

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

**SME COMPETITIVENESS: INTERNATIONALIZATION OF JOSEFINAS TO  
JAPAN**

**Mariana Patrícia Silva Monteiro**

**27320**

**A Project carried out on the Management course, under the supervision of:**

**Professor Sonia Dahab**

January 2018

## **Acknowledgements**

Let me start by saying that this has been one of the most fulfilling works that I have ever done in my student life as has allowed me to conciliate two of my biggest passions in Management, Strategy and Luxury. Therefore, I want to thank all my Strategy professors as well as Professor Catherine da Silveira for making me fall in love with these areas. I want to thank my thesis advisor, Professor Sónia Dahab for taking the time and the patience to guide and help me through this journey. Also, want to thank Maria da Cunha and Josefinas in general for giving me the opportunity to study Josefinas' brand.

To Sean Story for helping me with the research process and helping me in taking advantage of school's search engines.

Also, I am grateful to Professor Rita Cunha for choosing me to be part of the Nova SBE family.

A big thank you to all my friends, especially the ones which were also doing their thesis, and still found the time to cry with me and share their struggles throughout this very long 4 months.

Most important to my parents who fought their all life to give me the best inheritance a father and a mother could give to their child, education and a better life.

To end this emotional acknowledgement, a big "pat" on the back for being the first one on my family to get a Master's Degree.

**Table of contents**

Abstract ..... 4

Introduction ..... 4

1. Internal Analysis ..... 5

    1.1. Company Overview ..... 5

    1.2. Mission, vision and strategic objectives ..... 7

    1.3. Value chain of Josefinas ..... 8

1.4. Competitive Advantage Analysis ..... 9

    1.4.1. Competitive advantage of Josefinas: VRIO framework ..... 9

2. External Analysis ..... 11

    2.1. Country Selection ..... 11

    2.2. Japan Analysis ..... 12

    2.3. Japan PESTEL analysis ..... 12

    2.4. Porter 5 forces of the Japanese Luxury, Footwear, E-commerce Market ..... 12

    2.5. SWOT and TOWS analysis ..... 13

3. Analysis of mode of entry ..... 15

4. Implementation Plan ..... 17

    4.1. Four P’S framework: Product, Place, Promotion, Price ..... 17

    4.2. Four M’S framework: Memo, Minute, Money, Man ..... 19

5. Financial Analysis ..... 21

6. Conclusion and Recommendations ..... 21

7. Limitations ..... 22

References ..... 23

## **Abstract**

This thesis was developed with the goal of exploring an internationalization strategy of Josefinas to Asia. Therefore, data has been collected regarding the brand's competitive advantage, followed by the selection of the market that the brand should internationalize to, in this case Japan, and the respective analysis of the Japanese market. Finally, an implementation strategy was suggested, where the entry mode and the resources needed for a successful internationalization of the brand to the Japanese luxury footwear market are approached.

Key words: Josefinas, Luxury Footwear, Internationalization, Japan

## **Introduction**

This thesis focuses on Josefinas, a recent luxury footwear Portuguese brand and its strategic goal to internationalize to Asia, more specifically, Japan.

Therefore, a careful analysis has been conducted with the aim of better understanding how the internationalization process should be performed. To do so, a meticulous analysis has been conducted to better understand if Japan was indeed the best country to internationalize to, in comparison to other Asian countries. A compilation of primary data about the company has been collected, along with questionnaires completed by Josefinas' CEO, Maria Cunha.

Regarding secondary data, this has been collected from books, articles, reports and online databases which main themes were Strategy and International Business. Information about the Luxury and the Japanese footwear market has also been collected.

For the entry mode, e-commerce was Josefinas' main goal so that was analyzed as well as the omnichannel, to understand if it was possible to pursue and integrate both online and offline channels. Finally, it was presented the implementation strategy for the company's internationalization to the chosen country, in this case Japan.

## **1. Internal Analysis**

### **1.1. Company Overview**

Bloomers, S.A. is a Portuguese company behind the brand Josefinas, founded in 2013, that manufactures luxury footwear (ballerinas and sneakers) as well as accessories for women (bags and faux fur) (Bloomberg, 2017) (*see Appendix 1 for full analysis*). Josefinas is currently the brand that sells the most expensive ballerinas in the world, the Salt Blue Persia model, which costs €3.369 (Patrício, 2015).

Filipa Júlio's inspiration for the creation of the brand, came from her grandmother, who used to take her to ballet, and her grandfather, a shoemaker (Patrício, 2015). With an initial investment of € 30.000 (Laranjeiro, 2015), Josefinas started producing Josefinas "Rosa Frágil" ballerinas in pink and in other five colors.

Initially, Filipa pitched her idea at the New Business Ideas Contest, where Maria Cunha was at that time in the panel. She liked it so much that she decided to invest in the brand (Patrício, 2015). Since then Portugal Ventures, in 2015, also decided to invest an amount that could have reached €1.5 million, to help the company's international expansion (Barbosa, 2016). Apart from that, Maria Cunha confirmed that Josefinas did not received any kind of other investments.

With its offices in Braga and its production site in São João da Madeira, Josefinas combines the Portuguese savoir-faire of producing high-quality luxury footwear (*see Appendix 2 for full analysis*), with their design as well as their goal of making women feel powerful in their shoes throughout their life cycle. According to Maria Cunha, the materials used to produce Josefinas' products, which include among others, leather and faux fur, are supplied from various places, the majority coming from places such as São João da Madeira and other Portuguese cities, as well as from Italy and England. The products used and the shoes features are what helps Josefinas to distinguish itself, the shoes are non-slippery and there is a string

that allows customers to adjust their ballerinas to their feet. The packaging production is outsourced but produced within Portuguese territory.

When it comes to the production, Maria Cunha refused to answer where and who produces it, however, in an interview given in 2013 to In Styleland, Filipa Júlio confirms that two Portuguese shoemaker's masters which happened to be brothers, were the brand's partners in the production of Josefinas at São João da Madeira (Carvalho, 2013).

About warehousing, Maria Cunha explains that the finish product is warehoused at Josefinas' office. Distribution is outsourced, the company DHL is the one used to ship the products to the clients no matter what the country is.

Customer Service is something done internally, in Portuguese, English, Spanish and Japanese, through telephone, email and social media, by Josefinas' employees.

Finally, when asked about activities that are normally outsourced as e.g., Digital Marketing, Human Resources, and Accounting, Maria Cunha also confirmed that everything is done internally, within Josefinas' company and by Josefinas' employees.

Josefinas has been expanding not only its collection, which now includes sneakers and bags, but their physical presence as well. In 2016 they opened their first flagship store in New York City which was closed in October 2017. According to Maria, the goal of the NYC store opening was to increase brand awareness. It was a place that allowed customers to have contact with the brand, its models and, where customers could try their shoe size in diverse models. It also functioned as a physical place where consumers could take part of the #Proudtobewomen movement (*see Appendix 3 for full analysis*).

When it comes to enterprise, public organizations or entities, The Portuguese Association of Footwear, Components, Leather Goods and their Substitutes Industry aka APICAPPS is the only organization that Josefinas works with, according to Maria Cunha.

About Josefinas' customers, they are all around the world, United States of America (USA) spends around €400/purchase, Mexico €350, United Kingdom €270 and Portugal €200 (Maria Cunha, 2017). When asked about the number of shoes sold in 2016 to each country, Maria Cunha did not provide any further information, however, it is known that USA was the most important market, as in 2016, it accounted for 35% of all orders (Dinheiro Vivo|Lusa, 2016). Currently these customers can buy Josefinas' products online, through their computers and tablets, using their own phone, through Josefinas App or in-store at The Place in London (limited number of models).

Josefinas' main goal is to make the brand global, using e-commerce, as it believes the physical stores can be quite limiting geographically. And by opening private pop-up stores in several countries to complement the digital side, allowing customers to have a multisensorial luxurious experience and contact with the brand.

Josefinas' market penetration and recognition has also been increasing within the bloggers/influencers, fashion and luxury fields. Its shoes have been featured in magazines such as Elle, Cosmopolitan, Vogue among many others and it is a must-have for several fashion bloggers and influencers (Dinheiro Vivo|Lusa, 2016), such as Camila Coelho (6.7 million followers on Instagram), Olivia Palermo (5 million followers on Instagram), Olivia Culpo (2.1 million followers on Instagram) and even Blonde Salad's Chiara Ferragni (10.9 million followers on Instagram).

In order to better understand Josefinas' business model, a careful analysis of the company will be conducted on the following topics.

## **1.2. Mission, vision and strategic objectives**

Before even starting developing and designing a clear strategy for the internationalization of the brand, it is extremely important to understand the company's **mission, vision** and **objectives**, to have a better knowledge of the company's pillars. When compared to other

brands and firms, Josefinas does not have a formal **mission** statement but a closer look at the brand, one can understand that it is all about “a meaningful luxury brand that empowers women by making them feel comfortable in their own shoes, which have been handmade by talented artisans using nothing but the best materials and the unique Portuguese savoir faire” (defined by the student alongside Maria Cunha, Josefinas’ CEO).

With regards to **vision** it can be divided on both short and long-term. On the short-term, Josefinas focuses on their most precious asset (their global clients), the company wants to be “more connected to their clients” (Maria Cunha, 2017). However, on the long-term, their vision comprehends “being the biggest luxury flat shoe brand and a world reference when it comes to a shoe brand with a bigger purpose” (Maria Cunha, 2017).

Finally, Josefinas’ **strategic objectives** are focused on the brand’s growth. On the short term Josefinas aims at keeping growing digitally in the United States of America and on the long term, Josefinas’ hopes that the United States of America becomes the biggest customer of the brand, followed by China.

### **1.3. Value chain of Josefinas**

An analysis of Josefinas’ value chain should have been conducted using the framework developed by Michael Porter. Porter defends that “a value chain disaggregates a firm into its strategically relevant activities in order to understand the behavior of cost and the existing potential sources of differentiation” (Porter, 1985: 33). It is then possible to assume that with the implementation of this framework, one could understand the importance of each activity to the brand’s business performance. In order to do it, one should calculate the proportion that each cost associated with the activities (primary and support) have in the brand’s total revenues, followed by the calculation of the margin which should be also computed.

The framework is divided in two type of activities; primary, related with manufacturing, post-sale and maintenance of the product and/or service; and support.



Unfortunately, Josefinas did not provide the information needed to perform this analysis. On the other hand, Josefinas' CEO Maria Cunha stated that their biggest costs were associated with Technological Development, Marketing and Sales.

From the primary activities, Josefinas outsources inbound logistics, operations and part of its outbound logistics while, marketing, sales and service post-sale are done internally. For the outbound logistics, Josefinas is responsible for the stock control, packaging, shipping and expedition of the brand's products. On the other hand, distribution is conducted by an external company.

When it comes to the support activities, which include infrastructure, human resources, technology and procurement, everything is conducted internally.

#### **1.4. Competitive Advantage Analysis**

Portugal is known for its craftsmanship worldwide, when it comes to producing high quality footwear. However, Portuguese factories and designers are mainly producing and creating to luxury foreigner brands such as Dolce & Gabana, Versace, Armani, Lanvin, Paul Smith, among many others (Pinto, 2013). When it comes to Portuguese luxury footwear, the brand that is most recognized is Luís Onofre. Therefore, in Portugal that is the biggest competitor of Josefinas. Additionally, Josefinas also competes with Western luxury brands, most of them being Italian and French.

##### **1.4.1. Competitive advantage of Josefinas: VRIO framework**

To analyze a company's competitive advantage, it is fundamental to understand first which are its key strengths. In order to do it, the VRIO framework (*refer to Appendix 4 for detailed description of this framework*), should be applied to analyze it as well as understand if a company has or not competitive advantage. Therefore, it is used to perform an internal analysis of the company's organizational resources with regards to its value, rarity, imitability and finally if the company is better organized than the competition to use those resources.

The analysis provided by this framework allows to understand the strategic implication with regards to if Josefinas holds sustainable or temporary competitive advantage, or competitive parity. Additionally, to be able to say that a company has competitive advantage, it should be able to create value, capture it and make it sustainable as well as have abnormal returns (above the industry's average).

A company's organizational resources are composed by three categories, Core Competencies, Specialized Assets and Architecture of Relations and Josefinas is no exception.

Starting with the company's Core Competencies, *managing across cultures*, *accumulated know-how*, *product development* and *production flexibility* are included in this category. All of them are valuable however, only the product development and production flexibility are rare and better organized when compared to other companies in the footwear industry. As explained before Josefinas cares about its customers wishes, by offering them the best product and making it available worldwide, as well as by trying to innovate through their collections and products offered. Therefore, it is possible to conclude that Josefinas has temporary competitive advantage, which means that Josefinas' core competencies allow Josefinas to perform better when compared to other companies within the shoe industry.

When it comes to Specialized Assets, it is possible to see that all of them (*location of production*, *brand*, *registered trademark* and *reputation on luxury footwear*) are valuable and rare (apart from the brand) and better organized than the other companies which allows Josefinas to hold temporary competitive advantage. Meaning that Josefinas could perform better than its competitors for a period of time.

For last, the Architecture of Relations, includes the *customer portfolio*, *flagship store* and the *relationship with APICCAPS*, *fashion magazines* and *influencers/bloggers*. All of them are valuable and better organized (apart from the customer portfolio), however they are not rare.

Therefore, Josefinas holds competitive parity. Those intangible assets allow Josefinas to be promoted nationally and internationally.

Overall, it is possible to conclude, that even though Josefinas try their best to innovate and give their clients high-quality and different products, it lacks on global brand awareness (fundamental for luxury brands), specially in the Asian markets, which may present an obstacle to achieve competitive advantage.

## **2. External Analysis**

### **2.1. Country Selection**

Cavusgil (2008) defends that a proper country screening should be performed, independently of the way the company is entering the market. The goal is to understand which are the markets that are growing or shrinking. The screening is considered fundamental since a wrong country move may result in financial losses and difficulty in moving to other countries. (Cavusgil et al, 2008).

It is fundamental to understand the best Asian country to internationalize, especially because it is a completely different market from what Josefinas is used to (European and North American markets). Consequently, a country screening was performed to understand which would be the most appropriate Asian country to internationalize. A set of macroeconomic variables were studied as well as microeconomic variables related to the luxury footwear and e-commerce industry. A selection of indicators was chosen for each set of variables and rated according to their importance (*refer to Appendix 5 for detailed description of the indicators*), followed by a total evaluation and calculation of the total score (*refer to Appendix 6 for detailed analysis*) for each country.

In conclusion, it is possible to see that according to the country screening, China was considered the best market to enter therefore, a brief analysis was performed of the Chinese

market (*refer to Appendix 7 for detailed analysis*) and it was possible to conclude that although the country screening was favorable to China, Josefinas should not enter this market for now (*refer to Appendix 7 for detailed analysis*). South Korea come in 2<sup>nd</sup> place in the country screening however as a different colleague is already working with Josefinas about the internationalization of the brand to this country, the analysis of this market will not be deepened. Nonetheless, Josefinas aimed at entering the Japanese market so a deeper analysis of this country will be performed and this will be the aimed market to internationalize.

## **2.2. Japan Analysis**

Since Josefinas was created its main goal was to reach as many women as possible and to personally change each one of their lives. The brand's awareness has been increasing for the last 4 years across Europe and within the United States of America, with the opening of the flagship store in New York City. After all of this, the next aimed step was to expand to Asia, and that was what Josefinas wished for, therefore, a deeper analysis of the Japanese market has been conducted (*refer to Appendix 8 for detailed analysis*) in order to understand why is this a good market for Josefinas to internationalize.

## **2.3. Japan PESTEL analysis**

With the goal of doing a deep and thorough analysis of the external environment of the Japanese market, the PESTEL framework was applied (*refer to Appendix 10 for detailed description of this framework*). The different macro-environmental factors were analyzed in order to select the most suitable strategies to internationalize to Japan.

## **2.4. Porter 5 forces of the Japanese Luxury, Footwear, E-commerce Market**

Porter (2008) in *The Five Competitive Forces That Shape Strategy* defines a framework applied to evaluate the attractiveness of an industry, in this specific case the luxury, footwear and e-commerce industries. However, as Porter (2008) says this model should be applied to help with the decision making of strategic moves, as by itself is not enough to say if an

industry is attractive or not. With the implementation of this framework (*refer to Appendix 11 for detailed description of this framework*) it was possible to conclude that, the bargaining power of suppliers is null because Josefinas will keep using its Portuguese suppliers; the bargaining power of buyers is strong due to the fact that Japanese have become more price sensitive and have a big offer when it comes to luxury footwear, as all big Western and Japanese brands are already in Japan; the threat of substitution is moderate since there are plausible substitutes which offer the same performance and use at lower prices; the threat of entry is low for the reason that the capital requirements to enter the market are quite high and it can take several years to have positive returns as well as, it is a niche market that requires a great knowledge about the luxury market as well as of the singularities of doing business in Japan; finally, industry rivalry is moderate-high as all of the well-renowned Western and Japanese luxury footwear brands are in Japan (online and offline), even though these brands offer differentiated products, there is still competition among them to gain market share.

## **2.5. SWOT and TOWS analysis**

Following the analysis of the PESTEL framework as well as Porter's 5 Forces it was possible to come up with the following conclusions and construct the SWOT and TOWS analysis.

Approaching the SWOT analysis (*refer to Appendix 12 for detailed description of this analysis*), it is possible to understand that Josefinas' strengths rely on its unique shoe's features, starting by the way they are conceived, the products used and finally the way the brand was received by the luxury and fashion society (magazines and influencers). On the other hand, its main weaknesses result from the low brand awareness in the Asian countries one of the reasons being the inexistence of offline channels where people can touch, feel and try the products. Moving to the major opportunities, these focuses mainly in the e-commerce consumption growth, vast access to internet, demand for western brands and financial

security. Finally, when it comes to threats, these are mainly focused on singularities within the Japanese footwear and luxury markets.

*Table 1: SWOT analysis of Josefinas*

<b>Strengths</b>	<b>Weaknesses</b>
S1 – Differentiated Products S2- Product Development S3 – Quality Management S4 – Production Flexibility S5 – Customization S6 – Josefinas Website/ App in Portuguese, English, Spanish and Japanese S7 – Focused in internationalization S8 – Josefinas Blog S9 – #Proudtobeawoman movement S10 – Connection with social media influencers S11 – Featured in several fashion magazines S12 – Online sales platform	W1- Low brand awareness W2 – Non-existent offline sales store
<b>Opportunities</b>	<b>Threats</b>
O1 – Japan is a populous country O2 – Small country with good transport infrastructure O3 – Internet access O4 – Growth of e-commerce consumption O5 – Japanese Luxury & Footwear consumers are mainly female O6 – In-house consumers O7 – Demand for “Westernized” luxury O8 – Taste for quality products O9 – Footwear importation from Portugal O10 – Fashion World Tokyo / Tokyo Shoes’ Expo O11 – Summer Yearly Bonus O12 – Low levels of inequality	T1 –Shrinking Market T2 – Easy to replicate T3 – Fierce competition T4 – Footwear mainly imported from other Asian countries T5 – Change of consumption mentality T6 – Health concern T7- Smaller feet size T8 – Low rate of foreign e-commerce consumption

Subsequently, the TOWS analysis was performed with the goal of providing strategic options to Josefinas, towards exploring opportunities, reducing weaknesses and avoiding threats, when entering the Japanese markets.

*Table 2: TOWS analysis of Josefinas*

<b>(SO) use Strengths to increase external Opportunities</b>	<b>(ST) take advantage of Strengths to battle Threats</b>
<b>S1+S2+S3+S4+S7+S9/ O1+ O2+ O5+O6+O7+O8+O9+O10:</b> Attend Tokyo Shoes’ Expo to increase brand awareness and communicate brand’s positioning within the luxury personal goods category. As well as, to understand Japanese current	<b>S1+S2+S3+S4+S5+S9+S10/T2+T3+T4+T8+:</b> Develop a collection specially done in collaboration with a Japanese influencer/ blogger similar to what was done with Chiara Ferragni. <b>S6+S7+S12/T3+T4+T5+T8:</b> Have a good

<p>trends in this category.  <b>S6+S10+S11+S12/ O3+O5+O6+O7+O8:</b> Create a partnership with Japanese influencers /bloggers in order for them to advertise Josefinas products in their social media channels, to create brand awareness.  <b>S1+S2+S3+S4+S5+S6 +S11+S12/ O3+O5+O6+O7+O8+O9:</b> Connect and present Josefinas' products to popular Japanese fashion and luxury magazines in order for the products to be featured in the magazines.</p>	<p>customer service employee that is Japanese as, it helps customers feel more secure and at ease when they are purchasing.</p>
<p><b>(WO) use external Opportunities to overcome Weaknesses</b></p>	<p><b>(WT) minimize Weaknesses and Threats</b></p>
<p><b>O1+O2+O3+O4+O7/W2:</b> Allow customization of products exclusively online.  <b>O6+O7+O8+O9+O10+O11+O12/W1+W2:</b> Open a pop-up store in Tokyo/ Osaka, if possible around Summer time, where consumers could try Josefinas' shoes and other products. The ideal would be a mono-brand owned store, if is not possible due to the high rent, a department store such as Ginza Six which is home to other high end brands.</p>	<p><b>W1/T3+T4+T8:</b> Use to the brand's benefit the connection that products are handmade in Portugal with European materials.  <b>W1+W2/T1+T2+T3+T4+T6+T7+T8:</b> Produce a limited edition collection with different designs, that take into consideration Japanese health concern and small feet size. This collection should be sold exclusively online only for Japanese customers.</p>

### 3. Analysis of mode of entry

Following the analysis of the Japanese market done previously, everything points towards the direction that Josefinas should enter this market. Josefinas aims to enter the Japanese luxury footwear market by e-commerce (B2C) aka Electronic Commerce and the brand has already given several steps in this direction, through the creation of its website and app that is already functioning in Japanese and it is already available to do purchases in Japan.

Analyzing this type of business, it is possible to see several advantages for the company in using it, as for example, a cheaper approach to enter a new market or country as well as a better and cheaper way of distributing the product while, not forgetting the ability to reach more consumers sometimes located at remote places. When it comes to the consumer, it is easier, faster and sometimes cheaper to buy and get hold of the product when compared to the traditional brick and mortar business (Investopedia, 2017). However, when it comes to the

luxury market is not that easy as it is known that the experience while purchasing is as important as the product itself and when the customer purchases online he loses part of that experience, especially if he does not know the brand yet. Also, when a customer is investing a considerable amount of money in one specific product he wants to make sure it is the right fit and if any problem arises it will be dealt with properly.

While searching more about this approach it was possible to see that big online retailers, as e.g. Bonobos and Farfetch, are opening offline stores to complement the online experience as they came to the conclusion that consumers are going between ‘webrooming’ (searching for product online and then buying them offline - in-store), ‘showrooming’ (searching for product offline – in-store and then buying them online) and ‘boomeroming’ (searching for product online and then checking it offline - in-store and finally buying them online and if possible, at a lower price)” (WARC, 2014). For all the reasons above, Andy Dunn defends that “*The future of great online brands is offline*” (WARC, 2014:1-2).

Analyzing all this ‘hopping’ around offline and online channels, companies came up with omnichannel (several channels for one consumer) and multichannel approach (several channels for different consumers) (Euromonitor, 2016). However, after studying both, the omnichannel should be the entry mode suggested for Josefinas’ internationalization plan to Japan, as it would allow the same costumers to have the same experience throughout different channels (offline and online) and it would give the company a bigger control. With regards to Josefinas the key platforms used should be, the Web (through e-commerce available in English and Japanese), store (opening of a pop-up store) and app (Josefinas app that has been already developed and it is functioning in the same languages available on the e-commerce platform). Nonetheless a consistent shopping experience and customer service should be assured throughout the use of the different channels.



## **4.Implementation Plan**

With the goal of better understanding how Josefinas will implement its strategy to enter the Japanese market the Marketing 4 P'S framework developed by E. Jerome McCarthy will be applied, followed by the 4M's framework. By internationalizing to Japan Josefinas will have the opportunity to increase its sales and market penetration in Asia.

### **4.1. Four P'S framework: Product, Place, Promotion, Price**

Starting with the **Product**, this has been defined as a *high-quality luxury flat shoe done with Portuguese savoir-faire using high-quality materials, that allows women to feel comfortable.*

The products and models available in the Japanese market offline should be the same that are offered online. When it comes to the **Place** (*refer to Appendix 13 for detailed description of this analysis*), the brand should continue operating online, which is already working in Japan, allowing this way Josefinas to be more reachable to a higher number of customers while reducing its costs. However as said before, when it comes to luxury brands the clients want to have that multisensory experience and be able to see, touch and try the goods, which will consequently help with brand awareness and customer loyalty, therefore the omnichannel should be taken into consideration. The ideal situation would be that Josefinas could have their own store in one of the locations referred above however, this would imply a big financial investment for the brand therefore, a pop-up store would be the most viable option for now. This should be localized at a multi-brand exclusive distribution aka department store, that would allow new customers to discover Josefinas while searching for other brands, in Tokyo (*refer to Appendix 14 for detailed description of this analysis*) or Osaka (*refer to Appendix 15 for detailed description of this analysis*). Both cities are considered a shopping paradise for both locals and foreigners with great accesses and surrounded by numerous luxury brands. On the long run, Josefinas should open its own store to be closer to its customers, benefiting from a customer loyalty base. Moving to **Promotion**, as said before

Josefinas has been featured in major luxury and fashion magazines around the world, such as Harper's Bazar, Vogue, Cosmopolitan among others, while also getting attention from fashion influencers and bloggers. The goal would be to be featured in these Japanese magazines as well as catch the attention of the Japanese bloggers/ influencers to be featured on their blogs and social media platforms, in order to create brand awareness. A good way to gain Japanese's attention would be to create a limited edition collection only for Japanese customers inspired by the Japanese culture, as well as, launch a collection done in collaboration with a Japanese influencer/ blogger. Another way to create brand awareness, this time for foreigners visiting Japan, would be to have Josefinas' products featured in airline magazines. Digital Marketing should be continued and adapted to the Japanese culture, through the use of Line apps as well as Facebook and Instagram apps. Line is currently the most used social network in Japan, with an audience reach of 76.9% (Statista, 2017). Finally, the current **Price** practiced in the Japanese website and app are the same practiced in Portugal. When ordering online, Japanese customers pay the full price of the product ordered plus €9 of the shipping costs plus the taxes (depends of the type of shoe and the products used), in case the order is above €190, the customers only pay for the product price plus the taxes (Josefinas, 2017). In Japan, a pair of leather business shoes costs around €91 (Expastistan, 2017) and in comparison, Josefinas' product prices start at €149 and goes up to €3369. In order to develop a correct pricing strategy, a deeper analysis should be conducted to better understand if the current practiced prices are accurate. To do so, the costs associated with the transportation as well as the consumption taxes and the applied mark-ups should be taken into consideration. It is also important that the price matches the positioning of the brand, in this case a high-quality luxury brand. Therefore, the Merchandise Price (MP) should equal the  $(\text{Production Costs} + \text{Transportation Costs}) \times (\text{Josefinas Mark-Up})$ , as none of these values were provided the calculation was not possible to be materialized.

#### 4.2. Four M'S framework: Memo, Minute, Money, Man

After studying the variables of the 4P's framework, it is possible to understand the resources needed to implement this plan. In order to do so, the 4M'S framework should be implemented to better understand the temporal (Minute), financial (Money) and human (Man) resources needed, which are explained on the table below.

*Table 3: Temporal, Financial and Human Resources needed for the implementation of the project*

Activity/Resources	Money	Minute	Man
<u>Firm Infrastructure</u>			
Hiring of a store manager	€ 7.519,36	2 months	1
Hiring of a sales assistant	€ 5.639,52	2 months	1
Hiring of a customer service employee	€ 6.833,68	2 months	1
<u>Digital Marketing</u>			
Line App Ads	-	-	-
Facebook/ Instagram App Ads	-	-	-
<u>Advertising/ Promotion</u>			
Airline Magazine: International Edition	€ 16. 295,08	2 month	-
Bloggers/Influencers Partnership	-	-	-
Attendance of Tokyo's Shoes' Expo	€ 4.389,00		
Josefinas limited edition collection only for Japanese customers	-	-	-
Josefinas collection collaboration with blogger/influencer	-	-	-
<u>Pop-up store</u>			
Renting of a space for the opening of the pop-up store	€300 - €4.512/day	2 months	-
Transportation of footwear stock to Japan	€ 9.870,00	2 months	-

*Table 4: Project's Timeline*

Activities	2018				2019				2020				2021			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Digital Marketing																
Attendance of Tokyo's Shoes' Expo																
Bloggers/Influencers' Partnership																
Josefinas collection																

collaboration with blogger/influencer																
Airline Magazine Publication																
Opening of Pop-Up Store																
Josefinas limited edition collection only for Japanese customers																
Feedback																

With regards to the Memo, Key Performance Indicators proposal (KPI's) has been assigned to assess the financial, customer, internal and learning objectives to assess the management performance of the suggested implementation plan, which is presented on the table below.

*Table 5: Memo for the Japanese Market*

	<b>Objectives</b>	<b>Targets</b>	<b>Measurement</b>
<b>Financial</b>	<ul style="list-style-type: none"> <li>- Increase of sales and Revenue</li> </ul>	<ul style="list-style-type: none"> <li>- Increase of yearly profit</li> <li>- Increase of B2C segment reach in all women's segment</li> </ul>	<ul style="list-style-type: none"> <li>- Sales Volume</li> <li>- Revenue Value</li> <li>- Percentage of customer segment</li> </ul>
<b>Customer</b>	<ul style="list-style-type: none"> <li>- Create brand awareness in Japan</li> </ul>	<ul style="list-style-type: none"> <li>- Be recognized as a luxury brand in the Japanese market</li> <li>- Increase number of daily visits to Josefinas' Japanese website and app</li> <li>- Increase number of daily visits to Josefinas' offline store</li> <li>- Increase number of daily visits to Josefinas' social media channels</li> </ul>	<ul style="list-style-type: none"> <li>- Number of features in fashion and luxury magazines</li> <li>- Number of features in bloggers/ influencers social media</li> <li>- Number of visits of the online store and app</li> <li>- Number of visits of the offline store</li> <li>- Number of visits to Josefinas' social media channels</li> </ul>
<b>Internal</b>	<ul style="list-style-type: none"> <li>- Extend brand's collection in Japan</li> </ul>	<ul style="list-style-type: none"> <li>- Introduction of all Josefinas products and collections offline</li> <li>- Increase of offline</li> </ul>	<ul style="list-style-type: none"> <li>- Number of products added in the offline store</li> </ul>

		orders	- Number of customers' offline orders
<b>Learning</b>	<ul style="list-style-type: none"> <li>- Learn more about the female Japanese luxury customers' shopping patterns</li> <li>- Continue innovating with the design and materials used</li> </ul>	<ul style="list-style-type: none"> <li>- Adapt part of the collection (limited edition) to Japanese customers' personality</li> <li>- Introduce more sustainable materials and new distinctive features</li> </ul>	<ul style="list-style-type: none"> <li>- Number of different design and new materials used in new collections</li> <li>- Limited edition models sold exclusively in the Japanese market</li> </ul>

## 5. Financial Analysis

It was not possible to conduct a financial analysis, in order to understand if the project would be practicable or not, due to lack of financial data. However, to understand if the project would be viable or not, the calculation of the project's NPV should be performed while using a two-scenario approach (optimistic and conservative). A more optimistic and more conservative scenario would be described, with the difference being the number of sales for each period. The revenues would come from two channels, Josefinas' online store and pop-up store. And, to determine the NPV, the discount rate should be computed, using the CAPM approach plus Japan's risk premium (additional risk of investing in the country). It should be also considered the required investment as well as, the human resources, marketing, operating and infra-structure costs used. The depreciation costs would not be included due to the lack of physical assets.

Above all, the two-scenario approach would provide a positive (optimistic approach) and a negative (conservative approach) outcome, in comparison to the realistic outcome, which should be between these two.

## 6. Conclusion and Recommendations

Overall Josefinas should enter the Japanese market. However, there should be further evaluation of the Japanese luxury market with the goal to better understand the female taste when it comes to the luxury footwear and how to connect with its customers. There should be also an analysis of the current most popular bloggers/ influencers, within the Fashion and Luxury markets, and how to approach them. An examination of the most popular fashion and luxury magazines and how to be feature in it, should be conducted as well.

Josefinas should also participate in the Tokyo's Shoes Expo in order to connect with potential business partners and investors as well introduce the brand to the Japanese market. When it comes to Josefinas' pop-up store, the brand should look for investments that would allow it to have their own pop-up store in Tokyo, in one of the shopping areas described previously and try to connect with local real estate companies to search for a good location with an affordable price. Josefinas should also develop a limited edition collection made specifically for Japanese customers where, their increasing health concern as well as their feet size, are considered. A collection done in collaboration with a Japanese influencer/ blogger similar to what was done with Chiara Ferragni should also be developed.

Lastly, in the future, Josefinas should examine further the Chinese market and how to connect/ create a relationship with it through their internationalization project to Japan.

## **7. Limitations**

The biggest limitation was the lack of financial data provided by the brand which invalidated the possibility of understanding the biggest costs associated with the production and sale of Josefinas' products. Also, it did not allow the development of a further and final financial evaluation of the project suggested.

## References

### Books:

**Porter, Michael E.** 1985. “Chapter 2 – The Value Chain and Competitive Advantage” in *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: The Free Press

**Cavusgil, Knight and Jonh R. Riesemberg.** 2008. *International Business: Strategy, Management and the New Realities*. New Jersey: Pearson International Edition.

### Articles:

**APICAPPS,** 2016. “Statistical Report – Footwear, Components and Leather Goods”.

*APPICAPS*

**Fourrier, Françoise H., and Philippe Perie.** 2016. “Travelers”. *Ipsos*.

**Porter, Michael E.** 2008. “The Five Competitive Forces That Shape Strategy”. *Harvard Business Review*. 2- 7

**WARC.** 2014. “Shopper marketing in 2015: Total Retail”. *WARC*

### Website:

**Josefinas.** 2017. Josefinas Portugal.

<https://josefinas.com> (accessed on July 1,2017)

**Josefinas.** 2017. Josefinas Portugal.

<https://josefinas.com/blog> (accessed on July 3,2017)

**Bloomberg.** 2017. “Company Overview of Bloomers, S.A”. December 1.

<https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=423956893>

(accessed on December 1, 2017)

**Patrício, Isabel.** 2015. “Filipa Júlio: a arquiteta que queria ser sapateira”. *Estórias d’aquém & d’além mar*. June 8.

<https://estoriasdaquemedalemarr.wordpress.com/2015/06/08/filipa-julio-a-arquitecta-que-queria-ser-sapateira/> (accessed on September 1, 2017)

**Laranjeiro, Ana.** 2015. “Josefinas querem crescer nos EUA com empurrão da Portugal Ventures”. *Jornal de Negócios*, November 30.

[http://www.jornaldenegocios.pt/empresas/pme/start-ups/detalhe/josefinas\\_querem\\_crescer\\_nos\\_eua\\_com\\_empurrao\\_da\\_portugal\\_ventures](http://www.jornaldenegocios.pt/empresas/pme/start-ups/detalhe/josefinas_querem_crescer_nos_eua_com_empurrao_da_portugal_ventures)

(accessed on September 2, 2017)

**Barbosa, Mariana.** 2016. “Portuguesa Josefinas abre primeira loja em Nova Iorque”. *Dinheiro Vivo*, July 5.

<https://www.dinheirovivo.pt/fazedores/josefinas-abre-primeira-loja-em-nova-iorque/>

(accessed on September 2, 2017)

**Pinto, Ilídia.** 2013. “Os sapatos que nos enchem de orgulho”. *Dinheiro vivo*, March, 3.

<https://www.dinheirovivo.pt/economia/os-sapatos-que-nos-enchem-de-orgulho/> (accessed on

September 2, 2017)

**Carvalho, Rita.** 2013. “Já conhecem as Josefinas”. In *Styleland*, November 4.

<http://instyleland.com/ja-conhecem-as-josefinas/> (accessed on September 1, 2017)

**Dinheiro Vivo/Lusa.** 2016. “Sabrinhas feitas em Portugal triplicam vendas em Nova Iorque e Milão”. *Dinheiro Vivo*, February 29.

<https://www.dinheirovivo.pt/fazedores/galeria/sabrinhas-feitas-no-norte-aumentam-200-vendas-nova-iorque-milao/> (accessed on September 1, 2017)

**Investopedia.** 2017. “Electronic Commerce (ecommerce)”. *Investopedia*.

<http://www.investopedia.com/terms/e/ecommerce.asp> (accessed on November, 2017)

**WARC.** 2017. “Japan’s luxury brand remain wary of e-commerce”. July, 27.

[https://www.warc.com/newsandopinion/news/japans\\_luxury\\_brands\\_remain\\_wary\\_of\\_ecommerce/39046](https://www.warc.com/newsandopinion/news/japans_luxury_brands_remain_wary_of_ecommerce/39046) (accessed on December 14,2017)



**Euromonitor.** 2016. “How to Survive in an Omnichannel World: Best Practices for Omnichannel Retailing”. Euromonitor. October. <http://www.euromonitor.com/how-to-survive-in-an-omnichannel-world-best-practices-for-omnichannel-retailing/report> (accessed on November, 2017)

**Statista.** 2017. “Most popular social networks in Japan as of October 2017, ranked by audience reach”. November. <https://www.statista.com/statistics/258849/most-popular-social-networks-in-japan-ranked-by-reach/> (accessed on December 13, 2017).

**Expastian.** 2017. “Cost of living in Tokyo, Japan”. <https://www.expastian.com/cost-of-living/tokyo?currency=EUR> (accessed on December 4, 2017).

**Career Cross.** 2017. “Retail and Fashion”. <https://www.careercross.com/en/job-search/result/62827849> (accessed on December 13, 2017).

**Walters, Robert.** 2017. “Salary Survey 2017 Japan” <https://www.robertwalters.co.jp/content/dam/robert-walters/country/japan/files/salary-survey/E-Book2017.pdf> (accessed on December 13, 2017).

**Career Cross.** 2017. “Japan Salary Guide”. <https://www.careercross.com/en/salary-survey> (accessed on December 13, 2017).

**Japan Airlines Media Information.** 2017. “Skyward”. July,21. <http://www.jalbrand.co.jp/en/adv/pdf/skyward.pdf> (accessed on December 13, 2017).

**Shopcounter.** 2017. “Tokyo Rental Space”. <https://shopcounter.jp/space/tokyo/shibuya> (accessed on December 13, 2017).