40%	Increase the number of followers in the RRSS and the web by 40%	Increase the number of followers in the RRSS and the web by >40%

Source: Own elaboration

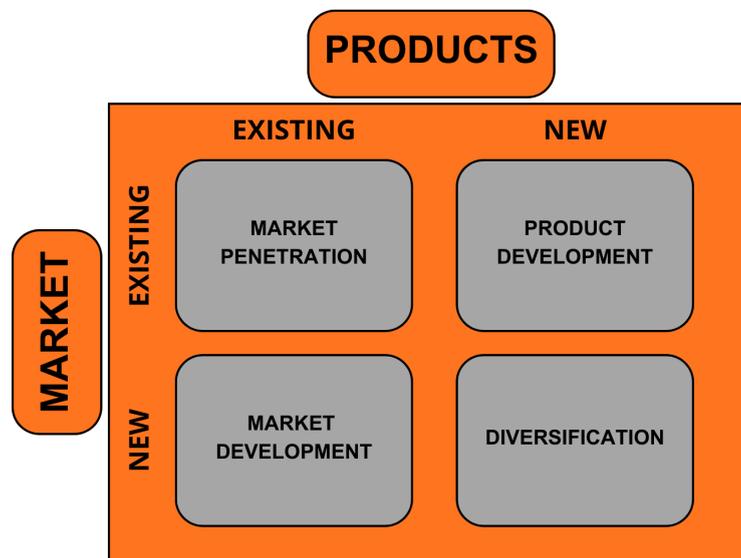
## 6. MARKETING STRATEGIES

Once the objectives for the organization have been established for the coming months, the strategies that will try to achieve those objectives within the determined deadlines are defined.

### 6.1. Growth and diversification strategy

To determine the growth and diversification strategies used by Realonda, we base the explanation on the Ansoff matrix, which proposes 4 different strategies according to the combination of the variables of current and new markets and current and new products (see following image):

Figure 11: Ansoff Matrix



Source : Own Elaboration

The strategies that are proposed for Realonda after developing the objectives for the coming years are several, the first is market penetration, the company will try to increase its sales in the Spanish market and in the international market, for which it must carry out several actions in order to attract a larger number of customers from the markets to which it is directed and to retain a greater number of its current customers so that their purchases are recurring. With all the experience that the company has given its years in the sector and all the resources it invests in standing out in design and innovation, it will be very useful to give the company more visibility and to increase its market share.

On the other hand, the main strategy used by the company is product development, since it is constantly innovating and designing new models, in order to create new tiles that better suit the needs of customers. Given the good benefits provided by the Smart Grip and Activ product ranges, with their characteristic properties, the company will bet heavily on these

two lines, creating new collections with the avant-garde designs that endorse the company. In addition, in order to develop new collections, they will introduce a new material to their final design, combining a natural material with their tiles to create cozy environments inspired by nature, simplicity and elegance.

And finally, the other strategy that the company uses to expand its business is market development. Thanks to this strategy, Realonda tries to take advantage of new opportunities that arise when entering new markets, such as those offered by emerging countries, since construction is booming in these countries and therefore there is a strong demand for tile, or also in niche countries, which demand peculiar collections or characteristics of those countries. The company must analyze the potential demand that exists in these markets, find the trends and locate its target customers, in order to be able to adapt the collections, products and promotions to the demands of this type of public to attract them to the Realonda brand. make them identify with the company and buy the products. In addition, if the company manages to take advantage of these opportunities and enter those markets, it must establish good distribution networks and shipment of material to those countries, in addition to keeping track and controlling how sales evolve to adapt and propose their strategies in the future. .

## **6.2. Competitive Strategy (Kotler)**

The ceramics market is highly competitive due to the number of companies that operate in it. Given that Realonda is not a leading company in it, as Porcelanosa could be, we believe that the best competitive strategy it should adopt will be that of a company that follows the leaders, in order to coexist and compete in the market but without challenging them, since these They have a larger structure of production and size.

Realonda is characterized in the market for offering a differentiated product from the competition based on quality and its designs. Offering innovative products and with which it seeks to differentiate itself from the leaders and try to gain a piece of market share, improving its position in it. In addition to this, the extensive catalog with different collections and careful customer service means that a greater number of customers can be interested in the company and purchase its products.

### 6.3. Strategy as competitive advantage (Porter)

Based on the market and the follower company strategy that the company follows, we can say that Realonda operates in its market with a strategy based on differentiation and trying to stand out among its clients in aspects such as design, innovation and the avant-garde finishes incorporated. to your collections. This strategy can gain market share since Realonda's products offer added value to the customer for which they can pay a higher price than competing companies, in addition to providing a committed and quality customer service. Another of the added values that realonda offers in your company is the commitment to sustainability and the environment, since more and more customers identify with these values and may end up choosing a producer because they are more committed to the environment.

The company cannot carry out a strategy to lead the market in costs, nor in a niche because it does not have sufficient resources to produce looking for economies of scale, reducing production costs to the maximum and because it has sufficient capacity, in terms of production and differentiation, to address a broader market than just a specific niche.

### 6.4. Competitive strategy in relation to the environment (Miles & Snow)

Miles & Snow raised in 1978 several strategies based on the characteristics that the company has in relation to the environment and the type of response to change with which the company acts. In the following image you can see the 4 strategies proposed by Miles & Snow:

Figure 12: Miles & Snow Organizational Strategies



Source: Own Elaboration

According to the strategies seen above and based on the characteristics of Realonda, the most appropriate strategy that the company should follow is that of the "analyzing" company. Being in a highly competitive market with constant technological evolution, the company must know how to adapt to changes and opportunities that may emerge in the market. For this reason, the analyzer strategy is the most appropriate for the company since it wants to preserve its position in the market without making risky changes, but always analyzing the market looking for new opportunities with which to innovate and bring out new collections or models that suit the needs of the clients.

The company makes the changes that can improve the company, taking advantage of the opportunities that arise in the market or improving its capabilities and competitive advantages, but always analyzing and minimizing the risks that these changes entail.

## 7. **ACTION PROGRAM**

### 7.1. **Summary of Action Plans**

After setting out the objectives and strategies that the company follows after the analysis and diagnosis of the state of the current company, a series of actions are developed to be carried out in the coming years. These actions are related to the 4 p's of marketing (Product, Place, Price, Promotion) and we are going to develop each of them separately, making several proposals and actions for each section. The actions are summarized in the following table:

Table 11: Summary of the proposals

4P	Actions	Goals	Strategy
Product	1: Offer new collections of the Smart Grip range (Hexagonal format and combined with hi.thick 1.4 (14 mm) technology)	Objective 2 Objective 3 Objective 6	Product development
Product	2: Create a new collection that combines the ACTIV range and a rectangular format	Objective 2 Objective 3 Objective 6	Product development
Product	3: Reintroduce a discontinued product in another format	Objective 2 Objective 3 Objective 6	Product development
Price	4: Create exclusive promotions by combining complementary collections	Objective 1 Objective 2 Objective 3 Objective 4	Market Penetration Market Development

Distribution	5: Open a sales branch in Spain	Objective 2 Objective 5	Market Penetration
Distribution	6: Create strategic alliances with architects or design studios in the US	Objective 2 Objective 3 Objective 5	Market Penetration Market Development
Distribution	7: Enter new emerging countries	Objective 3	Market Development
Promotion	8: Create a section on the web that shows the showroom in 3D	Objective 4 Objective 5	Market Penetration
Promotion	9: SEO strategies to increase web traffic	Objective 1 Objective 4	Market Penetration
Promotion	10: Create an advertising plan through the Ads of Social Networks	Objective 1 Objective 2 Objective 3 Objective 4 Objective 5	Market Penetration
Promotion	11: Special packaging for better customers, made from 100% recycled material (cardboard)	Objective 4 Objective 5	Product Development

Source: Own Elaboration

## 7.2. Product Decisions

- ACTION 1: Offer a new collection of the Smart Grip range in hexagonal format and combined with hi.thick 1.4 technology (14 mm thick)

Table 12: Action 1 Summary

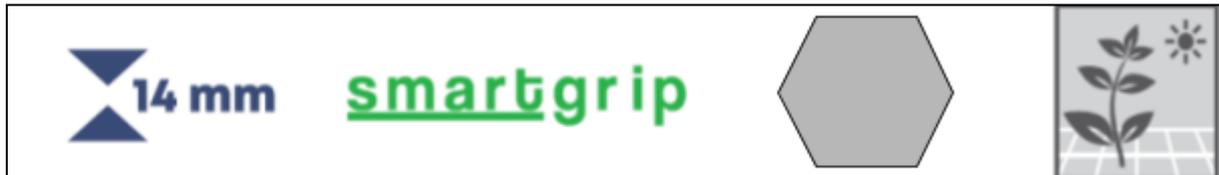
Objective 2 Objective 3 Objective 6
Product development
Timeline: 8 months (COVERINGS 2024)
Budget: 4.000€

Source: Own Elaboration

The hexagonal format that the company manufactures is one of the most demanded by customers, since thanks to its geometric shape and its combination resembling

honeycombs, it gives an elegant finish, which added to the embossed and soft-touch finishes that provides SmartGrip technology, giving tiles modern finishes and endless design possibilities. In addition, if we add Hi,Thick 1.4 technology to this format, with a thickness of 14 mm, we will get a tile with the ideal characteristics for paving outdoor spaces, since the thickness and slip resistance provide safety and high performance against wear. bending and breaking of tiles.

Figure 13: Main characteristics of the proposed tile 1.



Source: Own Elaboration

The final design of these tiles is intended to be promoted at the Coverings 2024 fair, since the American market is one of the most important for the company, and the hexagonal format is one of the most in demand. The size of the tiles will be 28.5 x 33 cm, in individual hexagonal pieces, which allows the combination between pieces of the collection.

The budget for the development of this collection will be €5,000 it will involve several days of design, testing and trials of the final products in order to develop a product that meets the high quality standards required of these technologies. The price of the product will be determined by the costs that it costs to produce it plus the design and testing process, so a cost control will be carried out prior to its commercialization to determine the price per m2 at which the product will be sold. This collection can be purchased through the organization's sales representatives and will be distributed with the packaging

company's standard, several models will also be developed so that you can choose up to 3 different colors and finishes.

Work will begin on this project in July 2023, with the design and finishing of the tiles, with the aim of having the collection finished by the end of March 2024, to begin preparations for the American fair.

- ACTION 2: Create a new collection that combines the ACTIV range and a rectangular format

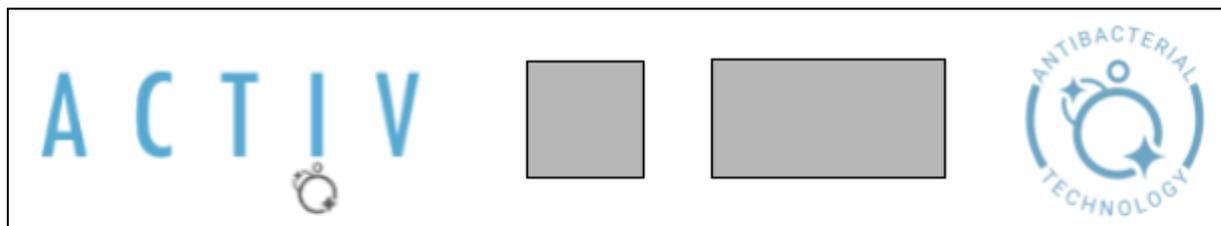
Table 13: Action 2 Summary

Objective 2 Objective 3 Objective 6
Product development
Timeline: 12 months (CERSAIE 2024)
Budget: 5.000€

Source: Own Elaboration

Health and well-being is one of the most notorious trends in society today. That is why the tiles in the ACTIV range are suitable to be introduced to the market since, thanks to their antibacterial characteristics, they eliminate 99.9% of surface bacteria and the protection remains active 24 hours a day. In order to expand this collection, which is only manufactured in the hexagonal format, it is proposed to produce this type of tile in another format that has increased in popularity after the Cersaie fair in 2022, which is the small rectangular format of 22x44 cm. In addition, in order to give the collection versatility, we will add to this the 22x22 cm square format to have an endless number of ways to place the pieces and create different environments depending on how we place the pieces, if we want to combine the two sizes.

Figure 14: Main characteristics of the proposed tile 2.



Source: Own Elaboration

This collection is aimed at covering and flooring projects in kitchens or bathrooms, since they are the surfaces in homes where the most bacteria accumulate, although they could be used in any room in the home. Added to its high antibacterial protection is the easy cleaning of the surfaces of these tiles, reducing stains and odors that accumulate in these rooms of the house.

This collection will be manufactured in the 22x44 cm and 22x22 cm formats. In the previous image you can see the format of these tiles, with the possibility of combining both or not,

depending on the finish that the client is looking for, adapting it to him. To help this, the company will provide a help manual and a guide for placing the pieces to see several of the final finishes and to be able to know the order of placement in order to achieve said finishes. The price of these tiles will also have to be subject to cost control after the design and testing process, in order to assign a competitive final price per m<sup>2</sup> of this product. The budget for this action will be €5,000 adding the hours of design, testing and first production of the material to be able to verify that the final product complies with all the regulations and antibacterial characteristics that will make it stand out in the market.

This collection can be purchased through the organization's sales representatives and will be distributed with the company's standard packaging. In addition, several models will be developed so that you can choose up to 5 different colors and finishes.

Work will begin on this project in September 2023 with an eye on Cersaie in 2024, in order to announce the product at that fair as a novelty, having 12 months to correctly develop this collection.

- ACTION 3: Reintroduce a discontinued product in another format

Table 14: Action 3 Summary

Objective 2 Objective 3 Objective 6
Product development
Timeline: 5 months (CEVISAMA 2024)
Budget: 2.000€

Source: Own Elaboration

Another trend that persists in the market are wood-effect tiles, as they offer greater durability and resistance than natural wood, as well as being able to be modified and offer a greater number of finishes and colors thanks to INKJET printing technology. For this reason, it was decided to reintroduce a collection of tiles that has been in the company for many years and that previously worked very well on the market, but which has become obsolete due to its peculiar format. The "ETERNITY" collection was discontinued in 2021, this collection is made up of 3 finishes, OAK, BEECH and CEMENT, which combined between these 3 created very peculiar environments combining wood and cement, these tiles are they manufactured in 45\*45 cm and finished with a peculiar geometric shape. The model that is proposed to reintroduce these finishes will be manufactured in the 70x40cm format and with

a rhomboid shape. We will choose to reintroduce the OAK and BEECH wood finishes, since wood finishes are timeless, they are always among the market trends and can be combined with a wide variety of collections. On the other hand, the rhomboid shape in which this collection will be manufactured will can combine them and have many different finishes. Along with the tiles, a technical manual for placement and positioning will be provided, since this form can be combined in many ways and create different environments just by positioning ourselves in one way or another.

Image 32: Main characteristics of the proposed tile 3.



Source: Own Elaboration

This collection is aimed at all kinds of target audiences that seek to create a simple, elegant environment in connection with nature, as well as seeking high durability without resorting to natural wood. The tile will begin its creation process in September 2023, with the aim of presenting the new ranges of the 70x40cm format at the CEVISAMA 2024 fair, so the process will take 7 months of design and testing. The price of these new collections will be lower than that of creating a new product since designs already developed by the company are used and there is no need to invest in new technology, but cost control will have to be carried out after the first steps of production, to establish the final prices of the m2 to which to sell the product. The budget for this action will be €2,000 since a new product is not being developed, but rather an old design is incorporated into a more current format. As for the sale, the tile can be purchased through the company's sales representatives after its promotion at the Cevisama 2024 fair.

### 7.3. Price Decisions

- ACTION 4: Create exclusive promotions by combining complementary collections

Table 15: Action 4 Summary

Objective 1 Objective 2 Objective 3 Objective 4
Market Penetration Market Development
Timeline: 10 Months
Budget: 1.500€

Source: Own Elaboration

One way to increase customer service, in addition to being able to retain current ones, is with the creation of promotions. In this case, we will do a promotion by combining two complementary collections, making a discount if both are purchased for the same project, either for example to combine a floor and a wall covering, or to do both at the same time. The discount that will be applied will be 5% if a full pallet of boxes is not completed, and 7% if the pallet is completed. The discount will be made on the total order, not per m2 of product purchased. Some of the collection combinations in which this discount will be available are shown in the figure below:

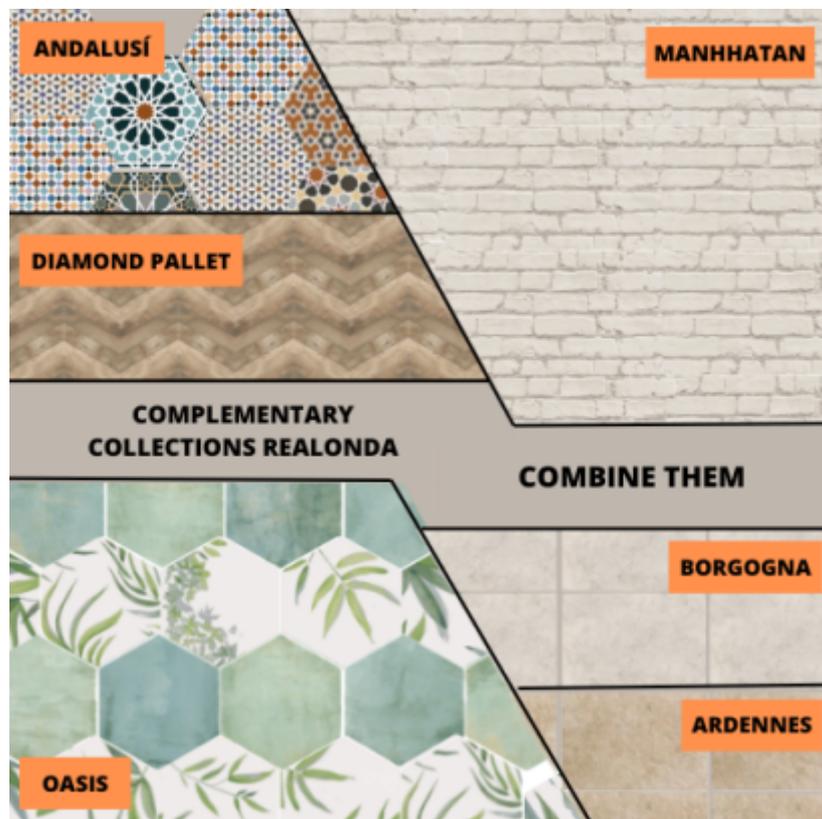
Figure 15: Complementary collections



Source: Own Elaboration

The offer will be active from the beginning of the CERSAIE 2023 fair, in the month of September, until the beginning of summer 2024, one month after the end of Coverings 2024. Discounts for combining complementary collections will be applied once the sale is closed and the customer's complete order is known, so the corresponding discount will be applied.. This action is focused on increasing sales both in the national and international territory, since the discounts encourage the purchase of all types of customers. In addition, with the incorporation of this action, the company's sales will increase and we will even improve the web traffic and the company's social networks, since the creation of promotions creates interest in customers and they look for the pages to be updated with the latest news. news that the company constantly uploads.

Image 33: Promotional Flyer of Complementary collections



Source: Own Elaboration

The budget for this action will be €1,500, in order to promote the discount and encourage demand for the mentioned collections.

#### 7.4. Distribution Decisions

- ACTION 5: Open a sales branch in Spain

Table 16: Action 5 Summary

Objective 2 Objective 5
Market Penetration
Timeline: 2 years
Budget: 205.000€

Source: Own Elaboration

The Spanish market is one of the company's strongest, as it sells 12% of its total sales to this territory, but being a Spanish company, it should have a larger market share in its national market. For this reason, this action consists of opening a sales branch in the province of Madrid, since it is one of the economic centers of Spain and has a strategic position in the center of the peninsula.

The purpose of opening this branch is to be able to encourage and increase sales in the national territory, in the store it will be possible to acquire all the collections offered by the company on demand, being at the beginning a sales branch and not a logistics warehouse since it would require greater investment in a warehouse and logistics infrastructures. The opening of a store in Madrid will give you greater control over sales in that territory, as well as having another point of sale in mind where you can display your products, other than in the main offices, and be able to provide and control more detailed customer service. in those areas.

The opening of the store is expected for April 2025, since before opening it, it requires time to search for the premises to rent, adaptation of the premises to be able to guarantee all the services offered by the company and provide good customer service. The premises will be located in one of the towns around Madrid, since the price per m2 is lower than in the same city and we can acquire a much larger and more affordable premises than if we rent it in the center of the capital. In addition, being a ceramic company that is looking for specific clients, massive traffic of people is not necessary, but having a strategic position will give more advantages to the company. One advantage of having the store located in the province of Madrid is that salespeople can travel to all points in Spain in less than 6 hours starting from that point, making their service faster.

Initially, the store will have a small showroom of the company's most important collections, as well as a sampler of all types of tiles, so that customers can see, touch and feel all the textures and sensations that the collections convey. since each one has its peculiarities. The

activity will begin with three people in said store, a commercial, an administrative and promotion manager. The work will begin in August 2023, with the tasks of searching and comparing premises and after the rental of the premises, the adaptation of the premises for the exhibition and future sale of the products will begin. The total budget of the store will be €160,000 a year for rental expenses and the wages of the 3 workers, in addition to an estimated cost of €25,000 for conditioning the premises, for the adaptation and decoration of the showroom and the premises. The total budget for this action will be 85,000 euros the first year and 60,000 the following two. This high investment must be controlled very well by the company's managers, to analyze the profitability of opening a branch and if it manifests itself in sales according to the objectives set, as long as they have a minimum profitability. The store will be promoted at the Cevisama 2025 fair, and will open a week before the fair.

- ACTION 6: Create strategic alliances with architects or design studios in the US

Table 17: Action 6 Summary

Objective 2 Objective 3 Objective 5
Market Penetration Market Development
Timeline: 1 year
Budget: 15.000€

Source: Own Elaboration

The United States market is the most important for the company, since they export more than 50% of their production there, which is why the company must allocate resources to preserve that market, because if its best market were to leave, it would mean a very significant drop in company sales. As a proposal to continue growing in this market and retaining long-term customer loyalty, it is proposed to create strategic alliances with some design and architecture studios that operate in that country. Contact will be made with 5 important architecture studios in the US, such as Studio SSquared Architecture, Inc, Board & Bellum, ODS Architecture, Soloway Designs Inc, or Paredes-Grube Architecture and the strategic alliance will be offered to all of them. The alliances will consist of the architecture studios, when carrying out their projects, having in their design portfolio all the available collections of Realonda tiles, whether they are wall tiles or flooring both indoors and outdoors and in swimming pools. If these alliances with these studios are announced, the company's image will be reinforced, in addition to transmitting confidence to customers and giving more visibility to reach a larger target audience. In addition, thanks to these alliances,

new exclusive collections can be created for some projects that architects have, increasing the value of the brand and creating exclusivity by offering a highly personalized service through design and architecture studios.

This plan will start to be established in January 2024, and looking for a stable and long term commitment, we will give 1 year for the formation and consolidation of partnerships, as this whole process requires trust between the parties and constant communication to know how to take advantage of the opportunities that emerge and to strengthen each other. In addition, the benefits and the extra value that this relationship brings us over time will have to be evaluated to see if it continues to be profitable. The knowledge of the US market favors Realonda to be able to create said synergies and build those relationships in 1 year, so in February 2025 it should have established these alliances, the budget implies various costs, such as travel expenses and meetings with the architects. , communication costs between the parties or the necessary training for both parties on how companies work, what products are offered and how to collaborate, since with poor communication between the parties and disagreements between them the alliance will not be stable and profitable over time. This action will have a budget of €15,000 assuming all the previous costs during that period.

- ACTION 7: Enter and improve market share in emerging markets

Table 18: Action 7 Summary

Objective 3
Market Development
Timeline: 6 months
Budget: 5.300€

Source: Own Elaboration

The continents where the company sells the least amount of products are Africa, Asia and Oceania, so the company should put a little more emphasis on trying to enter them, since several emerging countries are developing in these continents, which have a high growth rate and in addition to demanding a lot of tile since the construction market is booming. The main countries where would perform 3 commercial trips in order to sell tiles would be the Philippines, South Africa and China, since the demand for tiles in these countries is high due to urban development and infrastructure in recent years, the construction of buildings and homes in the most urban areas. The company does not have or has a very low market share in these countries for this reason It must strengthen sales in these countries by showing the quality and differentiation of its tiles and that they become markets of interest for the company.

Figure 16: Realonda target countries



Source: Own Elaboration

Commercials that will travel to these countries must have a good knowledge of the language and culture of the country they are traveling to, since Asian countries have a very different culture from Europe. In terms of languages, the most complicated country will be China, where you will have to find a Mandarin Chinese translator since no company salesperson speaks it. The English necessary for the other two countries will not need translators since they are perfectly spoken by all the sales people in the company.

This action would begin to be established in August 2023 and a 7 days stay trip would be made to each of the 3 countries, without the flight hours. In each of the trips, several potential clients will be contacted, visits will be made to their companies and the company's product portfolio will be shown and presented, in order to win new clients and increase the market in those countries. It is proposed to make a trip every two months, with the aim of this action in 6 months where the company estimates that after the trips, orders will begin to be placed with a goal of having 0.3% (3,500 sq2) more sales in each country at the end of the year. The budget for this action will include business trips, subsistence allowances, stays and the usual expenses corresponding to business trips, so the budget will be €5,300, with the Philippines being the most expensive trip with an estimated budget of €2,000. followed by China with €1,800 and South Africa the lowest with €1,500, all trips consist of 7 days of accommodation and stay in hotels or apartments. The first trip will be to China during the first weeks of September, the second trip will be to South Africa in the last weeks of October and finally, at the beginning of December, the trip to the Philippines will be made.

## 7.5. Communication Decisions

- ACTION 8: Create a section on the web that shows the showroom in 3D and with a 360° virtual tour

Table 19: Action 8 Summary

Objective 4 Objective 5
Market Penetration
Timeline: 7 months
Budget: 30.000€

Source: Own Elaboration

This action consists of creating a section on the company's website, in which a replica of the company's showroom at the headquarters is developed but virtually. This innovative way of viewing the exhibition of rooms and tiles makes it possible to show customers the products at any time of day and anywhere in the world with an internet connection. This type of technology allows web users to experience new ways of visiting and buying tiles, transmitting sensations as if they were seeing the company's showroom in person, improving the shopping experiences of conventional websites by creating realistic and interactive sensations with the rooms of the showroom, it will also improve the current website where only the product portfolio and some projects are shown in photos. With this new technology, greater reach and traffic will be given to the company's website and social networks.

The virtual showroom will have a replica of the 550m<sup>2</sup> physical showroom of the facilities, in which it will be possible to interact with the different areas of the exhibition, being able to open and close panels where the finished tiles are displayed, walk through all the rooms, If you are interested in a collection, you can click on it and show the characteristics, models and finishes.

Work will begin on this action in October 2023 with the goal of incorporating it into the corporate website in April 2024, with the arrival of the Coverings fair where this innovation can be promoted. The project will take several months to develop since optimizing and integrating the app to the corporate website, programming said virtual showroom, creating and modeling the 3D rooms and developing the interactions takes a long time to create, in addition to having to invest in technical resources and hire a company that designs and replica said 3D project and integrate it with the web. Therefore, the budget allocated to this action will be €30,000 derived from the quality, textures and interactions that are proposed to be applied to the virtual project and that, being advanced level technologies, suppose a cost much higher than that of more conventional technologies.

- ACTION 9: SEO strategies to increase web traffic

Table 20: Action 9 Summary

Objective 1 Objective 4
Market Penetration Market Development
Timeline: 9 months
Budget: 7.000 €

Source: Own Elaboration

Realonda's website and social networks are the places where customers and target audiences can see and keep up to date with the news that the company develops. This action is intended to increase the traffic of said website in order to attract more customers through the Google platform. To carry out this action, you should seek the services of an external marketing company, specialist in research and optimization of the web and SEO processes (Search Engine Management). The external company must carry out an analysis of the keywords that it considers important for the company and the sector, in addition, together with the marketing staff and the company's computer scientist, they will optimize the web page and combine it with the previously identified links and keywords. After all this, the company and the marketing agency must create content to promote the company and create links that connect other websites in the ceramic sector with the company's website and thus redirect and increase traffic on the corporate website.

This action will begin to be implemented in September 2023. This communication strategy is expected to be integrated into the company in the long term, but it is considered that within a period of 8 to 9 months, the entire implementation process of this tool should be completed. and a profitable increase in web visits should be registered. The total budget for this action will be €7,000. This will be divided into the different phases of the project since some phases are more expensive than others. The budget will be divided into quarters: First quarter (€1000); Second trimester (€2,500); Third quarter (€3,500), added to this, after 9 months of integration of this action and if it gives positive and profitable results, monitoring, updating and control tasks of the SEO strategies that are being implemented will be needed, at an extra cost. about €500-1000 per month.

- ACTION 10: Create an advertising plan through Ads on Social Networks

Table 21: Action 10 Summary

Objective 1 Objective 2 Objective 3 Objective 4 Objective 5
Market Penetration Market Development
Timeline: 2 months
Budget: 4.600 €

Source: Own Elaboration

Realonda is present in the main social networks of the Internet, such as Instagram, Facebook, LinkedIn or Pinterest. He has a public profile in each one of them, where he publishes several posts between 3 and 4 times a week in which he promotes some of his collections, already placed and covered in environments, both indoors and outdoors. To advertise the brand on social networks, a campaign will be established with a duration of 2 months and will be carried out through the Ads services of the social networks of Instagram, LinkedIn and Facebook. It will begin in August 2023, in order to have promotion the month before and the month in which the Cersaie fair is held in 2023. This advertising campaign will appear with various videos and images that will advertise the star collections and the novelties of the 2023 season in the three networks in stages, with an interval of two weeks between each one.

Image 24: Advertising Sketch



Source: Own Elaboration

First of all will establish the advertising on LinkedIn, then on Instagram and finally on Facebook and it will mean a monthly cost of about €2,300 counting the ads on the 3 platforms, so the total budget for the 2-month campaign will be €4,600. In the first place, advertising will be installed on LinkedIn because it is the social network aimed at professionals in the sector and where companies, designers and architects look for news, business contacts and are more active at work, so the company must promote itself earlier in order to reach as many potential customers as possible. Later it will be included in Instagram since it is a very visual network and with very easy interaction between the parties, in addition to being able to upload publications at a very high quality. Finally, it will be included in the Facebook network since it is the most popular network in the world and is the most used by Americans, who are the most important clients for the company. In addition, the possibility of incorporating these campaigns into the next ceramic fairs (Coverings and Cevisama) will be studied to announce the news for each fair if the announcements are manifested in a profitable way through various measurement tools, whether they are an increase in traffic to the web, greater number of contacts or leads, greater sales, number of clicks on the ad or number of impressions.

- ACTION 11: Special packaging for best customers and special promotions, 100% recycled cardboard

Table 22: Action 11 Summary

Objective 4 Objective 5
Market Penetration Product Development
Timeline: 3 y 7 months
Budget: 0.7 - 1.8 €/box

Source: Own Elaboration

Sustainability and the environment are two of the values with which the company feels identified. This action is aimed at contributing more to the environment and improving the image and reputation of the company in terms of sustainability and environmental commitment. To carry out this action, a supplier of recycled materials such as Hinojosa Packaging will be contacted, since it is the leading company in sustainable packaging and products and with which the company's current packaging is already being developed. Together with them, the new 100% recycled cardboard boxes will be designed for 5 clients, establishing measurement parameters to catalog which are the best clients of the company,

adapting each design to each client. In addition, another form of packaging made from recycled material will be designed for some special promotions in order to create exclusivity and a vision of sustainability attached to these collections. One of the promotions that will go with the new packaging will be the promotion of complementary collections described in action 4 and another will be the "OASIS" collection, winner of the Alfa de Oro award in 2021.

Image 35: 100% Recycled packaging Sketch for tiles



Source: Own Elaboration

This action will begin to be investigated in July 2023 and it is expected to be implemented in the company in September 2023 for complementary promotions and the "OASIS" collection and in January for the best clients, since it takes longer to research and design the boxes adapted to each type of customer.

The budget for conventional cardboard boxes for ceramic packaging is between 0.5 and 1.5 euros per box already designed and ready to deliver, depending on the price of the cardboard, the dimensions and designs of the boxes and the supply contracts that are established with suppliers. Recycled cardboard, on the other hand, would have a slightly higher cost than conventional cardboard, since it requires a more complex process for its

manufacture. The price per unit would increase between 5 and 25% more, being recycled cardboard, which would place it at an interval of 0.7 to 1.8 euros per box. These higher costs must be offset by improving the image and reputation of the company in terms of sustainability and commitment to the environment.

## 8. TIMELINE

At this point, a table (Table 23) is developed in which all the previously proposed actions are collected and the time that will be used for each action in a period of 3 years is observed.

Table 23: Timeline Plan

Actions	2023						2024												2025	
	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	4	
1: Offer new collection of the Smart Grip range																				
2: Create a new collection that combines the ACTIV range and a rectangular format																				
3: Reintroduce a discontinued product in another format																				
4: Create exclusive promotions by combining complementary collections																				
5: Open a sales branch in Spain																				
6: Create strategic alliances with architects or design studios in the US																				
7: Enter and improve market share in emerging countries																				
8: Create a section on the web that shows the																				

showroom in 3D																				
9: SEO strategies to increase web traffic																				
10: Create an advertising plan through the Ads of Social Networks																				
11: Special packaging for best customers and special promotions, 100% recycled cardboard																				

Source: Own Elaboration

## 9. BUDGET

This section describes the total budget of the action proposals for the company in the next two years. In the next table (Table 24) the budgets corresponding to each action are described, those responsible for their development and control are shown, as well as the percentage of the total budget that each action represents.

Table 24: Budget Plan

4P	Actions	Responsible	Budget	% of budget
Product	1: Offer a new collection of the Smart Grip range	Design and Marketing Department	4.000€	1%
Product	2: Create a new collection that combines the ACTIV range and a rectangular format	Design and Marketing Department	5.000€	1.4%
Product	3: Reintroduce a discontinued product in another format	Design and Marketing Department	2.000	0.5%

Price	4: Create exclusive promotions by combining complementary collections	CEO, Sales manager and marketing manager	1.500	0.4%
Distribution	5: Open a sales branch in Spain	CEO, Financial and Sales manager	205.000	50.5%
Distribution	6: Create strategic alliances with architects or design studios in the US	CEO and Sales Department	15.000	3.7%
Distribution	7: Enter and improve market share in emerging countries	CEO, Sales Manager and Financial Manager	5.300	1.2%
Promotion	8: Create a section on the web that shows the showroom in 3D	IT Professional and Marketing Manager	30.000	8.4%
Promotion	9: SEO strategies to increase web traffic	IT Professional and Marketing Manager	7.000	1.8%
Promotion	10: Create an advertising plan through the Ads of Social Networks	IT Professional, Marketing and product Design Department	4.600	1.2%
Promotion	11: Special packaging for best customers and special promotions, 100% recycled cardboard	IT Professional, Financial Promotion and Production manager	1.2€ / box 150.000 sqm2 130.000€ (estimated)	30.8%
TOTAL		Total Budget	409.400€	100%

Source: Own Elaboration

## 10. MONITORING AND CONTROL OF PROPOSALS

To monitor the proposals and be able to see if the proposed objectives are being met and the plan is being followed correctly. For this we will see several tables that include the actions to be carried out to control the fulfillment of objectives, in addition to the scenarios in which the proposal will be considered to have been fulfilled or not and the periodicity of the actions that are going to be carried out. for each objective.

Before creating the tables, we are going to show the objectives previously proposed:

**Objective 1:** Increase activity on social networks and on the web, increasing the number of followers by more than 40% in 11 months,

**Objective 2:** Increase sales in the Spanish market until reaching 15% of its production in the next 2 years

**Objective 3:** Increase sales in foreign trade by 5% in the next 7 months.

**Objective 4:** Strengthen the brand image in terms of design and sustainability by 20% in the next 15 months

**Objective 5:** Increase customer satisfaction by 20% within 15 months.

**Objective 6:** Introduction of 3 new collections that include the Smart Grip range or Active , which is accepted by at least 15% of customers in 2 years

And now we will show what control actions and the frequency of them to keep track of the objectives:

Table 25: Control Plan Objective 1

Objective 1	Pessimistic Scenario	Realistic Scenario	Positive Scenario
Increase Followers in Social media	<40%	40%	>40%
Implications	Low presence on Social Media	Good visibility on Social Media	Greater visibility on Social Media
Actions	Measure the number of followers and interactions (likes, comments, reach and visibility) of the posts.		
Frequency	Quarterly		

Source: Own Elaboration

Table 26: Control Plan Objective 2

Objective 2	Pessimistic Scenario	Realistic Scenario	Positive Scenario
<b>Increase sales in national market</b>	<15% of the production	15% of the production	>15% of the production
Implications	Low national market sales growth	Estable national market sales growth	Strong national market sales growth
Actions	Comparing national market sales with previous year		
Frequency	Biannually		

Source: Own Elaboration

Table 27: Control Plan Objective 3

Objective 3	Pessimistic Scenario	Realistic Scenario	Positive Scenario
<b>Increase sales in exterior market</b>	<5%	5%	>5%
Implications	Limited international expansion	Moderate international expansion	High international expansion
Actions	Monitoring the sales growth in target countries Checking overall sales in international market		
Frequency	Monthly		

Source: Own Elaboration

Table 28: Control Plan Objective 4

Objective 4	Pessimistic Scenario	Realistic Scenario	Positive Scenario
<b>Strengthen the brand image</b>	<15%	15%	>15%
Implications	Low brand recognition	Improvement of brand image	Strong and differentiated brand image
Actions	Track the number of visits and evaluate customer feedback at trade fairs		
Frequency	Quarterly		

Source: Own Elaboration

Table 29: Control Plan Objective 5

Objective 5	Pessimistic Scenario	Realistic Scenario	Positive Scenario
<b>Improve customers satisfaction</b>	<20%	20%	<20%
Implications	Decrease in sales or customer retention	Good customer retention rate	High customer satisfaction
Actions	Monitoring customer retention and recurrence rate.		
Frequency	Quarterly		

Source: Own Elaboration

Table 30: Control Plan Objective 6

Objective 6	Pessimistic Scenario	Realistic Scenario	Positive Scenario
<b>Introduce 3 new collections</b>	<3	3	>3
Implications	Limited number of novelties	Expansion of product portfolio	Increased customer satisfaction capacity
Actions	Monitoring the reception of the new collections among customers		
Frequency	Semestrally		

Source: Own Elaboration

## 11. BUSINESS RECOMMENDATIONS

As a final point of the work and from the SWOT analysis previously exposed in the (Image 27) a CAME analysis is developed, in order to give a series of recommendations to correct weaknesses, take advantage of opportunities, maintain strengths and eliminate threats. Said analysis is shown in the following table:

Table 31: CAME analysis

SWOT			CAME
Strengths	<ol style="list-style-type: none"> <li>Investment in R+D+i and technology</li> <li>Sustainable company image</li> <li>Presence in all social networks</li> <li>Presence in the most important fairs of the sector</li> </ol>	<ol style="list-style-type: none"> <li>Continue investing in R+D+i in order to develop innovative ceramic solutions</li> <li>Implement more sustainability programs and commitment to the environment</li> <li>Run advertising campaigns and continue to upload relevant content to all networks regularly</li> <li>Invest in promotion and design of attractive stands</li> </ol>	Maintain

Weaknesses	<ol style="list-style-type: none"> <li>1. High dependence on international markets (especially the US)</li> <li>2. Dependence on external suppliers of raw materials and machinery repair services</li> <li>3. Sales only to companies</li> <li>4. Small size compared to the competition</li> </ol>	<ol style="list-style-type: none"> <li>1. Seek to expand to other continents or emerging countries where they are not in demand or it is not relevant.</li> <li>2. Develop strategic alliances with suppliers of raw materials and machinery to obtain competitive advantages</li> <li>3. Study the possibility of diversifying by opening a physical tile retail store</li> <li>4. Continue promoting the image of a sustainable company with unique and innovative designs.</li> </ol>	Correct
Opportunities	<ol style="list-style-type: none"> <li>1. The weight of the Tile of Spain brand in the international market</li> <li>2. Increase in technological innovation and research projects</li> <li>3. Exclusive customer service trend</li> <li>4. Increased demand in emerging countries and in the Spanish market</li> </ol>	<ol style="list-style-type: none"> <li>1. Promote your products under the Tile Of Spain brand to reinforce the brand image and give it more visibility</li> <li>2. Continue establishing relationships with research centers such as the (ITC) to carry out innovative and technological development projects</li> <li>3. Collaborate with architects or designers in order to carry out a complete and personalized service, adapting it to all the needs of the clients.</li> <li>4. Strengthen the Tile of Spain brand in Spain by relying on the KM.0 product and the company's sustainability image</li> </ol>	Explore
Threats	<ol style="list-style-type: none"> <li>1. High price of raw materials</li> <li>2. Strong and strict environmental regulations</li> <li>3. High competition in the tile market</li> <li>4. Decreased demand for tiles due to rising prices</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue investing and adapting to technological changes to save energy</li> <li>2. Continue to improve and optimize waste management in the company.</li> <li>3. Differentiate yourself from the competition by developing exclusive and innovative designs, in addition to personalizing and making customer service more exclusive</li> <li>4. Carry out communication campaigns in order to show the characteristics, promoting the quality and benefits of Realonda tiles against the competition and substitute products.</li> </ol>	Adjust

Source: Own Elaboration

## 12. **BIBLIOGRAPHY**

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