



A Work Project, presented as part of the requirements for the Award of a Master's Degree
in Management from the NOVA – School of Business and Economics

SURF PORTUGAL – REDEFINING THE BUSINESS STRATEGY
USING THE VALUE CREATION WHEEL FRAMEWORK

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Nº 2300

A Project carried out on the CEMS MIM Course under the supervision of:

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20th May, 2016

ABSTRACT

The aim of the Work Project is to provide an in-depth analysis of the challenges SURF Portugal - Portugal's leading surf publication, is currently faced with, and to offer a series of recommendations to enable the company achieve a stable financial situation and sustainable growth in the long-run. The Work Project will initially explore the external and internal drivers of the company's declining profitability, followed by a detailed description of the process employed together with the company's key decision-makers in pursuance of developing relevant, practical recommendations. The framework utilised is the Value Creation Wheel advanced by Prof. Luis Filipe Lages. Lastly, the Work Project will set forth a series of personal insights and reflections with regards to the Project and the author's contribution towards its completion.

Keywords: Strategy, Surf, Value Creation, Value Creation Wheel

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I. BRIEF CONTEXT

a. Client

The Work Project at hand was developed concomitantly with a Business Project conducted in collaboration with SURF Portugal, the client. SURF Portugal is a business active in the sector of Surf Publishing and Media; the magazine was launched in 1987 as the first surf publication in Portugal, also distinguishing itself amongst the first ones in Europe. The publication gained both national, and international acclaim largely due to its high quality content, unique aesthetic, and innovative drive. SURF Portugal was initially launched and managed as an independent publication; however, in 1995 it was acquired by Group Imprensa, a leading Portuguese Publishing and Media Agency, and managed as part of its portfolio until 2010. Subsequently, CEO Joao Valente undertook ownership and has been managing it independently to date. In terms of organizational structure, the magazine currently lists three full-time employees on its payroll, including: Susana Santos as Editorial Coordinator, Joao Vasco Nunes as Online Editor, and Joao Valente as Executive Director; the publication deploys the rest of its editorial activities with the support of freelance journalists, photographers and videographers. The magazine has been running as a printed publication between 1987 and August 2015 and has been focused on producing extensive cover stories and impactful reportages, accompanied by outstanding photography. In 2008, SURF Portugal launched a supporting website - www.surfportugal.pt, meant to complement the editorial content of the printed magazine, and enhance the experience of the audience, by integrating: videos, a news platform, beach cams, and an Index of all surf related businesses in Portugal – Blue Pages; it is

noteworthy mentioning that the website features advertising space for products and services related to surf and travel.

As for the magazine's target market, SURF Portugal has been focused on addressing the Portuguese-speaking surf segment, and it has been published exclusively in Portuguese to date. The core customer base is of Portuguese origin, complemented by a Brazilian minority of online visitors, and international surf aficionados traveling to Portugal. The business model set forth by the company encompasses two distinct revenue streams: printed magazine sales, and advertising. Firstly, in terms of magazine sales, customers can opt between purchasing individual copies (price in 2015: €3.5), or signing up for a yearly subscription which includes a surf gadget as a gift (price in 2015: €38). Magazines have been distributed through 3,000+ locations throughout Portugal, and subscribers amount to 200+. Secondly, in terms of advertising, the printed magazine has been historically collaborating largely with endemic and core surf brands (ex: Quiksilver, Billabong etc.). In the past few years, however, most endemic brands have shifted focus to a wider target audience and adjusted their marketing strategy accordingly¹; moreover, due to the rise of tech and digital, paired up with shifting patterns of behavior on behalf of the consumers, they started concentrating their advertising efforts increasingly online². As a consequence, SURF Portugal's revenues from printed ads of such brands have been decreasing dramatically. In the realm of online advertising, SURF Portugal's website sets forth numerous types of advertising possibilities (ex: website skin, banner ads, etc.) available for contracting; however, due to the low number of advertisers and low website traffic volumes, the resulting revenues are low. The magazine has incurred record sales of 15,000 copies during peak years, 1994 and 2000; these dropped to a record low of 1,000

units in 2015. Due to negative profits incurred between 2012 and 2015, the magazine's management opted for the discontinuation of the printed magazine. Currently, the only source of revenue is the selling of online advertising space.

b. Market overview

SURF Portugal deploys its activities in the Surf Publishing and Media sector, targeting Portuguese-speaking surf enthusiasts between 16 - 65 years old, with medium to high income, who are looking for high quality surf related stories and inspirational photography. In order to better understand the market addressed and the competitive environment, we ought to first define the sport of surfing and investigate the surf industry overall. According to Booth (1995), "*Surfing is something that combines sport, passion, lifestyle, behavior, leisure, media and life, and in some cases even fantasies*", and is often regarded as a nouvelle form of "*hedonism*"³. Moreover, according to Fortes (2007), "*the sport extrapolated from the space beach and set up a lifestyle that is consumed by people who may or may not be surfers, visit or not the beaches, face or not the sea, live or do not live in coastal areas*"⁴. Due to its inherent allure, surfing appeals to individuals well beyond core surf practitioners, and is increasingly popular with the mass-market. The number of surfers worldwide has been rising yearly, from 26 Million in 2001 to 35 Million in 2011, according to an article featured by The Economist in 2012; only 25% of these are regular practitioners with the rest claiming to be recreational surfers⁵. Moreover, the industry developed around the sport and the lifestyle surrounding surfing is forecasted to represent a \$13.24 Billion market worldwide by 2017, as per a report developed by Global Industry Analysts in 2011⁶; the estimate represents over 50% growth since the base year 2010. Historically, surfing has been a rather exclusionary and restrictive sport,

available to a select few and coveted by many; this paved the way for surfing to distinguish itself as a privileged activity⁷. Furthermore, it enabled a positioning of the surfing industry as a niche dedicated to passionate practitioners. The exclusive appeal of surfing has been one of the key drivers of success in propelling the surfing lifestyle to unprecedented heights. Nowadays, however, we are confronted with a diffusion of the core surf concept towards the mainstream; this shift has been largely furthered by a pledge undertaken by leading surf brands, marketers and associations alike to reposition surfing into making it more accessible and inclusive, thus appealing to a wider audience. Despite increased public interest for surf related products, the endemic brands, which consolidated the industry, have been performing very poorly, with Billabong's market value dropping from \$3.7 billion all time high in 2007 to \$89 million in 2013, and Quiksilver filing for bankruptcy in 2015⁸. As the players which built the surf industry are collapsing, a vacuum of "power" can be observed; as these brands are losing their appeal and are confronted with plummeting revenues, they can no longer afford sponsoring key surf contests, nor endorsing athletes. This in turn has recently paved the way for non-industry players to enter the market of sponsorships and advertising (ex: Target Corporation)⁹. For instance, Samsung Electronics Co. became in 2014 the official sponsor of the new world title, according to the Association of Surfing Professionals¹⁰. Last but not least, it is expected that the introduction of surfing to the Tokyo 2020 Olympics will represent a key milestone for the evolution of the industry¹¹.

In Portugal, surfing was introduced in the 1960s and has currently over 100,000 regular practitioners, with over 50% surfing on average at least once a week¹². Moreover, the number of individuals taking up surfing has been increasing steadily for the past decade,

at 25-30% per year. Portugal, with over 800km of coastline, and numerous surf spots, attracts yearly hundreds of thousands of tourists traveling with the specific purpose of surfing. Lastly, Portugal hosts various surf competitions year round, from junior through pro level, including the World Surf League (WSL) Moche rip Curl Pro. Turismo de Portugal highlights that surfing is a key economic activity for the country.

c. Current client situation

According to Joao Valente, SURF Portugal's CEO, *"The magazine is currently facing one of the most challenging, crucial moments in its almost 30-year long history"*.

Namely, after several years of incurring negative profits, the publication of the printed magazine has been discontinued in August 2015. Currently, SURF Portugal only runs the aforementioned website, which serves largely as a news platform and beach cam portal. The firm has as sole source of revenue the income derived from ads placed on the website; revenues are depressed due to the low traffic of the website (impacting revenues from Cost Per Thousand Impressions, CPM) and negligible amount of viewers clicking on ads (and thus, revenues from Cost Per Click, CPC).

There are three key external factors which further propelled the company's dire straits: firstly, the transformation of the media industry and of media consumption behavior due to the rise of digital and social media; secondly, the meltdown of the fashion-driven surfing industry; and thirdly, the aftermath of the financial crisis of 2008 in Portugal.

d. Business project challenge

The Business Project Challenge was delineated in collaboration with Joao Valente, SURF Portugal's CEO, as follows: *"How can Surf Portugal increase revenues profitably within the next 5 years?"*.

II. REFLECTION ON THE WORK DONE AND INDIVIDUAL CONTRIBUTION

a. Problem definition

Considering the internal financial turmoil the company has been faced with throughout the past few years, namely, plummeting magazine sales volumes (ex: from 15,000 to 1,000), and declining advertising revenues, paired up with various unfavorable external factors, such as a highly volatile industry and shifting customer behavior and taste¹³, SURF Portugal is confronted with an unprecedented challenge. The issue pinpointed to be addressed by the Business Project is: *“How can Surf Portugal increase revenues profitably within the next 5 years?”*. To enable a robust analysis of the situation, the problem was further broken down into two distinct, mutually exclusive and collectively exhaustive sub-components, tackling: the possibility of generating sustainable revenue from activities related to the current business model (publishing and media), and generating sustainable revenues from pursuing novel (non-related) business activities.

b. Methodology

i. Hypothesis

The business challenge highlighted previously served as an overarching Research Question: *“How can Surf Portugal increase revenues profitably within the next 5 years?”*. Further, the team elaborated two distinct hypotheses meant to facilitate the investigation of the two Sub-Research Questions: SQ 1 – *“How can Surf Portugal generate sustainable revenues from activities related to their current business model?”*, and SQ2 – *“How can Surf Portugal generate sustainable revenues from new business activities?”*. These constituted the basis for Hypothesis 1 – *SURF Portugal can generate*

sustainable revenues from activities related to its current business model, and Hypothesis 2 – *SURF Portugal can generate sustainable revenues from new business activities*.

ii. Methodology

To guide our problem-solving process, we employed an innovative framework developed by Prof. Luis Filipe Lages, the Value Creation Wheel (Lages, 2016) ¹⁴. The result of over two decades of assiduous research and investigation, complemented by numerous trials and applications in the real business world, the framework was selected due to its versatility and high value creation potential. The Value Creation Wheel is grounded in the transference of the principles of Darwinism to society, and to the business context in particular; it provides a step-by-step dynamic process aimed at tackling complex issues in a simple, efficient and disruptive manner. The core idea that drove the invention of the Value Creation Wheel was that similar to animal and plant species, firms too need to adapt to the shifting dynamics of their environment, or are to be faced with extinction. In today's increasingly volatile, uncertain, complex and ambiguous society and business environment, market players must demonstrate a superior approach to identifying, analyzing and solving problems. The Value Creation Wheel appears as a highly effective model enabling users to transcend traditional patterns of thinking and problem solving. According to the author, *“in a time of paradoxes and global markets, we must think not only “within the box” and “outside the box” but also “with no boxes”*”. The Value Creation Wheel rests upon two distinct and interrelated building blocks: the DIANA theoretical framework, conceived as *“practice converted into theory”* – developed as a result of extensive practical experience in the fields of innovation and entrepreneurship, and the TIAGO practical tool, *“theory converted into practice”* – advanced as a tool to

guide and facilitate the value creation pursuits of the user (Lages, 2016). DIANA and TIAGO aim to: firstly, help the user pinpoint and delineate clearly the key issue to be addressed; secondly, provide a roadmap meant to enable a valuable brainstorming of solutions and their funneling down to reaching the ones with the highest value added and practical resonance, which have the greatest potential to be successfully implemented. TIAGO's distinctive feature is that it is flexible and dynamic, it does not dictate a linear problem-solving process; rather, it encourages users to move back and forth between phases with ease, revisiting previous ideas based on iteration, feedback or new qualitative and quantitative data. TIAGO prompts users to cultivate a heightened awareness to external and internal inputs, test, iterate continuously, and react in accordance with the responses observed. Moreover, it draws upon and elicits the participation of numerous, diverse stakeholders, to ensure that the solutions presented are obtained as a result of a thorough, inclusive, and well-rounded investigation.

In addressing the business challenge, the TIAGO version of the Value Creation Wheel was employed. The TIAGO practical tool consists of five phases: 1. Tap, 2. Induce, 3. Analyze, 4. Ground, and 5. Operate. According to the author, the phases are flexible, circular and not necessarily sequential. Each phase builds upon three corresponding Is, totaling 15 Is, as detailed further.

Phase 1, or Tap, enables the user to define the problem-solving space and clarify the key problem, challenge or issue to be addressed and analyzed in the specific context at hand. This step entails a profound study centered on the collection of “*market, technical and/or practical knowledge about the value chain and topic at hand*” (Lages, 2016). Also, it

fuels the formulation of a clear research question. The three Is associated to the Tap Phase are: Ignition, Idea and Intelligence. Phase 1 has as aim to Discover Value.

Phase 2, or Induce, aims to produce as many ideas as possible for both solutions and filters, with the support of a wide range of stakeholders. There are two distinct and separate activities to be developed in this phase: firstly, the generation of solutions – solutions need to be expressed as freely as possible, and collected with the aid of initiatives such as bank of ideas, brainstorming, networking, or open-innovation; secondly, the generation of filters – these represent the acceptance/rejection criteria for the solutions, and would be ideally conducted by other stakeholders than the ones which generated the solutions, to avoid contamination and bias. The Is reflected in this Phase are Imagination, Intuition and Intellect, and have the specific purpose to Create Value.

Phase 3, or Analyze, consists of the key decision makers identifying the potential of each solution and filter previously generated. Depending on the issue to be addressed, the outcome is largely dependent on the hierarchy and control systems within the organization in question. To make Phase 3 more effective, the author suggests employing the Poker Method developed by Lages and Hartmann (Lages, 2015). The Poker Method *“consists in informing, validating, refining, multiplying, and/or eliminating existing solutions and filters. Key decision makers should then select and rank the filters from the most to the least important.”* (Lages, 2016). The three Is of this phase are Interpretation, Insight and Integration, and support the purpose of Validating Value.

Phase 4, or Ground, entails that the team builds the Value Creation Funnel (VCF). The VCF is the result of *“applying the ranked filters to the solutions coming from the previous phase. This allows to identify the solutions with the highest potential in a*

particular context and leads to one or more solutions for operationalizing the issue.” By the end of the phase the team should be able to present a concept or prototype for the final idea(s) (Lages, 2016). The Is underpinning the phase are Inspiration, Illumination and Incubation, and set out to Capture Value.

Phase 5, or Operate, represents the development and implementation of the solution(s) previously identified, through elaborating a business model (where applicable). Next, the board has to confer a status of Go, NoGo or Check (i.e. refer back to any of the previous stages of TIAGO with the purpose of refining the ideas further). The solution can be directly implemented, delegated further, or outsourced. The final three Is are: Impression, Introduction and Implementation, and aim to Consolidate Value.

The author emphasizes the importance of incorporating both internal and external, diverse stakeholders’ feedback on: *“solutions, filters, key decisions, business viability, product feasibility, and environmental forces.”* (Lages, 2016). Moreover, *“people contributing to the VCW should range from lead-users (Von Hippel, 1986) to the laggards (Jahanmir & Lages, 2015; Jahanmir & Lages 2016)”* (Lages, 2016). Laggards and critics are particularly important as they can identify critical filters showcasing why certain ideas may prove to be unsuccessful, slow to perform, or accepted and absorbed by the market¹⁵.

iii. Analysis

Addressing the business challenge set forth by the Business Project was initiated through an extensive **Background analysis** and research. This entailed an investigation of the sport of surfing and of the surf industry overall, pinpointing dimensions such as: number of surfers worldwide, forecast market size, industry revenues, drivers for growth,

competitors leading the industry dynamics, trends and notable developments. Further, we zoomed in on the Portuguese Surf Industry, highlighting the history, level of development of the sport, as well as its relevance for the local economy. Concentrating on the local business context, we provided laid out a PESTEL Analysis showcasing key political, economic, social, technological, environmental and legal dimensions of the ambient. After pinning down relevant macro forces and characteristics, we proceeded with a Porter's Five Force Analysis with Complementors, presenting one for the Print Publishing and one for the Digital Publishing Industry. Next, we conducted a vast competitive analysis of the surf publishing and media industries, both worldwide and at national level. After understanding the maturity and fragmentation of the industry, as well as key competitors and their unique value propositions, we aimed to showcase a series of trends forecasted to shape the surf media competitive dynamics by 2020.

The findings on the topic of global surfing could be summarized as follows: the global industry of surfing is growing, with hundreds of thousands of new practitioners every year, worldwide; the sport of surfing is increasingly gaining recognition, proof being its introduction as an Olympic sport at the Tokyo Olympics of 2020; brands turn their attention back to manufacturing hardware as the apparel and fashion industry are becoming less and less popular; endemic brands are struggling financially largely due to incompetent management. As for the publishing and media industry, highlights include: the industry is becoming increasingly competitive, saturated and fragmented, with novel players joining the arena constantly; digital and tech advancements drive significant changes in customer behavior, taste and preference.

Concluding the external analysis, we shifted our focus to conducting an internal analysis of the firm. We firstly provided a company overview, including a brief history of SURF Portugal, the company's value proposition and business model. A SWOT Analysis was developed with the purpose of diagnosing the company's internal strengths, and weaknesses, and highlighting external opportunities and threats. Lastly, we identified the key challenges the company is currently faced with, and their consequences. To enable us a better understanding of how we could proceed next, we concluded our background review with a VRIO analysis; this allowed us to pinpoint the company's key resources and capabilities that are valuable, rare, inimitable and owned, on which we could build our further recommendations on. Key findings list: SURF Portugal acquired a considerable following in Portugal and is acknowledged as the industry authority in the field of surf publishing; the magazine is recognized for its thought leadership, innovative capacity and unique aesthetic; the company's management draws upon an extensive network of partners; the brand SURF Portugal benefits from a high Brand Awareness.

Next, we proceeded with **Phase 1 of the Value Creation Wheel**, the Problem Definition. During this Phase we developed the Research Question to be addressed: *“How can SURF Portugal increase revenues profitably within the next five years?”*. To enable a holistic approach, we further devised two Sub-Questions, as previously detailed: SQ1 – *“How can SURF Portugal generate sustainable revenues from activities related to the current business model”*, and SQ2 – *“How can SURF Portugal generate sustainable revenues from new business activities?”*. As for **Phases 2 to 5**, we developed two individual Value Creation Wheels (VCW), one to address each of the Sub-Questions. The process employed was similar for both of the VCWs, as follows: **Phase 2** entailed a

brainstorming of solutions and filters, and it was conducted with the involvement of numerous key industry stakeholders; in-depth interviews were conducted with: Joao Valente, SURF Portugal's CEO; Francisco Rodrigues, President of the National Surf Association; Miguel Moura, Surf Athletes Manager (such as Nic von Rupp); Joao de Macedo, Big Wave Rider and Owner of Portugal Surf Academia; Pedro Dias, Marketing Manager at Despomar Group, the leading surf hardware and apparel distributor; Sebastian Steudtner, Big Wave Rider; Nuno Viegas, Surf Concept Store Owner and Marketing Manager for Northcore, as well as Distributor and Surf Hostel Owner. The interviews aimed to gather more information on surfing, the evolution of the industry, and with the specific purpose of generating ideas for Solutions and Filters. Furthermore, we involved numerous surf aficionados of different ages, cultural backgrounds and from diverse locations, as well as fellow students. Attending several industry events together with Joao Valente, such as the farewell party of Portuguese Professional Surfer Tiago Pires – marking the end of his professional surfing career, provided an opportunity to approach an eclectic mix of individuals connected to the sport and lifestyle of surfing: from regional marketing managers of leading surf brands (ex: RVCA, Billabong, Quiksilver), to junior athletes, surf hostel owners, board shapers, personal trainers, photographers and journalists, graphic designers, event managers etc. Their input was instrumental and it enabled pooling tens of valuable ideas for Solutions and Filters.

For SQ1, 19 Solutions were identified, grouped around two key topics: Media (12), and increasing Brand Awareness (7). Some of the ideas in the realm of Media include: creating a surf-dedicated blog, launching a worldwide/European magazine, crafting a travel guide, or making website improvements. As for increasing Brand Awareness, the

following can be highlighted: online advertising, sponsoring parties, and endorsing national surfers, among others. In terms of Filters, 17 Filters were gathered, grouped in three categories: Business Values & Relations (7), Economic (5) and Technology (5). The Business Values & Relations comprised Filters such as brand fit, brand awareness, network, human capital requirements, knowledge of the industry and integrity with the firm's values. Economic Filters list potential profit, cost/capital requirements, or competition among others. And lastly, Technology filters include time to market, risk of imitability, scalability etc. For SQ2, 29 Solutions were identified, grouped in several categories, such as: Environmental (2), Hospitality (1), Media (2), Experience (13), Agency (1), Transportation (1), Manufacturing (5) and Retail (4). For instance: environmental education, managing athletes, surf travel intermediary, wavegarden, surf camps, producing surf hardware and so forth. The Filters identified amounted to 17, and are the same ones as the ones employed for SQ1.

For both SQ1 and SQ2, **Phase 3** entailed the Refining of Solutions and Filters. As key decision-maker, Joao Valente, was in charge of attributing a score from 1 - 5, with 1 representing the lowest value and 5 the highest, and ranking the Filters identified. His effort allowed distinguishing among filters and discarding those considered as not relevant or instrumental for further development; all Filters with scores of 1, 2 and 3 were discarded from the rest of the analysis. It is noteworthy mentioning that the Filters that Joao Valente ranked were the same for both SQ1 and SQ2; however, taking into account the purpose of each SQ, he attributed different rankings to the different Filters – hence, the Filters employed subsequently in the VCW process for SQ1 and SQ2 differed.

Phase 4 consisted of Establishing the Value Creation Funnel for each SQ, in accordance with the Filters elected and their ranking. The Value Creation Funnel is a mechanism allowing funneling down the solutions, finally yielding only those solutions that manage to successfully pass all the Filters selected. For SQ1, there were 2 solutions identified: the launch of a Hardcover Magazine, and conducting a series of Website Improvements. Conversely, for SQ2, one solution was pinpointed: the launch of an online platform allowing users to book surf accommodation and surf-related experiences, the “Surf BnB”.

Phase 5 encourages the Business Model Generation & Implementation for the solutions reached. Each of the three solutions was approached individually. For the Hardcover Magazine, the Business Model Canvas was employed to help generate a clear picture of what the product would consist of, target market, distribution considerations and so forth. A series of Financial Forecasts and a Sensitivity Analysis covering the sales price and retailers’ cut, were modeled, to aid determine the revenue generating potential of the idea. As for the Website Improvements, the improvements proposed concentrate in three key areas: Design, Content and Advertising space. The core idea behind these was to upgrade the website so as to provide an impeccable customer experience and high quality content available in English, targeting thus an international consumer; this in turn would prompt a surge in traffic and thus increase the revenue generating potential of online advertising. As for the “Surf BnB” (named Surf Advisor), it was developed conceptually, fixing the unique value proposition and key features it should embody, alongside the business model and marketing plan rollout. A Business Model Canvas was constructed; the Customer Development Process framework was proposed as guiding SURF Portugal’s prototyping and launching of the platform.

After concluding the Five Phases of the Value Creation Wheel, recommendations for each of the SQs were summarized our recommendations, and a detailed Roadmap for the future was established. The Roadmap highlights the key dimensions of the Status Quo, and provides instructions on actions to be implemented in the Short Term – focus on Website Improvements, Medium Term – Develop and Launch the Hardcover Magazine, and Long Term – Prototype and Test the Surf Advisor platform. Lastly, a series of risks and limitations to each of the three solutions proposed was exposed, with the goal of increasing the awareness of the key decision-makers to potential further challenges.

c. Recommendations

In pursuance of generating revenues from activities related to the current business model, the launch of a Hardcover Magazine, and several Website Improvements were yielded by the VCW. The Hardcover Magazine capitalizes on the company's core historic business, surf publishing and media. The hardcover magazine is envisioned as a printed premium, hardcover magazine, featuring high quality materials, stories and imagery. The focus would be on pure, timeless content, engaging stories, educational and inspirational materials, and would contain little, non-intrusive advertising. The magazine would appear four times a year, and be printed as a limited edition, making it a collectible. The content would encompass a mix of English and Portuguese, and it would be priced at around €15/issue. The customers targeted would be educated, and exhibit slightly more sophisticated taste, looking for an authentic, high quality, inspirational and timeless surf publication to collect or offer as a gift. Distribution channels would include curated physical outlets (airport kiosks, surf and adventure shops, lifestyle and concept stores), and surf-oriented online channels. The Website Improvements would focus on Design,

Content and Advertising Space. In terms of Design, a full website redesign is recommended, with a focus on User Experience; furthermore, the website should be made responsive on all types of devices and OSs; the sitemap should be rethought so as to convey a logical structuring and a swift, easy and intuitive navigation. Content-wise, the website should be translated into English, and should feature stories and news that are relevant for an international audience. Moreover, the types of content available should extend further, to: educational and informational pieces on surfing, to enable a positioning of the brand as expert or advisor; surf travel and tourism information; product reviews; and a blog. As for Advertising related issues, SURF Portugal should select the brands advertising via their website and ensure they are directly relevant to their audience, and do not detract from the user experience.

The solution proposed to generate revenue from new business activities consists of launching the Surf Advisor. The Surf Advisor was envisioned as an online booking platform for surf related accommodation and surf experiences. The Surf Advisor would be available for Desktop, Mobile and as an App, and would facilitate connecting the user with the desired surf accommodation or experience (ex: surf camp, surf lessons, surf coaching, surf charters, surf & yoga etc.). The platform's envisioned Business Model is commission-based, on the transactions intermediated. Studies advise similar products, such as Airbnb, to charge a commission both on the client and on the provider side, the target total commission being 6-12% – benchmarked against AirBnb's 8%-13%. The target market extends to the global surf aficionado, of medium to high income, who travels with the specific purpose of living an authentic, exciting surf experience. The vision for the platform is to build a global community, connecting surf enthusiasts

worldwide. The recommendation is for Surf Advisor to be first launched in Portugal, and use this as an opportunity to test, collect feedback and iterate based on it, until a stable version of the platform is reached and can be rolled out internationally.

d. Concerns

The undertaking of any novel business projects brings about a series of risks and threats. A few key concerns were identified for each of the solutions proposed. For the Hardcover Magazine, highlights include: the market size and penetration rate assumptions were optimistic rather than conservative; the distribution dilemma SURF Portugal needs to address – whether to sell through the proposed exclusive network of higher profile, niche locations, achieving prestige and an aspirational dimension at the expense of a lower market reach; lastly, incorporating bilingual content entails that the magazine would have less space for photography, ads and sponsored content. In terms of Website Improvements, notable risks include: slight difficulty in achieving a unified, cohesive and consistent design perspective and aesthetic between the hardcover magazine, the website and all company communications; in terms of content, the hardcover magazine editorial view needs to be complementary and reinforcing of the website, and vice versa. Lastly, for the Surf Advisor key challenges are: the degree of competition in the travel industry; difficulty associated to reaching critical mass despite developing a compelling value proposition and Minimum Viable Product; gaining enough customers to ensure becoming profitable; securing external funding for the project; time to market.

e. Individual contribution

Considering my enthusiasm for surfing and my work experience in the fields of journalism, publishing, and photography, I had a twofold role within the group: firstly, I

shared with my colleagues information, articles, research on the topic of surfing; and secondly, I shared with them insights on how magazines work, how they generate revenues, how they compete and devise their business strategy. Thus, my initial contribution entailed familiarizing the group with both the business sector in which SURF Portugal operates, as well as with the challenges it is faced with. Further, I took lead in becoming the liaison between SURF Portugal's CEO, Joao Valente and the team, facilitating communication, scheduling meetings, organizing materials, preparing documents, and so forth. I also assisted Joao in several meetings and attended industry events, sharing all the information with the team. My contribution in employing the Value Creation Wheel Framework was centered in two areas: firstly, on developing the entire Background block, and secondly, in assisting with the developing the Recommendations. I was actively involved in the Phases 2-5 of the Value Creation Wheel, contributing equally alongside my team members. In the brainstorming of solutions and filters I took an active role in analyzing all the interviews conducted in order to identify and categorize solutions and filters, and according to whether they concerned the SQ1 or SQ2. Further, I supported Adrian and Goncalo in developing the recommendations for the Hardcover Improvements and the Website improvements, and together with Magdalena, defined the Surf Advisor recommendations. Moreover, I developed the overview of the recommendations and roadmap for SURF Portugal to implement. Lastly, I documented with photography and video all meetings.

III. ACADEMIC DISCUSSION

a. Possible links with the Master's in Management

Considering the Business Challenge proposed, and the aim to redefine SURF Portugal's Business Strategy, the Business Project tied profoundly with my Master's in Management Degree. As my studies to date have been centered on undertaking courses in the fields of strategy and marketing, the project provided an excellent opportunity to build upon my academic background and transfer the accumulated theoretical knowledge to a real life business situation. Specifically, the Business Challenge required substantial research skills and investigation efforts to enable producing a robust situation analysis. In addressing the critical challenges, employing various tools, frameworks and techniques studied (ex: Porter's Five Forces with Complementors, SWOT, VRIO, Blue Ocean Strategy, Value Creation Wheel, Business Model Canvas etc.) had an instrumental role for the successful completion of the project. The recommendations elaborated drew upon a profound understanding of the industry, the business and competitive environment, and also required the team to seek for additional sources of information, novel theories, and current case studies for guidance.

b. Relevant theories and empirical studies: Building customer experience

The three recommendations proposed have one element in common: customer experience. The launch of a premium Hardcover Magazine, the detailed Website Improvements and the Surf Advisor, all aim to enable SURF Portugal differentiate its offering from that of competitors through providing a superior, memorable customer experience. In the past few years, the concept of customer experience has been gaining momentum, with academia and brands worldwide advocating its strategic importance. As

customers nowadays are becoming increasingly knowledgeable, sophisticated, and demanding, they are expecting companies to deliver progressively innovative, qualitative and personalized value propositions. Pine and Gilmore (1998 and 1999)¹⁶ were among the first to address the concept of customer experience; in their publication “*Welcome to the experience economy*” (1998), and their book “*The experience economy – Work is theatre and every business a stage*” (1999), they highlight that as the sphere of services is becoming increasingly commoditized, leading brands are shifting the arena of competition towards experiences. As customers purchase products or services, they will have an experience: good, bad or indifferent (Carbone and Haeckel 1994¹⁷). Therefore, all service encounters provide grounds and opportunity for emotional engagement, regardless of the type and nature of the product or service (Berry and Carbone 2007¹⁸, Voss and Zomerdijsk 2007¹⁹). As numerous authors have been arguing throughout the years (Pine and Gilmore 1998 and 1999, Prahalad and Ramaswamy 2004²⁰, Meyer and Schwager 2007²¹), customer experience provides a new means of competition. There are numerous benefits to delivering a positive customer experience: increases customer satisfaction rates (Liljander and Strandvik 1997²²), enhances customer loyalty (Yu and Dean 2001²³, Pullman and Gross 2004²⁴), shapes expectations (Johnson and Mathews 1997²⁵), nurtures confidence (Flanagan *et. al.* 2005²⁶), and builds emotional bonds (Pullman and Gross 2004). The potential to leverage customer experience is substantial. A HBR article published by Duncan & Jones (2013), “*How to sustain customer experience*”²⁷, brings into the spotlight a mistake most businesses make nowadays: they get bogged down in traditional, rigid customer decision journey models, failing to account for the evolution and sophistication of the Customer 3.0²⁸. Instead of trying to pin

down all touch points of the customer decision journey with the aim of reducing mistakes and maximizing efficiency, brands would be better off trying to deeply understand the customer's behavior and mindset, as well as the root causes of dissatisfaction; then, brands should consider adjusting their product or service in such a way that they can seamlessly enhance the overall experience of the user. A supporting report by McKinsey & Co. cites that *“An excellent customer experience must last the entire journey”*. However, rethinking and redesigning operational processes to reflect a superior customer journey, is costly and complex (Duncan 2013). As per the HBR Article *“Advancing the customer experience”*²⁹, *“To become a meaningful element of a company's business rationale, customer experiences need to deliver demonstrable value.”* This in turn makes it more difficult for companies to justify engaging resources in pursuance of purely enhancing the customer experience. However, it appears that nowadays more than ever, customers are expecting great service and a superior experience; furthermore, the clients' power has increased exponentially with digital and tech advancements, and the diffusion of the sharing economy and peer review-driven purchases. The latter article provides three building blocks to enable companies to embed customer experience in the very core of their operations: 1. Create an organizational common purpose; 2. Assess the customer holistically; 3. View exceptional service as an economic asset rather than an expense.

c. Implications for theory and future research

Despite extensive research in the field of Customer Experience, there are numerous facets and dimensions of the topic to be further explored. Due to rapid changes in customer behavior, and high innovation rates on behalf of companies nowadays, the realm of customer experience is fluid and dynamic, with its boundaries shape-shifting every day.

For instance, companies such as Airbnb, Uber or Uniplaces, are consistently monitoring their customers, and adjusting or redesigning their products and services to better cater to their needs and pursuits. Case studies on such companies would provide great added value to academia; however, they are bound to become obsolete relatively soon, due to the accelerated pace with which these brands react and respond to the market. Nonetheless, further research would provide invaluable insights as customer experience has the potential to become a veritable game changer in the sphere of business strategy.

IV. PERSONAL REFLECTION

a. Personal experience

i. Key strengths and weaknesses observable during the project

Throughout the Business Project I had the opportunity to observe myself closely and pinpoint the following strengths and weaknesses. In terms of strengths, I would highlight my ambition, motivation and goal-oriented mind-set, complemented by a natural orientation for leadership; my organizational, communication and teamwork skills proved to be instrumental for the successful outcome of the project. Lastly, I feel that my positive outlook, high energy levels, enthusiasm and empathy enabled to continuously motivate the team and keep members engaged. As for weaknesses, I would highlight: my perfectionist mindset, which at times led to slower execution; my detail orientation, which can become tiresome for the other team members; and lastly, a difficulty in delegating, because I expect or envision things being done in a certain way.

ii. Plan to develop areas of improvement

The Business Project provided a great opportunity to start working on my weaknesses; in hindsight, I can note a subtle change in my behavior – from very controlling and micro

managing, transitioning to a more open, collaborative and empowering attitude towards my team mates. The approach I would like to take to help me develop further, is to first try to understand better what are the key strengths and weaknesses of my teammates, and then try to advocate a task division in accordance with these, so that everybody can maximize their contribution and feel equally motivated and engaged. On my side, this would entail taking a more toned down approach, creating space for others to manifest and showcase their personality and working style. Furthermore, I plan to cultivate patience, and become more observant and accepting of others and the environment.

b. Benefit of hindsight

The highest added value to the successful outcome of the project was the diversity of the team, in my perspective. Each member brought forth a diverse background, a unique cultural lens, an individual set of values and distinct mindset, as well as complementary academic and work experience. All of these elements allowed for a great group dynamic and a very interesting set of interactions. It allowed us to balance and even out perspectives; each group member contributed valuable own ideas and challenged those set forth by the rest of the group, which allowed us to reach high quality, grounded recommendations. Also, numerous team meetings, informal outings, a relaxed and collaborative attitude on everyone's behalf, all helped shape a great team dynamic.

What could have been done differently: involving even more stakeholders, and trying out other methods to help generate more ideas for Solutions and Filters (Ex: Bank of Ideas). Also, with more time available, it would have been interesting to provide even more in-depth recommendations and more granular guidelines for implementation on behalf of the client.

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