

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

“ARTE COM BRILHO”: FROM HOBBY TO DIGITAL BUSINEES

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## **Abstract**

This work project studies the best strategy to turn a handmade jewellery hobby, into a digital business. It is analysed the industry, some competitors, as well as the segmentation, targeting and positioning in order to design a marketing strategy. Testing different paid ads on Instagram and on Facebook it is possible to conclude that Instagram brings higher return, the products, medals, and materials clients prefer. The majority of potential buyers are between 13 and 24 years old and our target are people living in Portugal.

**Keywords:** digital business, social media, paid advertisement, sales funnel

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## **1. Introduction**

I have been always interested in arts and crafts, trying to do handmade thing. So, I started to produce my own jewellery and accessories during university and I created a Facebook page<sup>1)</sup> and an Instagram account<sup>2)</sup> in order to show my work and started to sell it. Then, when I started getting feedback and realising that people liked what I did, it began to grow naturally and I started to experiment new things.

The project began in April 2015 and it's growth was much bigger than initially expected. Nowadays, it is becoming more of a hobby and the challenge is to make it a business. As there are many people doing similar jewellery, it is important to understand if it is possible to grow and stand out among the competition.

The aim of this project is to understand the best way for Arte com Brilho to grow and become a sustainable business in the future. Thus, it is crucial to understand the market and then find the best strategy to improve the communication and brand awareness, with the final goal of increasing sales. This study will be based on the Sales Funnel Model, as a representation of a customer's journey, from initial customer awareness to purchase.

The research reported in this thesis evolved around these questions:

Q1: What is the best strategy to increase sales?

Q2: What is the segmentation, targeting and positioning strategy that we should follow?

Q3: Which is the best social media for Arte com Brilho to get more clients?

This thesis can be an inspiration for some entrepreneurs as a learning roadmap on how to make a home-business grow.

## 2. Social Media

These days, consumers search for almost everything on the internet, from clothes, to food or even a specific brand they already know. It is essential for a business to be present online in order to be considered by many consumers and not to lose competitive advantage. So, with the internet becoming more and more present in everyone's lives, digital marketing is one of the instruments that businesses have to communicate with the public in a direct, personalized and timely manner. With lower costs, it allows for a greater return on investment than traditional marketing and has global reach.

“Today's buyers are more sophisticated and today's buying processes are more complex” (Laura Patterson, 2007). As people can have access to almost everything on the internet, their expectations are higher and when they cannot find a product or an information is not available, they search in a competitor. Thus, in a small business with lots of competition, the buyers have a great power and it is important to have a customer centric service. The transaction process should be easy and fast, but also transparent, giving the buyer the possibility of being aware of the whole process.

Digital marketing is similar to traditional advertising, but the main difference is in the use of digital devices. In agreement with the article *Blending traditional and digital marketing* by Raluca Dania (2016), Internet marketing has some advantages like being more interactive and not being unilateral, bringing the opportunity to dialogue with and among users. At the same time, “internet can extent market reach and operational efficiency of small and medium enterprises“ (Dholakia, 2004). With digital marketing it is possible to get data regarding your target audience and then make investments in marketing directly for them, increasing efficiency and decreasing waste of money.

Therefore, social media are great channels to do marketing in order to promote products/brands, as well as to attract more clients easily, have a good relationship with

them and, at the end, sell products. On one hand, there are different reasons why a company should be present on social media: many people use it to get information and be entertained; it is cheap (compared to traditional marketing); global; which allows keeping a relationship with clients (on private or by comments) providing a closer communication with our target audience. On the other hand, it is crucial to try to understand which social media our potential clients use the most.

In accordance with a study developed by Marktest Consulting, *Portuguese and Social Networks 2017*, in Portugal Facebook is used by 95.5% of Portuguese who have a social network account. In total, there are 4.8 million users in social networks, between 15 and 64 years old. In the last five years, the number of Portuguese using Facebook rose from 2.9 million to around 4.4 million. However, Instagram has grown more within social networks in 2016, being the second most used at the moment. Overall, in Portugal the application has a usage rate of 50%; considering young people between 15 to 24 years, this percentage is around 80%.

Regarding the time periods of access to social networks, a new from *Diário de Notícias* revealed that the time when users tend to be more present are from 8:00 pm to 10:00 p.m., followed by 10:00 p.m. to midnight. The weekend is when Portuguese people spend more time there, being Sunday the day with the highest affluence, 34%.

Based on the study *Portuguese and Social Networks 2017*, it is possible to conclude that many people are present on social media. These days, people use it not only to post photos and watch videos, but also to discover, research and educate themselves about a brand before taking the decision of buying (62% of people admit to follow brands in social media). So, according to Marketo Company, it is crucial to present a good and relevant content to catch people's attention and make them trust in our brand. By aligning it with a customer centric strategy, it will increase the likelihood of selling and

also spreading the brand image within the target niche. It is important not only to try to comprehend the perspective of the customer, what they want and expect from you, but also try to keep a post-sale relationship with clients. This leads to them becoming loyal customers and they will hopefully influence their friends to become customers too.

Increasingly present nowadays, a method for optimizing content is through ads on social networks. Facebook and Instagram have now paid advertising tools that can increase businesses visibility and engagement with social media users. To take advantage of these tools in the best way, make sure the right people are viewing your content, people who will have interest on that, segmenting your target. It is possible to target by interests, regions, countries or even by people similar to your customers (Lookalike).

Based on Facebook Business website, paid ads on social media have the benefit of not having to invest much to reach many people, allowing to realize which channels are most effective. It is important to define the KPI's you want to observe and therefore optimizing future strategy in accordance, based on their relevance to the business and possibility of being measured. So, for a business that sells products on the internet (as Arte com Brilho), it would be important to measure, for example: the traffic generated, total revenue, revenue per sale, the profit, the profit per sale and the return on investment. It is important to understand the origin of the traffic, if it is direct or paid.

### **3. Literature Review**

In order to build a sustainable business, it is essential to have a good customer relationship management (CRM). CRM was defined by Scott (Scott, 2001) as “a set of business processes and overall policies designed to capture, retain and provide service to customers.” The objectives of CRM include acquiring new customers, enhancing the profitability of existing customers and retaining profitable customers (Tsai, Hu, & Lu, 2015).

The study developed will be based on the sales funnel model, since it is still a good representation of the consumer's journey. "Building a healthy sales funnel starts by understanding your customers' needs and their buying process" (Laura Patterson, 2007). The sales funnel represents the journey of the customers, from awareness, to consideration, to decision and, finally, the action of buying. It is possible to make an allusion of the sales funnel and consider a social media funnel.

"Each funnel is different depending on the product and, crucially, the segment being targeted" (Mark Ritson, 2016). The process of selling something could be fast if a person already knows what he/she want and you just need to convince them that your brand is reliable. The challenge is when someone has no intention of buying or does not know what they want to purchase. Laura Patteson, believes the solution is to shift the focus from the transaction to the relationship with the client.

"People say the sales funnel is changing; that in today's digital world, the way customers buy is no longer a simple path from awareness, to prospect, to sale. That's just not true... It has been brutally turned upside down, inside out, with little left to identify it as the clean, straightforward process it once was. Today's shopper jumps in and out of channels, views alternatives to purchases, and searches for better deals all at the tap of a screen..." (Jason John, 2016).

Dave McClure introduced in 2007 the AARRR model; this acronym stands for Acquisition, Activation, Retention, Referral and Revenue. AARRR corresponds to the five key metrics that McClure believes maps out the customer lifecycle and optimize your funnel. The Acquisition process focuses on acquiring new clients, evaluating the performance of diverse channels. After discover the page, the Activation phase consists to turn these people into customers, giving them a good first experience. The first R stands for Retention, corresponding to the rate of customers that come back after the



first purchase. The Referral phase occurs when the customers like enough your product to recommend to their friends. The last stage is the Revenue, consisting on the income generated from customers' purchases.

According to Steve Blank customer relationship is about get, keep and grow customers, given that there are different stages to follow when you use a physical or a web channel. The first stage, get customers, corresponds to the way the customers knew about your page and products, including awareness and acquisition tactics. In order to keep customers, it is important to keep them satisfied, providing a good service. Lastly, by having a good service, customers will want to come back and some of them could recommend the page to their friends, allowing your business to grow.

#### **4. “Arte com Brilho”: from hobby to digital business**

Arte com Brilho is a small business on the internet that started in April 2015. It was developed to sell handmade pieces (mainly jewellery), with the possibility of personalization. First, we created a Facebook page and then an Instagram account which have been growing over time and now Facebook has around 3000 likes and Instagram has about 21500 followers.

Arte com Brilho was created to sell handmade jewellery and accessories on the internet, including necklaces, bracelets, earrings, rings, key chains, scrunchies and we are planning to expand to bikinis. The prices vary depending on the product, the material and the number of pieces, starting in 1,50€. The products were initially made of nickel (appendix 1), but since the beginning of 2017, almost all jewellery has been made of stainless steel (appendices 2 and 3). Despite being a bit more expensive, the main difference is that stainless steel does not make allergy and does not oxidize. The items created are more for teenagers and young women, how likes fashion and follow trends. There are many pages on the internet presenting the same as Arte com Brilho; so, based

on our clients' feedback, what makes them choose our page is not only the price, but also the service. They highlight the friendliness, the willingness to answer their questions and help, the fast delivery service and the professionalism. Each client is unique; so, we try to make them perceive it as an experience. In order to differentiate from competitors, we present new products regularly, give customers the possibility to personalize their items and try to build a relationship of trust with them, making them feel part of the process. Nowadays, Arte com Brilho have some loyal customers and many recommend the page to their friends and family, which is the best way to get new customers. During 2017, the retention rate of clients was about 15%.

If we think about results, they have also been increasing over time and, with the introduction of new products in the future, we hope this trend will continue. In 2015 the business invoiced around 2560€, with a profit of 1500€. During the second year (2016) the receipts were about 3213€, corresponding to a gain of 1837€. In 2017 sales increased to 10747€ and the profit is approximately 8236€.

On one hand, over the year of 2017, it was possible to increase sales mainly due to paid ads on Instagram and on Facebook, to loyal clients and also due to clients who recommend the page to friends and family. On the other hand, profit also increased, because now it is easier for us to know what clients want and what we would need, to buy a higher quantity and get discounts on that.

If we compare a regular month of 2016 with the same month of 2017, it is possible to observe a huge difference in sales. For example, if we take a look at sales of October 2016, they are about 233€; compared to October 2017, when sales were around 1032€, it is easy to see the growth of transactions, taking this has a representation of the rest of the year. In the following table, we can notice the evolution of sales, comparing 2016 with 2017.

Table 1. Sales and Profit (2016/2017)

	<b>Sales 2016</b>	<b>Sales 2017</b>	<b>Profit 2017</b>
<b>January</b>	130,45€	1 165,21 €	865,24 €
<b>February</b>	115,05€	986,91 €	756,05 €
<b>March</b>	63,5€	495,40 €	358,50 €
<b>April</b>	208,65€	486,81 €	347,45 €
<b>May</b>	295,65€	412,98 €	292,10 €
<b>June</b>	156,29€	343,08 €	246,84 €
<b>July</b>	275,3€	1 040,21 €	805,23 €
<b>August</b>	271,93€	632,74 €	470,71 €
<b>September</b>	353,7€	1 362,08 €	1 046,40 €
<b>October</b>	229,05€	1 031,79 €	835,00 €
<b>November</b>	159,65€	1 090,05 €	862,21 €
<b>December</b>	953,5€	1 719,12 €	1 360,50 €
<b>Total</b>	<b>3212,72€</b>	<b>10 761,18 €</b>	<b>8 246,23 €</b>

The best-selling product of Arte com Brilho are stainless steel necklaces with two layers, with one or two pieces, which can be letters or other pieces that the customer can choose (appendix 2). During the year of 2017 were sold 932 of these necklaces, with a total of 6373€ in sales, corresponding to a profit of 5135€; the average price of a necklace with two layers is 6,84€ , with a profit of 5,51€ each, on average. Another product with a relative weight in annual sales was the stainless steel necklaces with one layer, given that the customer can also choose the pieces (appendix 3). Regarding this product, were sold 199 necklaces, which corresponds to 1108,21€ in sales and a profit of 926,70€; the average price of this product is 5,57€, with a profit of 4,66€ per necklace, on average. The rest of sales were made in diverse products, like bracelets, nickel necklaces, key chains and ankle bracelets.

Usually sales tend to increase in the summer and when there are specific family-related events throughout the year. During these periods, Arte com Brilho launches special products in order to increase sales, for example in the Valentine's Day or the Mother's day; being December the month when sales are higher due to Christmas. In 2017 it is

not possible to take such clear conclusions, as sales fluctuated depending on the promotions made. Concluding that in the months where promotions were more frequent sales were higher, regardless of the time of the year; even in the weaker months, sales were about double comparing to the the previous year.

The majority of Arte com Brilho Instagram followers are between 18 and 24 years old (49%), there are also many in the range between 25 and 34 years old (25%). It is possible to observe that 88% of followers are women and 12% are men. We can conclude that 83% of followers live in Portugal, 3% in Brazil and the rest are distributed around the world, given that the majority are Portuguese living in other European countries. About followers inside Portugal, the cities where there are most followers are Lisbon (10%), Porto (7%), Braga (2%), Sintra (2%), Vila Nova de Gaia (2%), Aveiro (2%) and Almada (2%). The remainder are distributed across the country, but it is not possible to have the exact data through Instagram statistics.

If we take a look at Facebook, the scenario is more or less the same. There are 88% of women following and 12% of men. However, the average age of people present on Facebook is a little bit higher. Only 7% of followers on Facebook are between 13 and 17 years old, but the majority still have between 18 and 24 years (30%), while there are 27% between 25 and 34 years old. Concerning the country where followers live, 90% of them are from Portugal, 5% live in Brazil, other 1% are from England and the rest are distributed across several countries. The majority of them are currently living in Lisbon (14%), 7% of them are from Porto, about 4% from Setúbal, 3% from Sintra and the remaining part live in different cities of Portugal.

It is simple to understand that the ratio between men and women, as well as the cities where followers of Arte com Brilho on Facebook and on Instagram live are more or less similar. However, the proportion of people with less than 24 years old who follow the

page through Instagram is higher than the ones in the same age ranges on Facebook. So, the majority of people who follow on Instagram (61%) are lower than 24 years old, while on Facebook only 37% of followers are in the same age ranges.

Regarding the days of the week, followers of Arte com Brilho are usually more present on Instagram on Mondays and on Sundays; during the rest of the week, the presence of followers on Instagram is more or less consistent. It is possible to establish a pattern relative to the daily hours that people spend on Instagram. The busiest hours are between 11am and 2pm and also between 6pm and 11pm. So, the best hour to do a post is at 9pm, when most people are there. On average, each photo on Instagram gets around 5500 impressions. If we consider Facebook, post usually have around 400 impressions.

A big parcel of sales occurs on Instagram, where we have more followers, interact with them and publish more photos. Only about 10% of transactions are made on Facebook and these tend to be done by the older customers, usually with more than 25 years old. The majority of orders are sent after payment, considering that customers usually pay by bank transfer. However, around 18% of sales are sent to pay on the act of the delivery. On one hand, it is a risk, because some of these orders are returned and all shipping costs have already been paid (around 4,17€ per order). On the other hand, many pages do not have this option and if we do not have as well, 18% of our clients might have been neglected and consequently left out. Although we have much client feedback on our page, some people don't have credit card or are still hesitant on buying on the internet, preferring to pay on the act of delivery, even though it turns out to be more expensive for them.

Another important data is the average value spent by each customer and the average profit. During the year of 2017, clients spend on average 9,20€ per sale, corresponding to an average profit of 7,05€ per sale.

#### **4.1. Marketing Strategy**

In order to design the best marketing strategy that fits the goals of the business, it is important to analyse the industry and competitors. Using the segmentation, targeting and positioning model, will allow the business to attract the right customers. To succeed in the market you must ensure that you offer a quality product to a target market. The marketing strategy should be able to adapt as the business grows and the demands of consumers change. Strategic marketing planning allows each business to adjust the products to meet the individual needs of the different segments of the market.

##### **4.1.1. Industry**

The handmade jewellery industry on the internet is characterized as a monopolistic competition structure, with many players and each of them as a small market share from the global market. Although the products presented by the pages are similar and it is easy to copy the ideas of others, each person can combine the materials in a different way. The biggest differentiation is in the customer service. As Kenneth J. Cook wrote in his book “Since both you and your competitors are in the same industry, the key is in finding the differing abilities between you and the competition in dealing with the industry forces that impact you. If you can identify abilities you have that are superior to competitors, you can use that ability to establish a competitive advantage.”

The barriers to entry or exit are low, so new competitors are always emerging and the prices defined by each player are different.

#### **4.1.2. Competition**

There are many pages on the internet selling handmade jewellery, however were chosen the pages “Pipoquitas com Art” and “Chillout Page” as representative ones, due to the similarity of our project.

Pipoquitas com Art is an online page that sells handmade pieces. The competitive advantage this page has is the number of likes in their Facebook (around 63000) and the experience. However the prices are higher than the ones presented by Arte com Brilho.

Chillout Page and some pages with the same concept, sell not only jewellery, but also clothes. The advantage of having more than one type of product to sell is that cover a larger market. They have consistently discounts of 50%; so, in these periods, their prices are lower. The differentiation that Arte com Brilho has is the service provided.

#### **4.1.3. Customer segmentation**

People are different and have different preferences, so customer segmentation divides a customer base into groups of people with similar characteristics that could be relevant to marketing, for example the age, gender, interests or spending habits. It is valuable to discover customers' preferences and what each segment finds most valuable to adapt the marketing toward that segment.

##### Geographic

Given than geographic segmentation target audience based on where they are located, the focus of Arte com Brilho are people living in Portugal.

##### Demographics

Demographic segmentation divides the market for example according to age, gender, income and education. As people get older, their needs and wants also vary, as well as their interests in jewellery. The type of jewellery presented by Arte com Brilho is for young women, even more because they are the ones who use internet the most and are

used to buying things online. Arte com Brilho is focused on women with ages between 13 and 35 years old, known as the Millennial Generation. The prices are accessible to almost everyone, with prices starting at 1,50€.

### Psychographics

Consumers' purchases are usually guided by some different factors; so, psychographic segmentation takes into consideration consumer's lifestyle, interests, values, social class and personality. Concerning the lifestyle, we are focused on young women, high school or university students and employed young adults. This group likes to be fashionable, personalize their accessories and follow trends; if one of them buys something, their friends will also want to buy, taking into account their buying power and social class. Based on friends and family opinions and recommendations, they are not afraid of buying things on the internet and like to follow trends, without spending much money. Another characteristic is that they like to share their opinions on products and experiences of their daily life on social media, through photos and comments. Given that we have different types of products and medals to personalize items (see figures in appendices), products of Arte com Brilho are not restrict to any particular fashion style.

### Behavioral

Behavioral segmentation splits the market based on the knowledge of, attitude toward, use of, or response to a product.

Buying on occasions: In order to reach people who like to offer gifts on special occasions, like Father's Day, Mother's Day and Christmas, are launched special items near these dates.

Loyalty: Clients can be divided according to their level of loyalty to Arte com Brilho products. It is important to identify, segment and retain the loyal customers through the service provided, as it is more profitable than acquiring new ones.



#### **4.1.4. Target Group**

Young women (mainly Portuguese), who appreciate fashion and don't be afraid of buying things online. Well informed and used to post photos and comment friends' posts on social media.

#### **4.1.5. Positioning**

Based on the information above, Arte com Brilho differs from competitors due to the service provided, dedicating more time and attention to customers, through the friendliness and customization of their products.

### **5. Field Research and Analysis**

Taking into consideration the customer analysis, during the year of 2017 Arte com Brilho made some experiments on social media in order to test what is the best way to increase brand awareness and generate leads. Using paid ads on social media, were done promotions of different pictures, reaching diverse age ranges, including various countries and investing different amounts; some ads where made on Instagram and others including both, Instagram and Facebook, with the final goal to understand what is the best strategy to make the page grow and increase sales.

Each promotion is analysed on the eyes of the sales funnel for social media. At the top we have "impressions", which indicate the number of times publications are viewed; at the second stage of the funnel are "clicks" to measure the traffic that each promotion generates and at the bottom are the real "conversions", corresponding to the visitors that actually became business opportunities, showing the effectiveness of the channel used.

#### **5.1. Paid Ads on Instagram**

Arte com Brilho started to test paid ads on Instagram in January 2017 and the bottom to "see more" and visit the page was selected in all ads (appendix 1). For Arte com Brilho, as a result of paid ads, it would be important to measure the traffic it generated, total

sales, the profit per sale (revenue minus costs) and the return on investment ( $ROI = \frac{\text{revenue} - \text{costs}}{\text{costs}} \times 100$ ).

Arte com Brilho have different products; so, some of them were promoted in order to understand which were the ones people prefer and catch their attention. The majority of promotions were made for Portugal and the locations reached in the different ads were more or less similar, around 20% of impressions correspond to people who live in Porto, about 16% are from Lisbon, 12% live in Braga, 6% are from Aveiro and other 6% from Setúbal. The public is 100% women and regarding the ages ranges, usually were selected people between 13 and 35 years old. So, on average about 65% of impressions are people between 13 and 17 years old, around 31% are between 18 and 24 years and only a small part are older than 25 years old.

During January were made 10 promotions on Instagram, spending 3€ or 5€ on each, with the duration of 2 days each and one spending 9€, with the duration of one week. In the first advertisement on Instagram (11/01/2017) were spent 5€ and the product was chosen for being a best seller of 2016 (appendix 1a)). The goal is to test if the investment on paid ads on Instagram compensate and to see if people still appreciate this product. In total, it has 13073 impressions. Regarding clicks, that action bring 23 clicks on the post, corresponding to sales around 25,5€, with a profit of 15,75€.

In the second promotion were paid 3€, in order to promote a necklaces in a new type of material, stainless steel (appendix 2b)). This product was chosen because people started looking for this material. At this time, impressions were about 11060, corresponding to 53 clicks on the photo. Although the sales of the product with lucky clovers didn't increase much and there are no clear conclusions about the conversions that the promotion brought, sales of necklaces with this material and other medals increased.

The third and fourth promotions were made with an investment of 3€ and 5€, respectively. The selection of the products was based on sales of 2016, given that they were bracelets that sold a lot in that year and we want to reduce the stock of them (appendices 1b) and 1c)). It resulted in 9820 and 13553 impressions on total, bringing 21 and 28 clicks to visit the page, respectively. Even though sales of these bracelets have not increased, others products have been sold through these promotions, mainly stainless steel necklaces.

After these promotions, even if the return isn't as expected, a better understanding was made of how to increasing the traffic. Sometimes, it was not possible to sell the products posted on ads, but people visited the page and ordered other products that they had seen, personalizing them. We understood that if we realized what type of item the majority of people were looking for, we could have an even higher impact. Given that, we decided to promote more the new products in stainless steel (appendices 2 and 3), the ones with the better feedback and more sold since the beginning of 2017. With better quality and with a reasonable price, people prefer these products.

In the next promotion, at 21<sup>th</sup> of January, were promoted stainless steel necklaces of 2 layers only with letters (appendix 2a)). With an investment of 5€, it was possible to get 18627 impressions and bring 118 clicks to visit the page. At the end, this ad had a good result and we start to understand what clients would like to see more. The sales due to this promotion was approximately 135€, with a profit around 107€.

After realizing that stainless steel necklaces were the ones that people preferred, they were promoted again at 23<sup>th</sup> of January. However, it was used a different photo (appendix 2c)) to see which customers liked the most. Although it had also a lot of likes and 15441 impressions, the number of clicks to visit the page was only 52. The sales resulting from the promotion was about 65€, with a profit of more or less 50€.

Based on previous ads, especially the two with the best results until that moment, it was possible to conclude that people not only like to have good pictures, but they prefer to see the entire product; so, in the following ads were promoted photos where it was possible to see better the jewellery, similar to the one in appendix 3a). A new ad of stainless steel necklaces with two layers was made, with an investment of 5€. That time, the result was surprising, bringing 28054 impressions to the page and 212 clicks. At that time, sales have increased a lot, but there is only a record of sales in general, and it is not possible to be certain about which ones resulted from the promotion.

With Valentine's Day approaching, thematic key chains were launched and promoted. The target audience was constituted by 85% women and 15% men. Arte com Brilho invested 9€, generating 20€ in sales, with a profit of 5,8€.

During the following months were made some paid ads, investing 10€ each time and promoting stainless steel necklaces with similar photos as in appendix 2a). Considering that at that moment the page was a hobby and after realizing that in all these promotions it was possible to obtain a large return, the individual return of each investment was not measured.

At the middle of September, were invested 20€ in a single promotion of stainless steel necklaces. We decided to double the investment to test if sales also double or if it was better to invest the same amount in two separated ads. It generated 72228 impressions, corresponding to 915 clicks to the page. Investing 20€, it was possible to get a return of 603€ in sales, with a profit of around 461€. The following ad include the same necklaces; an investment of 10€ was made to complete the previous test and understand if it better to invest more money in a single add or divide it in two ads. This post of Arte com Brilho had 47312 impressions and 423 clicks. Due to the ad, sales increased about 322€, corresponding to a profit of 250€.

Sometimes we have negotiated with foreign countries, especially with emigrants living in other European countries. Therefore, we made an experiment to test if it was possible to reach people living outside Portugal and we developed an ad to Spain, England, Italy, French and Switzerland. Although we received some contacts, there were no sales related to this promotion. In the next promotion we chose some countries of Europe, including Portugal. This experience was done to confirm the results of the previous one and see if we can sell abroad. At the end, all purchases were done by people who live in Portugal. It resulted in 194€ in sales and about 147€ of profit.

On the 18<sup>th</sup> of November, Arte com Brilho invested 10€ to promote the best selling product of the year (stainless steel necklaces). In this case, we selected the option of automatic public; so, Instagram selected the audience based on our followers, taking into consideration their interests and the pages followed. This test was made to see if by selecting people who may have more interest in our products, the impact on sales will be higher. We get 13672 impressions, 90% of them from people between 18 and 24 years old and the rest were older; corresponding to 107 clicks to see the page. Sales resulting from the promotion were about 126€, with a profit of 94€.

Table 2. KPI's of paid advertisements on Instagram

Product	Date (2017)	Investment	Impressions	Clicks	Total sales	Profit per sale	ROI
Appendix 1a)	11/01	5€	13073	23	25,5€	3,94€	161,54%
Appendix 2a)	21/01	5€	18627	118	135€	5,94€	382,14%
Appendix 2c)	23/01	5€	15441	52	65€	4,55€	333,33%
Thematic	28/01	9€	33141	91	20€	1,93€	40,85%
Appendix 2a)	15/09	20€	72228	915	603€	6,32€	324,65%
Appendix 2a)	30/09	10€	47312	423	322€	6,10€	347,22%
Appendix 2a)	28/10	10€	25000	-	194€	7,35€	312,77%
Appendix 2a)	18/11	10€	13672	107	126,15€	6,27€	292,75%

Based on the experiments made, it is possible to conclude that people prefer stainless steel necklaces and photos where they can see the entire product. Relatively to the dates and hours we did not notice a difference in sales, being that the promotion is visible

through the whole day, we are always receiving orders during the hours in which it is active. Arte com Brilho should invest only in promotions in Portugal, since in the other countries there was no return. Regarding the target market, in promotions it is important to include women between 13 and 17 years and between 18 and 24 years old; given that when was selected the option of automatic public, it covered only people older than 18 years old and it had a lower increase in sales than when were included younger women. Around 12% of clients that knew the page and bought products through promotions liked it so much that already bought again. However, as the products

## **5.2. Paid Ads on Facebook and on Instagram**

These two promotions were made on Facebook and Instagram, to understand which social network brings more return. The ages ranges were kept, reaching about 60% of women between 13 and 17 years and 35% between 18 and 24 years old.

In October, we posted a paid ad of stainless steel necklaces, spending 10€. The goal is to understand if it is possible to get the same impact on both social media or if one of them brings higher return. At the end, it got 24120 impressions, corresponding to 205 clicks in total. Considering only Facebook, it was possible to get sales on around 42€ and a profit of 32€. On Instagram, sales increased 143,50€ and the profit was 112,50€.

In November, we promote a video, taking into account that it gives the possibility to show different products and that videos are nowadays a big trend. Investing 10€, it got 24916 impressions, had 6478 views and 63 clicks to visit the page. The video had 10 seconds in the total, showing 5 photos of necklaces and options of Christmas presents (appendix 4), and the average time of visualization was of 3 seconds. It resulted in 23,5€ in sales and 15,5€ of profit on Facebook. On Instagram sales were around 89,50€, with a profit of 66€.

Table 3. KPI's of paid advertisements on Facebook and Instagram

Product	Date	Investment	Sales on	Profit per sale	Sales on	Profit per sale
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			Facebook	(Facebook)	Instagram	(Instagram)
Appendix 2a)	07/10/17	10€	42€	5,33€	143,50€	7,50€
Appendix 2a) and 4	28/11/2017	10€	23,50€	5,17€	89,50€	6,60€

After these experiments we conclude that Arte com Brilho items sell more through Instagram. Although the videos are a big trend, the video we did not have much acceptance, compared to photo promotions.

## 6. Conclusions

The aim of this project was to find the best strategy to turn a hobby into a digital business. After analyzing the sales of 2017, we concluded that Arte com Brilho sells more by Instagram (around 90% of sales) and using paid ads on social media it is possible to increase sales at any time of the year, regardless of the date or times it is posted. By investing the same amount only in Instagram, the return is larger than if it is invested in Facebook and Instagram.

The best products to promote are the ones in stainless steel, using photos where it is possible to see the whole product and presenting more than one option of pieces; allowing potential customers to perceive they have the possibility of personalization. On the contrary, videos are not options well accepted by the target audience that was tested. Around a half of the page's followers are between 18 and 24 years old and our creations are indicated to young women and teens. However, based on the research study, when paid ads on social networks are made, it is essential to reach a higher percentage of women between 13 and 17 years of age. Relative to countries, the market of Arte com Brilho are people who live in Portugal.

In conclusion, Arte com Brilho can be transformed into a sustainable business. Therefore, new products will be launched and tested to keep clients satisfied. In the future it will be important continue the experiments to increase sales and the return on investments continue to grow.

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## 8. Appendices

### Appendix 1 - Best selling products in 2016

a)



b)



c)



### Appendix 2 - Stainless steel necklaces with two layers

a)



b)



c)



### Appendix 3 - Stainless steel necklaces with one layer



### Appendix 4 – Examples of personalized presents

