

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.

**Increasing brand equity at Reclusa:
analysis of a premium fashion brand with a social cause**

Ana Lara de Almeida Martins Esteves, 30438

A Project carried out on the Master in Management Program, under the supervision of:
Lena Kemna in collaboration with Catherine da Silveira

04.01.2019

Abstract

Reclusa is a Portuguese non-profit social business that aims to help female inmates reintegrate into society after serving their sentences, by selling premium handmade bags and accessories manufactured at a Portuguese prison. Although the brand is developing a unique social business concept, it is not achieving the desired financial sustainability. This Work Project was developed to provide branding and marketing recommendations to Reclusa, for the project to become more profitable and self-sufficient and, therefore, be able to better achieve its social mission. In order to do so, a brand audit was developed, including secondary data, alongside a primary research, through participant observation and qualitative interviews, to gather more in-depth insights. Findings reveal that Reclusa has a low brand equity, once consumers do not have a high level of familiarity with the brand and do not hold strong brand associations. As so, recommendations provided are tools for Reclusa to increase brand awareness, improve brand positioning and establish a more positive brand image, in order to reach a higher brand equity, increasing the brand's value to attain financial sustainability.

Keywords: *Reclusa, brand equity, brand positioning, social enterprise*

Table of Contents

- 1. Introduction & Objectives 1
- 2. Contextual background 2
 - 2.1 Reclusa 2
 - 2.1.1 Premium fashion brand management 3
 - 2.2 Branding concepts 4
 - 2.2.1 Brand equity 4
 - 2.2.2 Brand identity 6
 - 2.2.3 Brand positioning 7
 - 2.3 Social enterprises 8
- 3. Addressing the Work Project topic 9
 - 3.1 Methodology 9
 - 3.2 Brand audit of Reclusa 10
 - 3.2.1 Brand overview 10
 - 3.2.2 Current brand identity 11
 - 3.2.3 Current brand positioning 13
 - 3.2.4 Current brand equity 14
 - 3.2.4.1 Current brand awareness 14
 - 3.2.4.2 Current brand image 14
 - 3.3 Main challenges 16
- 4. Recommendations 17
 - 4.1 Recommended brand positioning 18
 - 4.2 Recommendations concerning brand awareness 19
 - 4.3 Recommendations concerning brand image 22
 - 4.4 Recommendations and implications for other organizations 24
- 5. Limitations 25
- 6. References 26

1. Introduction & Objectives

Reclusa is the first non-profit social business in Portugal that aims to help female inmates reintegrate into society after serving their sentences, transforming the lives of women who lacked opportunities and providing them with a second chance. To achieve its goal, the brand sells premium handmade bags and accessories, manufactured with high quality textiles and leather at a Portuguese prison, with the help of a creative designer and professional artisans. All profits are used to develop the project and to create financial support to women when they reintegrate into society. Although the brand is developing a unique social business concept, it is not achieving the desired financial sustainability and it is still in need to appeal to external help. The main challenge for this Work Project, as analyzed with *Reclusa*, is to help the association by providing them with branding and marketing recommendations, in order for the project to become more profitable and self-sufficient and, therefore, be able to better achieve its social mission. Alongside the main goal, we intend for this Work Project to provide suitable recommendations for other business-oriented brands with a social purpose that intend to become self-sustained and are currently not achieving the desired results. There were already two previous work projects addressing *Reclusa*, both used as sources of information: one more focused on the re-branding and change from a charity perspective to a business approach, and the other conducting a profitability analysis and providing suggestions to increase revenues – these projects had, respectively, a manager and a financial perspective. With this Work Project, the author intends to focus on improving the consumer side and add more value to the brand. Thus, recommendations provided will be tools to increase *brand equity* at *Reclusa*. Brand equity is “the added value endowed by the brand to products and services” (Keller, 2013), meaning that increasing brand equity will increase the value of the brand, not only to customers, but also to the company. Currently, *Reclusa* has a low brand equity, once consumers do not have a high level of familiarity with the brand and do not hold strong brand associations in their memory. Therefore, *Reclusa* needs to increase *brand*

awareness, so that consumers are able to identify and recall the brand under different conditions, which will influence them to create strong, favorable and unique associations about Reclusa in their memories, establishing a positive *brand image*. Alongside this process, it is essential to consider *brand identity* – the unique set of associations that brand managers aspire to maintain – and *brand positioning* – the distinct and valued place that Reclusa wants to occupy in the target's mind. In order to do so, a brand audit was developed to assess the brand's health and uncover its sources of equity, including a market analysis, a brand inventory and secondary research, through internal and external sources. To gather more insights, a primary research was also conducted, through participant observation and qualitative interviews to current and possible customers and to several team members. After analyzing all data gathered, results were presented, highlighting the main challenges faced by Reclusa and recommendations were provided, mentioning the encountered limitations. During the development of this Work Project, the author was doing an internship at Reclusa, collecting insights from the brand's data and registering personal observations. As so, a considerable amount of information was gathered and used throughout this Work Project – otherwise, the respective source is referred.

2. Contextual background

2.1 Reclusa

Associação Projecto Reclusa is a Private Social Solidarity Institution that aims to support the reintegration of female inmates in society by providing them with training during their time in prison and professional opportunities after serving their sentences. Founded in 2010, this Portuguese organization started by having female inmates producing handmade bags and accessories in a prison establishment (*Estabelecimento Prisional de Tires*), that were then sold to consumers under the brand *Reclusa*, without any concern regarding branding, design or positioning. The traditional non-profit organization followed a charity approach that was

financially unsustainable once sales were not generating enough revenue to finance activities. Hence, there was a need for a shift to a business oriented model, capable of combining social value creation and commercial revenue to increase its social impact and reach a sustainable growth. To achieve this goal, *Reclusa* was relaunched under a new name, more attractive to consumers in the fashion market, and was officially presented in October 2016 as the first non-profit social business in Portugal. With a new identity, a professional designer and certified artisans, Reclusa followed a new strategy with a premium orientation, creating and selling handmade products using high quality textiles and natural leather. More market and consumer driven, Reclusa positioned itself as a fashion brand with a very special history, to be able to compete in the fashion market while still supporting its social mission.

The main objective of the organization is still to transform the lives of former prison women who lacked opportunities, by giving them a second chance. Hence, all profits are used to develop the project and to create financial support to women when they reintegrate into society. Although the brand is developing a unique social business concept, it is not achieving the desired financial sustainability and it is still in need to appeal to external help, such as grants and donations.

2.1.1 Premium fashion brand management

According to the previous research done by Maria del Mar Baptista (2017) “REKLUSA – since September 2016 renamed RECLUSA – migrated from a brand that most consumers were only buying “to help” to a fashion brand that sells premium quality bags that consumers buy mainly because they like the products”. More market and consumer driven, Reclusa is currently positioning itself as a *premium fashion brand* with a very special history, trying to compete in the fashion market while supporting its social cause. In order to be a success in financial terms, a premium fashion brand must have both *substance* and *status* (Kapferer & Bastien, 2012). Substance refers to the individual function and the consumer experience,

including aspects such as the usage of high quality fabrics or an innovative and original design. Besides substance, it is of high importance for the brand to possess a social function – it must be perceived as a social statement for individuals, groups or communities. These two aspects form a duality that makes fashion subjective and variable between individuals and societies. When establishing itself as a premium fashion brand, Reclusa must also create an horizontal sense of differentiation, in order for consumers to use the brand to distinguish their style and to be recognized as part of one or several communities (da Silveira, 2018).

2.2 Branding concepts

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another (Keller, 2013). Once products increase consumer choice, brands simplify it (Kapferer, 2008). According to the American Marketing Association, a *brand* is “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors”. Brands provide important benefits to both consumers and companies. Firstly, a brand makes products unique, once it is a factor of differentiation that makes it easier for consumers to identify products designed to satisfy the same need (Keller, 2013). Secondly, they serve as an identification purpose, to simplify product handling or tracing. The different components of a brand that identify and differentiate it are *brand elements* (i.e. names, logos, symbols, slogans, packaging), that should be grounded on brand identity and positioning, aspiring to enhance brand awareness and generate favorable brand judgments (Keller, 2013). Besides, brand managers should aim to choose brand elements that are likable, memorable, meaningful, transferable, adaptable and protectable (da Silveira, 2018).

2.2.1 Brand equity

Fundamentally, branding is about endowing products and services with the power of *brand*

equity – a concept that arose in the 1980s and elevated the importance of the brand in marketing strategy, providing a focus for managerial interest and research activity (Keller, 2013). Although this concept has been defined in different ways and no common viewpoint has emerged on how to conceptualize and measure it, most marketing observers agree that brand equity is “the added value endowed by the brand to products and services” (Keller, 2013). The main paradigms to approach this concept are *financial value of brands* and *customer-based brand equity* (da Silveira, 2018). Keller's concept of customer-based brand equity (CBBE Model) approaches brand equity from a consumer perspective, once its basic premise is that the power of a brand lies in what resides in the minds and hearts of customers. Keller accounts customer-based brand equity as “the differential effect that brand knowledge has on consumer response to the marketing of that brand”, being *brand knowledge* what consumers have seen, heard, earned, thought and felt about the brand over time. Brand knowledge can be created by several means, such as past experiences, marketing activities or word-of-mouth, and it has two components – *brand awareness* and *brand image*. According to Keller's definition, brand awareness is stated as “consumers' ability to identify the brand under different conditions, as reflected by their brand recognition and recall performance”. *Brand recognition* refers to consumers' ability to confirm prior exposure to the brand when given the brand as a cue, while *brand recall* is consumers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. Brand image comprises consumers' perceptions about a brand, as reflected by the brand associations held in their memories (Keller, 2013). These associations can be formed and influenced by brands' marketing activities, from direct experience or through external sources of information, such as media channels and communities' opinion. A brand has positive CBBE when consumers have a high level of familiarity with the brand and hold strong, favorable and unique brand associations in their memory, reacting more favorably to a product when the brand is identified than when it is not (Keller, 2013).

The main objective defined for this Work Project was to provide recommendations that would lead to an increase of brand equity at Reclusa. As previously mentioned, brand equity is “the added value endowed by the brand to products and services”, meaning that increasing brand equity will increase the value of the brand, not only to customers, but also to companies. Plus, brand equity allows higher margins by permitting both premium pricing and reduced reliance upon promotions and can also provide leverage in the distribution channel (Aaker, 1991). The importance of having a positive brand equity relies also on the fact that consumers might be less sensitive to price increases, be more willing to seek the brand in new distribution channels and have a better perception of product performance (Keller, 2013). Currently, Reclusa has a low customer-based brand equity, once consumers do not have a high level of familiarity with the brand and do not hold strong brand associations in their memory. Therefore, Reclusa needs to increase brand awareness, so that consumers are able to identify and recall the brand under different conditions, which will influence them to create strong, favorable and unique associations about Reclusa in their memories, establishing a positive brand image. Alongside this process, it is essential to consider *brand identity* – the unique set of associations that brand managers aspire to maintain – and *brand positioning* – the distinct and valued place that Reclusa wants to occupy in the target's mind.

2.2.2 Brand identity

In order to build brand equity, a brand should shape how consumers think and feel about its products – these thoughts and feelings are influenced by brand identity. Brand identity is what brand managers would like the brand to be – it can be seen as an aspiration or a wish –, what the brand stands for and what makes it unique, meaningful and timeless (da Silveira, Lages & Simões, 2013). Each brand can have only one brand identity and it should be stable and consistent. Brand identity can be considered as a unique set of brand associations that the brand strategist aspires to create and maintain (Aaker, 2002). There are several conceptual

models to measure brand identity. On this Work Project, we opted to use Kapferer Identity Prism, once it is the one that gathers more common points from other frameworks. According to Kapferer Brand Identity Model (2012), the identity of a brand can be represented through the 6 facets of a prism: Physical (the most salient features of the brand), Relationship (tangible and intangible counterparts given by the brand to its users), Customer Reflection (brand “projected/desired” consumer type, the ideal customer), Personality (what kind of person the brand would be), Culture (set of values feeding the brand's inspiration, core of the brand, what gives it its uniqueness) and Self-image (brand's aspired target's internal mirror, what managers expect customers to feel when purchasing and using the brand). Brand identity has been recognized by several researchers as an essential tool to differentiate and manage brands. In today's world there are too many choices available for customers to make an effort to understand what makes a particular brand specific (Kapferer, 2008). This growing competition highlights the importance of differentiation and, consequently, of brand identity (da Silveira, Lages & Simões, 2013).

2.2.3 Brand positioning

Brand positioning is the act of designing the company's offer and image so that it occupies a distinct and valued place in the target's minds (Kotler & Keller, 2012). It is what makes the brand different from its competitors and appealing to consumers – seen from the point of view of brand managers, what they would like consumers to know about the brand (da Silveira, 2018). According to Keller's CBBE model, “positioning means identifying and establishing points of parity and points of difference with main competitors to achieve the best brand image”, as so, brand positioning is required to make people think about the brand in a desired way in order to maximize potential benefits. To set a positioning, it is required to define a frame of reference – by identifying the target market, the nature of competition, and the optimal points of parity and points of difference. This means assessing, firstly, who the target

consumers should be, through a *consumer-oriented* or a *behavioral segmentation*. The second step is to identify 4 levels of main competitors: *product type*, *product category*, *product class* and *benefit*. Thirdly, it is necessary to understand how the brand should differ from these competitors – what are the *points of difference* (attitudes or benefits that consumers strongly associate with a brand, positively evaluate and believe they could not find to the same extent with a competitive brand) that together with a *reason to believe* provide the brand with relevance, distinctiveness and believability. Lastly, assess how the brand should be similar to competitors and what are the *points of parity* (attitudes or benefits that are not unique to the brand but may be shared by other brands), that can be *category* – necessary but not sufficient conditions for choosing the brand – or *competitive* – associations designed to “negate” competitors' points of difference.

2.3 Social enterprises

In the past years, the social sector has seen several changes led by the growth of *social enterprises* – hybrid organizations that attain their social mission through the creation of their own sources of revenue (Emerson & Twersky, 1996). Social enterprises have been emerging with the aim of becoming less dependent on external financial help and, therefore, better achieving their social ambitions. Many traditional non-profit organizations have been shifting its business models from a charity perspective to a business-like approach as a strategic option to better fulfill their social mission (Dees, 2003) by combining commercial revenue and social value creation, fostering social impact in a more efficient and sustainable way. In Portugal, the concept of social enterprise is not fully stabilized yet, existing a discussion regarding the meaning and contents of this concept. A notion that closely resembles the EU definition of social enterprises is *IPSS* (Private Institutions of Social Solidarity): “non-profit institutions, created by private initiative, with the purpose of giving organized expression to the moral duty of solidarity and justice between individuals and they are not administered by the State or a

local government body to proceed among others, their goals, through the provision of goods and services” (Marques & Maciel, 2012). It is estimated that there are more than 55.000 organizations with a social purpose in Portugal, with 5,099 IPSS registered in the Portuguese social security (European Commission, 2014). The more popular domains of action are related to the needs of an aging population, the valorization and sustainability of traditional arts and crafts, and agricultural businesses, and the main concerns are directed at targets such as people with disabilities, children and youth, elderly and unemployed (Alves Martins, Azevedo & Carlos, 2016).

3. Addressing the Work Project topic

3.1 Methodology

In order to reach the objectives defined for this Work Project and to provide suitable recommendations for Reclusa that would lead to a higher brand equity, it was necessary to conduct a *brand audit* – a comprehensive examination of the brand to assess its health and uncover its sources of brand equity from the perspective of both the company and the consumer (Keller, 2013). As so, it was essential to analyze different aspects of the brand and the market, through several sources of data. The first step was to conduct a market analysis, including an overview of existing handmade bags brands, sales figures and the diversity of social enterprises in Portugal, followed by a brand inventory (see additional information in *Appendix 2*), to assess Reclusa's communication and to determine which products were being offered to consumers. Alongside this analysis, a secondary research was developed, through internal and external sources, to better understand Reclusa and its possible competitors. This research included articles about Reclusa (kept at the company's archives), online publications referring to the brand (since its creation in 2010 until now) and information regarding possible competitors (see more information in *Appendix 1*). To gather more in-depth insights, a primary research was conducted, including participant observation, as the thesis' author was

personally involved with the brand while writing (having spent a total of 94 hours at the store, at different hours and days of the week – see more information in *Appendix 3*) and qualitative interviews: in-depth face-to-face interviews with 15 women to analyze Reclusa's brand image and to uncover current and possible future customers' underlying opinions about the market (more information is available in *Appendixes 4 and 5*). To analyze Reclusa's business model, brand identity, brand positioning and brand elements, interviews with 7 team members from the Association were conducted (founder, managers, store manager, designer, creative director and photographer) and data was collected while interning at the store, through meetings, events, customer service and daily observations. Lastly, data related to the brand and its overall management (i.e. financial reports, strategy, communication), was retrieved from Reclusa's database.

3.2 Brand audit of Reclusa

3.2.1 Brand overview

Part of the brand audit conducted to Reclusa analyzed different aspects of the brand and the market where it is inserted, through several sources of data. The first step was a market analysis, to better understand the market size, the share of premium bags brands and some industry trends. Alongside this analysis, a secondary research was developed, through internal and external sources, to better understand Reclusa and its possible competitors.

In 2018, bags and luggage is still a fragmented industry, with a handful of international players that currently dominate the market, and Louis Vuitton and Gucci remaining unbeaten (Euromonitor International, 2018). Despite being a rather mature category, the bags industry continues to see upcoming brands that offer a distinctive brand image by taking advantage of emerging trends, such as sustainability, vegan products, eco-friendly textiles, fair trade and artisanal craft (Elle, 2017). Reclusa positions itself as a premium fashion brand of handmade bags and accessories with a special history, not having a strong direct competition from any

specific brand, once the most common in this industry are fashion brands that also sell bags and have some concerns regarding sustainability or that occasionally organize a campaign to help a social cause (see additional information regarding competitors in *Appendix 1*). In terms of sales volume, in 2018, Reclusa registered 420 products sold and the total value of sales was 47.235,41€ (detailed information on sales values is available in *Appendix 6*), while managers were expecting to reach a total value of sales of 60.000€ by the end of the year.

Reclusa does not have a current strategy for Marketing and Communication, and brand managers do not have any inspirational brands or benchmark in consideration when planning their communication, opting to choose what is appealing in their opinion. Considering online communication, Reclusa has its own website, Facebook page and Instagram page (with occasional posts of pictures from the catalogue). As for its offline communication, the brand has some flyers at the store, in English and Portuguese, explaining Reclusa's history and purpose. Reclusa used to be present at several market fairs in Lisbon, such as Greenfest, Summer Market Stylista and Time Out Market, but due to low sales values, Reclusa is not attending markets anymore. Currently, the brand organizes only 2 events per year to launch its collections and sells its products mainly through retail, owning a flagship store at Rua das Amoreiras. E-commerce (brand's website) represents only 1,2% of sales. Reclusa had other points of sale in Portugal through Resale and Consignment, but those stores registered low sales values, demanded high margins and, when selling, took a long time to pay, which led Reclusa to end those partnerships in 2017.

3.2.2 Current brand identity

As previously mentioned, brand identity is relevant to differentiate Reclusa, by defining how managers want consumers to see the brand, what it stands for and makes it unique, in order to build a strong brand equity. The current brand identity of Reclusa was built according to Kapferer Brand Identity Model (2012). The following analysis was also sustained by

interviews to the founder, managers, store manager and designer, complemented with the author's observations.

Figure 1: Reclusa's brand identity (Author, based on Kapferer Brand Identity Model)

Physical

Handmade bags and accessories, natural leather, high quality fabrics. Innovative and irreverent design. Logo (square with open corners symbolizing a prison cell crossed by a new path, the idea of “breaking free”). Slogan “Made to break”. Identity statement “Designed for rule breakers”. Irreverent flagship store that stands out in the market. FW18 collection “Break free” (country-side, animal prints, bold textures).

Relationship

Functional benefits:

The pleasure of using handmade bags with high quality materials and an irreverent design.

Emotional benefits:

Being seen with a Reclusa bag differentiates women (*“A woman using a Reclusa bag stands out, shows a unique style”* - Madalena, manager).

Self-satisfaction by knowing they are contributing to a good cause.

Customer reflection

Upper-middle class woman, irreverent, likes fashion, has her own style and values high quality products (*“Must be an irreverent person, that values quality and has a special style.”* - Madalena, manager).

Personality

Strong, irreverent, experienced, fashion interested, wild, innovative, cares about others without showing off, rule breaker.

Culture

Brand – provide high quality, innovative products, with carefully chosen materials, manufactured in Portugal. Fair trade business with a zero waste policy, using leftovers to create small wallets (*“We*

use fabrics and leather leftovers in order to not waste any bit.”

- Filipa, designer).

Product – all bags and accessories have small differences due to the usage of natural leather and handmade production.

Purpose – equality, by treating former inmates as everyone else; the importance of providing a second chance by employing them in the business. Breaking barriers, breaking the stigma. Empowerment.



Self-image

“I have a beautiful bag that I really like”; “I have an amazing bag. Oh! And at the same time I am helping a social cause.”

With this analysis, it is possible to conclude that Reclusa has a strong, well-defined and unique brand identity. Brand managers know how they would like the brand to be, what it stands for and what makes it meaningful and timeless.

3.2.3 Current brand positioning

As mentioned before, brand positioning is what makes the brand different from its competitors and appealing to consumers (da Silveira, 2018). It is relevant to frame the way in which people should think about the brand in order to achieve the best possible brand image and maximize potential benefits. The current brand positioning of Reclusa was built according to Keller's approach (CBBE Model) and based on interviews with Reclusa's managers and founder, complemented with secondary research.

Table 1: Current brand positioning of Reclusa (Author, based on Keller's CBBE Model)

Who should the target consumers be?	a. Consumer-oriented segmentation	Demographic	Women, 30-60 years old, upper-middle class
		Geographic	Portuguese and international, living or traveling in Portugal
		Psychographics	Irreverent, strong, young spirit, independent, value quality and design
	b. Behavioral segmentation	Usage rate	Medium users
		Purchasing conditions	Shopping at the store and online
		Benefits sought	High quality bags and accessories with an innovative design
Who should the main competitors be?	This approach is constructed from the managers point of view and they actually do not know who their main competitors should be, as confirmed by one of the managers, Madalena: “ <i>We do not consider any competitors for Reclusa</i> ”. Once there are not any benchmarks nor market analysis, managers do not have a clear view on how Reclusa should differ from competitors or be similar to them.		

This analysis reveals that Reclusa has a vague brand positioning, lacking a competition analysis and not having established points of parity and points of difference with competitors. Although it is not that exhaustive and needs to be strengthened, the current brand positioning is coherent with brand identity.

3.2.4 Current brand equity

Brand equity can be considered “the differential effect that brand knowledge has on consumer response to the marketing of that brand”. Being brand knowledge composed by brand awareness and brand image, it is relevant to analyze both concepts to understand, respectively, the level of familiarity with the brand and the associations held in consumers' memory, in order to increase brand equity and, consequently, the value of Reclusa. The following analysis was sustained by in-depth interviews to 15 women, to uncover current and possible new consumers' underlying opinions (more details in *Appendixes 4 and 5*), complemented with market research and author's personal observations.

3.2.4.1 Current brand awareness

It is possible to assume that Reclusa has a low brand awareness in Portugal, as well as in the targeted international market, without the need to do a quantitative research to measure so. The primary research developed also reconfirmed this fact, once it was difficult to find people to interview who knew Reclusa or had bought at least one product from the brand. Together with the market analysis, one can consider Reclusa as a niche brand, with a medium to high brand awareness among a small group of people (mainly friends from the managers), but with an overall very low brand awareness.

3.2.4.2 Current brand image

a) Category behavior

In general, consumers said they buy bags at shopping centers, due to convenience, but find street stores more pleasant (“*I usually buy at shopping centers because it is more convenient. Street stores are nicer, make the purchase more pleasant, but it is harder to park the car.*” - W, 20-30, Marketing Assistant). When buying a bag, almost all consumers said they value bags that have high quality materials, a good quality-price relation and an appealing design

(“I prefer to buy good bags, that will last plenty of time, and quality-price relation is clearly very important.” - W, 50-60, Mentor).

b) Reclusa and competitors

Overall, consumers referred to both quality and the social cause behind the brand as the main reasons to buy Reclusa's products (*“It is a brand with a local production and they have the social purpose behind it, you know that you're doing something good so that's the reason for the price, and the quality is also good.” - W, 20-30, Project Manager*), but a majority of the interviewees also mentioned a perceived high price. Regarding the current collection, half of the interviewees said they did not find it appealing (*“I prefer more sober bags. This line as a lot of tacks and chains, I don't like it.” - W, 50-60, Lawyer*), while the remaining half demonstrated having appreciated it (*“Their design is very special and you can see that there are a lot of thoughts behind it. (...) For sure they look more sophisticated, with quality.” - W, 20-30, Project Manager*). Regarding Reclusa's store, all consumers said that it is very attractive and products are disposed in a very interesting way. Only a minority considered that the store is in a bad location, with lack of parking options. Some consumers also mentioned that the brand needs to improve communication (*“They should do even more marketing so that more people get to know their brand.” - W, 20-30, Product Manager*) or should reconnect with the social purpose. Most consumers got to know the brand due to the brand managers and volunteers. Overall, consumers identify Reclusa as a bold woman, rebel but sweet, true to its values and with social concerns (*“Reclusa would be a bold woman, that refuses to stay inside the box, that doesn't conform.” - W, 40-50, Producer*). People mentioned that she is a fighter, a free spirit that has her own style, a bit extravagant and alternative (*“Clearly a woman, with her own style, audacious, very unconventional.” - W, 20-30, Marketing Assistant*). A majority of consumers associate Reclusa with Filipa, the designer.

When comparing with other brands, Reclusa would be less classical and conservative, not that

sophisticated and more unconventional (*“Parfois would be a much more discrete woman.”* - W, 20-30, Marketing Assistant; *“Tommy Hilfiger would be a boring person, that does not like to stand out and is not an interesting person, is conservative.”* - W, 20-30, Project Manager).

c) Store observations

While conducting a participant observation at Reclusa's store, it was possible to conclude that most customers entering the store were Portuguese middle-aged women that already knew the brand and also a big number of foreign tourist couples that were passing by. More than half of the people that went to Reclusa's store did not buy any product. A majority mentioned knowing the story behind the brand but said that prices were very high. Customers that actually bought products at the store were mainly women, between 40 to 60 years old, both Portuguese and foreign. Some of them bought as a gift for their daughters or nieces.

During the launch of the FW18 collection at Reclusa's store, there were around 80 people, from which 85% were upper middle class women, aged between 50-60, and most of them were friends with the designer and managers. Some of them wanted “young looking” bags, not only for themselves but also for their daughters. Only 29 products were sold, 16 from previous collections (that were at 25% discount) and mostly small sized bags.

With this analysis, one can conclude that Reclusa has a weak brand image, once consumers do not hold strong nor unique brand associations in their memories. Together with a low level of familiarity with the brand, this leads to the current not so high customer-based brand equity.

3.3 Main challenges

Overall, the previous brand analysis demonstrated that the whole experience of Reclusa is not sufficiently attractive for consumers who could buy bags and accessories from the brand. Branding at Reclusa has been inconsistent due to several factors, such as the brand's different

designers, the logo being always presented in different colors, and the unusual materials currently in use. This led Reclusa to move away from how it has presented itself after the rebranding – a clean, sober, elegant and classy brand. Despite this, Reclusa has a solid brand identity and managers know how they would like the brand to be. As for brand positioning, it is correct but vague, once brand managers are targeting mainly the right group of people (coherent with brand identity), but do not know what makes the brand different from competitors and appealing to consumers. Reclusa has a low brand awareness that implies consumers' reduced ability to identify the brand under different conditions. Brand image is also weak, once consumers do not hold strong brand associations in their memories. Therefore, the following recommendations will focus on strengthening brand positioning (by identifying competitors and establishing points of difference and points of parity, which will also help to achieve a better image for Reclusa), improving brand image (through tools to influence brand associations held in consumers' memory), and increasing brand awareness (by creating a bigger level of familiarity), in order to reach, consequently, a higher brand equity.

4. Recommendations

The main objective defined for this Work Project was to provide recommendations that would lead to an increase of brand equity at Reclusa. Therefore, a brand audit was conducted to assess the brand's health and uncover its sources of equity. After analyzing all data gathered, we proposed branding and marketing recommendations for Reclusa, focused on improving brand positioning and image, and increasing brand awareness. We also suggested how other business-oriented organizations with a social purpose that intend to become sustainable and are not achieving the desired results, could take advantage of these recommendations.

The first recommendation we would give to Reclusa would be for the managers to hire a person to be in charge of Marketing and Communication, being responsible for implementing the recommendations suggested in this Work Project. Although Reclusa has no extra money

available to pay to an additional employee, brand managers could offer an internship to a student of a related area (e.g. Social Media, Marketing, Communication) that could benefit from learning through a practical experience with a brand.

4.1 Recommended brand positioning

Currently, Reclusa has a vague brand positioning, lacking a competition analysis and not having established points of parity and points of difference with competitors. In order to increase brand equity at Reclusa, brand positioning needs to be strengthened. The suggested brand positioning was built according to Keller's approach (CBBE Model), including a more detailed target than Reclusa's current positioning, based on primary research insights (see additional information regarding target analysis in *Appendix 7*), and states who should be the main competitors for Reclusa and how the brand should differ and be similar to them.

Table 2: Suggested brand positioning for Reclusa (Author, based on Keller's CBBE Model)

Who should the target consumers be?	a. Consumer-oriented segmentation	Demographic	Women, 30-70 years old, upper-middle class
		Geographic	Urban, Portuguese and/ or international, living or traveling in Portugal
		Psychographics	Irreverent, bold, confident, young spirit, independent, want to stand out, have their own style, value high quality materials, handmade products, unique designs
	b. Behavioral segmentation	Usage rate	Medium/ high users
		Purchasing conditions	Shopping at street / concept stores, shopping by impulse
		Benefits sought	Handmade accessories and bags, with an innovative design and outstanding materials, that provide status; helping a good cause
Who should the main	Product type level	High-quality handmade bags with a social purpose	
	Product category level	High-quality handmade bags	

competitors	Product class level	Bags and accessories
be?	Benefit level	To have a unique product and, at the same time, help someone to have a second chance
How should the brand differ from these competitors?	Points of difference	Reclusa is a unique fashion brand with a social cause behind it, working with a designer and professional artisans to sell handmade bags that are created by female inmates at a Portuguese prison
How should the brand be similar to them?	Category Points of parity	Premium bags, high quality fabrics, handmade production
	Competitive Points of parity	Natural leather from high caliber factories in the North of Portugal, innovative and irreverent design
Positioning statement	For irreverent women who want to stand out (<i>target</i>), Reclusa is a premium fashion brand that offers innovative bags and accessories, handmade with high quality fabrics and natural leather (<i>POP</i>) by female inmates at a Portuguese prison, allying the expertise of professional artisans, the designer's creativity and the usage of materials with provenience from high standard factories in the North of the country (<i>POD</i>). Reclusa is the first non-profit social business in Portugal with all profits reinvested in the project, that aims to help female inmates overcome their past and reintegrate into society after serving their sentences (<i>reason to believe</i>).	

4.2 Recommendations concerning brand awareness

According to the analysis conducted, Reclusa has a low brand awareness, since consumers do not have a high ability to identify the brand under different conditions. Consequently, the following recommendations will focus on rising brand awareness, by extending the level of familiarity with Reclusa, with the purpose of reaching a higher brand equity.

a) Engage with Brand Advocates

As mentioned in the previous study conducted by Ana Carolina Batista (2018), using Influencers – people with a large number of followers that can influence their audience about a certain brand – is a good way to engage people in the project, potentially increase sales and reach a higher brand awareness, by gaining exposure through their network (Todisco, 2017).

In fact, 94% of marketers who have used influencer marketing believe this tactic to be effective (Ahnmad, 2018). Thus, it would make sense for Reclusa to have Brand Advocates – “earned” influencers (instead of hired) that would engage with the brand without compensation because they truly like the brand and believe in the mission. The first Brand Advocates should be Reclusa's Associates, once they already know and are involved with the project. They represent a good source of divulgation of the brand and could spread the word not only through word-of-mouth but also through advertisement in their own social networks, increasing brand awareness and generating positive associations towards the brand.

Reclusa could also have a celebrity as a Brand Advocate, someone carefully selected that embraces the brand's values, can boost awareness and increase support to the social cause by advertising the brand to the general public, reaching not only the Portuguese target but the foreign as well. This celebrity endorsement could also generate more favorable partnerships. Reclusa had a short-term relation with the influencer Maria Guedes (Stylista), which led to an increase in sales and store attendance at the time, but the relationship ended without further contact. In addition to having a celebrity endorsing the brand, Reclusa could invite a well known fashion designer to co-create a special bag with the brand's designer, providing a high exposure to Reclusa and generating favorable brand associations.

Brand managers should bare in mind that when establishing these partnerships, it is crucial for Reclusa to maintain and nourish them through periodically interactions.

b) Organize workshops and events at the atelier

In the past years, Reclusa organized a few workshops at the atelier annexed to the store, conducted by former inmates that would teach crafts (i.e. sewing) learned during their time in prison. The atelier is an adequate space to conduct these workshops and is currently not in use. Besides, this would be a good way for former inmates to gain extra money to help them re-start their lives when reintegrating into society. Learning how to sew, manufacture

accessories or painting fabrics are part of the increasing craft trend (Wood, 2017), from which Reclusa could take advantage by organizing monthly workshops at the atelier. Communicated through Reclusa's social media and other platforms (e.g. Agenda Cultural), these workshops would raise brand awareness and reach new people that do not know Reclusa.

Besides workshops, the atelier could be a hosting space for other small events, such as book launchings or “mini-concerts” (e.g. Sofar gigs – intimate music shows held in unique venues, creating an immersive experience). Small events are also a current trend, with an increasing demand for unconventional comfortable and intimate spaces that create a special experience (Fourth Wall Events, 2017). Hosts of each activity should encourage social media sharing during the event, generating buzz for Reclusa due to location sharing. This trend lays an opportunity for Reclusa to make use of the atelier and, consequently, raise brand awareness, increase movement at the store and attract potential buyers.

c) Publish articles in magazines

One of the main communication options to reach a higher brand awareness is traditional media. Having an article published about Reclusa in magazines such as UP Magazine (from TAP Air Portugal) or Time Out Lisbon (article in the printed magazine and online article available at the Time Out website) would be a means to increase brand visibility, reaching not only the Portuguese target consumers but also the foreign ones, working as a less intrusive form of advertising, in a format of communication that is often seen as more truthful, while effectively communicating user and usage imagery (da Silveira, 2018).

d) Use a multichannel approach

Reclusa is currently relying only on a mono-brand owned store and website as distribution channels. The share of internet retailing is set to increase in the bags and accessories segment, with 12% of total market revenue being generated through online sales by 2022 (Statista,

2018) and bags brands placing greater emphasis on their online strategies to meet consumer demand for convenience and value (Euromonitor, 2018). Having this in mind, Reclusa should consider selling its products through a multi-brand full price online retailer (e.g. Net-a-Porter, Farfetch) as an addition to its current distribution channels. According to insights from primary research, bags is still a category that consumers prefer to buy offline, allowing them to see the materials and feel the textures. Despite this, adding new online distribution channels would be a tool to increase the brand's visibility and reach potential new consumers, achieving a higher brand awareness as a result.

Besides an online retailer, Reclusa could also establish new resale and consignment partnerships, with reasonable margins (according to the analysis conducted by Ana Carolina Batista, the recommended margins are 15% to resale partners and 10% to consignment), so that the biggest part of the profit obtained with each sale would belong to Reclusa. When creating new partnerships with distributors, Reclusa should have in consideration if these resellers are moved by the mission behind the brand and the intended social impact, and not by the desire of attaining high revenues. Engaging in a social project is a matter of interest for resellers, that could gain awareness for helping a social cause, while meeting consumers' increasing social concerns. When having established resale and consignment partnerships, Reclusa should do a periodical communication on its social media, mentioning that its bags and accessories are also available at the respective selling points.

4.3 Recommendations concerning brand image

According to insights from the analysis conducted, Reclusa has a weak brand image, once consumers do not hold strong and unique brand associations in their memories. As so, the following recommendations will focus on improving brand image, through tools to influence associations held in consumers' memory regarding Reclusa, with the purpose of reaching a higher brand equity.

a) Measure social impact and improve social media content

With the re-branding, Reclusa moved away from a charity perspective to a business oriented model and now wants to be seen as a fashion brand with a special history. Reclusa's posts on social media platforms (i.e. Facebook and Instagram) are effective in communicating bags and accessories currently for sale, as well as the store's location, opening hours and running promotions. However, Reclusa is lacking communication concerning the special mission supported by the brand. It is crucial for Reclusa to measure the social impact generated by the brand towards society (e.g. number of women currently working at the prison, number of former inmates that worked for the brand, what is their current employment situation). This is relevant not only to evaluate the organization's performance but also to present results to investors, consumers and potential partners. Besides measuring social impact, brand managers should communicate it, without transforming it in the main factor for people to buy the products. The brand should post online content periodically to detail how the brand is contributing to improve society and former inmates' life with the commercialization of its products. Adding to this, Reclusa could also publish press releases mentioning the brand and share relevant articles related to its social cause (i.e. an article explaining how working in prison can help women reintegrate into society afterwards).

Plus, the labels explaining a bit of an inmate's history should be re-introduced, and each bag and accessory sold should have one (an example is provided in *Appendix 2*).

b) Show the production process

Amid all changes in the current world, core values such as transparency, positive impact and empowerment are more relevant than ever (Trend Watching, 2017). Consumers are now more socially conscious and concerned in purchasing from organizations that “do well by doing good”, so it is crucial for Reclusa to show the authenticity of its bags and accessories by detailing to consumers the production process. The point of sale needs to tell the history of the

brand, which is even more important in the case of Reclusa, once the store at Rua das Amoreiras is the only selling point where all bags and accessories are available for consumers to view and touch. Therefore, alongside being posted on social media, pictures of the production process should be disposed at the store, to actually show how products are made and create a sense of involvement within the whole experience.

c) Increase consumer engagement

Before, brands used to produce goods and marketed them to consumers, there was a “good-dominant” logic, but this perspective suffered a shift towards consumer empowerment, with more active consumers engaging actively in the process of brand development (da Silveira, 2018). Since the current designer creates bold and alternative bags and accessories, using unusual materials, it would be important for managers to increase engagement with consumers by organizing focus groups when creating a new collection, to understand if new products are aligned with target consumers' preferences. To guarantee the success of each collection, consumers' opinions should be taken into consideration and integrated in the decision making process. A focus group is also fundamental to ensure that the potential consumer group will buy the product at the price set or if it needs to be adjusted.

In addition, Reclusa's managers should create a database of customers, not only to understand who are the people that are actually buying products, but also to engage with consumers and to remind them to think about Reclusa when considering buying a bag. This database could be used to send a newsletter at special festivities (e.g. Christmas time, Mother's day), to share available discounts at the store and to announce the launching of new collections.

4.4 Recommendations and implications to other organizations

Alongside the main goal, we intended this Work Project to provide suitable recommendations for other business-oriented brands with a social purpose that aim to become self-sufficient and

are not achieving the desired results. Based on the case of Reclusa, we believe that it is possible for a non-profit social business to use branding and marketing tools to achieve their social mission and leverage their social ambitions (i.e. reintegrate female inmates into society). This Work Project demonstrated the relevance of brand equity and how to increase it in order for a project to become more profitable and self-sufficient and, therefore, be able to better achieve its social goals. Other similar organizations can use the recommendations provided as tools to increase brand awareness (the level of familiarity with the brand) and establish a more positive brand image (brand associations present in consumers' memories), in order to reach a higher brand equity and attain the desired financial sustainability. Brand managers need to consider that strategic decisions should be based on the desired brand identity, considering the defined brand positioning and constantly monitoring consumers' perceptions about the brand's image.

5. Limitations

During the development of this Work Project, we felt four main limitations. Firstly, it was difficult to find consumers to interview that knew Reclusa or had bought at least one product from the brand. Reclusa's managers do not have an updated database and do not keep track of who buys which products (managers only keep as a database contacts from their friends that know the brand). Secondly, it was demanding to discover and retrieve information, due to the general lack of organization, expected in a brand that relies heavily on volunteer work. Also, since the author was personally involved with the brand, a few times while writing this Work Project was difficult to remain impartial and create distance from the study. Lastly, bearing in mind that Reclusa is a non-profit social business and has a limited budget, recommendations provided had to be focused on reaching a high return with the smallest investment possible.

6. References

Aaker, D. 1996. *Building Strong Brands*. New York: The Free Press.

Aaker, D. 1991. *Managing Brand Equity: Capitalizing on the Value of a Brand Name*. New York: The Free Press.

Ahmand, I. 2018. “The Rising Importance of Influencer Marketing – Statistics and Trends”. Social Media Today. Accessed on December 5. Retrieved from <https://www.socialmediatoday.com/news/the-rising-importance-of-influencer-marketing-statistics-and-trends-info/519084/>

Alves Martins, M., Azevedo, C., and Carlos, F. 2016. *Social Entrepreneurship in Portugal: A Practical Guide*. IES – Social Business School.

Baptista, M. 2017. *How can brands in the social sector migrate from a charity approach to a business-like orientation: A longitudinal case study of the evolution of “Reklusa”, a Portuguese association that supports the reintegration of female inmates in society. (Work Project for a Master Degree in Management)*. NOVA – School of Business and Economics, Portugal.

Batista, A. C. 2018. *How can a Portuguese not-for-profit organization make a successful transition to the Social Enterprise model, becoming less dependent on donations and grants in order to fulfill its Social Mission: the case of RECLUSA. (Work Project for a Master Degree in Management)*. NOVA – School of Business and Economics, Portugal.

Carreon, J. 2017. “8 Luxury Fashion Brands That Are Also Sustainable”. Accessed December 5. Retrieved from <http://elle.com/fashion/shopping/g29799/eco-friendly-fashion-maison-de-mode-amanda-hearst-hassan-pierre/>

Da Silveira, C., Lages, C., and Simões, C. 2013. Reconceptualizing Brand Identity in a Dynamic Environment. *Journal of Business Research* 66, 28-36.

Da Silveira, C. 2018. Author's class notes and PDF slides presented at Brand Management course from Nova School of Business and Economics.

Dees, G. 2003. *Social Entrepreneurship Is About Innovation and Impact, Not Income*. The Skoll Foundation's Social Edge Online.

Emerson, J., and Twersky, F. 1996. *New Social Entrepreneurs: The Success, Challenge, and Lessons of Non-profit Enterprise Creation*. San Francisco: Roberts Foundation.

Euromonitor International. 2018. “Bags and Luggage in Western Europe”. Accessed November 21.

Retrieved from <http://www.euromonitor.com/bags-and-luggage-in-western-europe/report>

European Commission. 2014. *A map of Social Enterprises and their eco-systems in Europe. Country Report for Portugal.* ICF Consulting Services.

Fourth Wall Events. 2017. “Small, Intimate Experiences: An Event Planner's Next Giant”. Retrieved from <https://www.fourthwallevnts.com/small-intimate-experiences-an-event-planners-next-giant/>

Kapferer, J. N. 2012. *The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term.* London: Kogan Page.

Kapferer, J. N., and Bastien, V. 2012. *The Luxury Strategy – Break the Rules of Marketing to Build Luxury Brands.* London: Kogan Page.

Keller, K. L. 2013. *Strategic Brand Management: Building, Measuring, and Managing Brand Equity* 4th Ed. London: Pearson.

Keller, K. L., Apéria, T., and Georgson, M. 2012. *Strategic Brand Management: A European Perspective* 2nd Ed. Upper Saddle River, NJ: Prentice Hall.

Kotler, P., and Keller, K. L. 2012. *Marketing Management*, 14th Ed. Upper Saddle River, NJ: Prentice Hall.

Marques, M., and Maciel, V. 2012. The accounting of non-profit organizations in Portugal: the case of Private Institutions of Social Solidarity (IPSS). *Problems of Management in the 21st Century* 5, 72-82. Accessed October 26. Retrieved from <http://www.scientiasocialis.lt/pmc/?q=node/72>

Statista. 2018. “Bags & Accessories worldwide”. Accessed November 21. Retrieved from <https://www.statista.com/outlook/358/100/bags-accessories/worldwide#market-revenue>

Statista. 2018. “Bags & Accessories in Portugal”. Accessed November 21. Retrieved from <https://www.statista.com/outlook/358/147/bags-accessories/portugal>

Todisco, M. 2017. “Why Influencer Marketing is Essential for Any Business Looking to Grow”. Forbes. Accessed December 5. Retrieved from <https://www.forbes.com/sites/ellevate/2017/12/21/why-influencer-marketing-is-essential-for-any-business-looking-to-grow/#418068d87d48>

Trend Watching. 2017. “Truthful Consumerism”. *Trend Watching Quarterly.* Accessed December 12. Retrieved from <https://trendwatching.com/quarterly/2017-03/>

Wood, Z. 2017. “A stitch in time – new era for home sewing”. The Guardian. Retrieved from <https://www.theguardian.com/lifeandstyle/2017/jan/27/a-stitch-in-time-new-era-for-home-sewing>

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.

**Increasing brand equity at Reclusa:
analysis of a premium fashion brand with a social cause**

APPENDIXES

Ana Lara de Almeida Martins Esteves, 30438

A Project carried out on the Master in Management Program, under the supervision of:
Lena Kemna in collaboration with Catherine da Silveira

04.01.2019

Table of Contents

Appendix 1 – Secondary Research 1

Appendix 2 – Brand inventory 3

Appendix 3 – Store observations 6

Appendix 4 – Research proposal 7

Appendix 5 – Primary Research 8

Appendix 6 – Insights from the interview with the designer 11

Appendix 7 – Sales figures 12

Appendix 8 – Target analysis 13

Appendix 1 - Secondary Research

Collected data refers mainly to the fact that Reclusa is a fashion brand 100% social and 100% Portuguese, providing handmade bags. A considerable amount of external sources also mentions more details about the brand's purpose and the way that profits are reinvested to grow the business, alongside its rebranding and how it became more competitive. Internal data is more focused on communicating Reclusa as a fashion brand that has a very special history: helping female inmates by providing them with a second chance. It is also mentioned the idea of irreverence – “breaking the wave” and creating unique pieces with high quality materials.

a) External data

“Irrepetíveis. Mais destinadas a quem vive pela liberdade e não pelas tendências de moda, as malas Reclusa são resultado de um negócio 100% social e 100% português. Feitas para quebrar fronteiras. (...) não são meros objetos de moda, são pensamento, criatividade com rédea solta, humanismo, ecologia, liberdade, empoderamento, vida. Não há duas iguais dentro de um modelo, são totalmente feitas à mão com restos de tecidos e peles que a indústria têxtil desperdiça.” (*Observador, 2018*)

“A RECLUSA é um negócio social criado com o objetivo específico de reinvestir os seus lucros de forma integral no crescimento da sua estrutura e do seu impacto social. Este crescimento permitirá a criação de mais postos de trabalho.” (*Behind the Scenes, 2017*)

“Era uma transformação total. Iam deixar de ser uma associação empenhada em apoiar reclusas e iam passar a “ser uma marca de moda que daria emprego e uma segunda oportunidade a mulheres”. Alteraram o nome de Reclusa para Reclusa. Adoptara um novo logótipo, que representa uma cela quadrada, mas “atravessada por um novo caminho, uma nova oportunidade.” (*Público, 2018*)

b) Internal data

“A Reclusa posiciona-se como uma marca de moda com uma história muito especial. Através do seu negócio concede uma segunda oportunidade a reclusas e ex-reclusas. Os lucros revertem na totalidade para o objetivo principal, que se mantém inalterado desde o início da marca: apoiar reclusas dentro do EPT, dando-lhes formação e capacitação na confecção de inúmeras peças das coleções, e reinseri-las na sociedade, recebendo-as nas instalações da marca quando saem da prisão, encaminhando-as para

uma nova vida socioprofissional.” (Madalena Mantas in Observador, 2018)

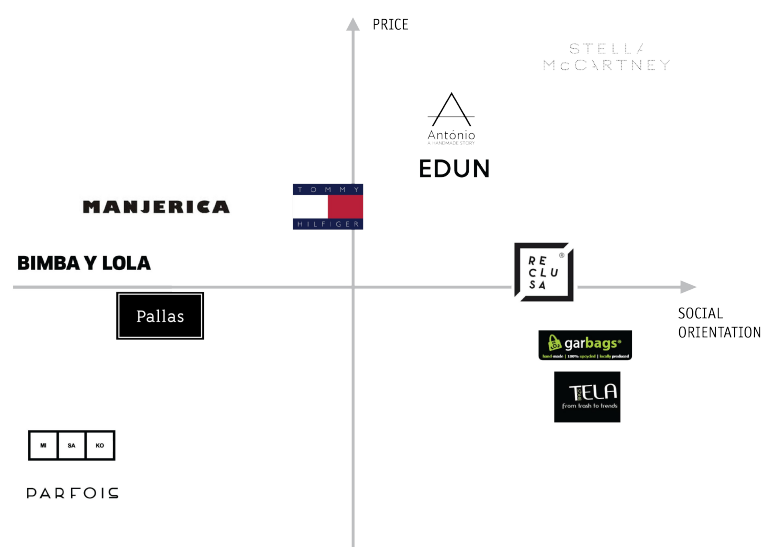
“Não existem duas peças iguais, tal como não existem dois pensamentos iguais. As peças são tão irreverentes como a sua criadora e são feitas a pensar em mulheres que, como ela, ‘quebram padrões’” (Reclusa in Marketeer 2018)

“No fundo, tínhamos de funcionar como um produto que está no mercado e que é apetecível”, resume Madalena Mantas. Teriam de fazer com que o público-alvo pensasse: “Quero uma mala da Reclusa porque é linda e tem uma história por trás”. E não: “A Reclusa é uma história linda com umas malinhas.” (Público, 2018)

c) Competitors

Reclusa positions itself as a brand of handmade bags and accessories with a special history, not having a strong direct competition from any specific brand, once the most common in this industry are fashion brands that also sell bags and have some concerns regarding sustainability or that occasionally do a campaign to help a social cause. Having this in mind, the following brands were considered as competitors for Reclusa: Stella McCartney (sustainable luxury fashion), António and EDUN (luxury sustainable handmade bags), Pallas, Manjerica and Rufel (premium handmade bags), Bimba y Lola (premium bags), Tommy Hilfiger (premium fashion brand that also sells bags), Parfois (quality accessories at a reasonable price), Misako (regular bags), Tela bags and Garbags (eco-design bags).

Figure 1: Competition map (Author)



Appendix 2 - Brand Inventory

A brand inventory was conducted to provide a current and comprehensive profile of how the products sold by Reclusa are marketed and branded – including logo, slogan, identity statement, communication, products from the current collection, pricing and distribution channels.

Figure 2: FW18 collection “Break free”

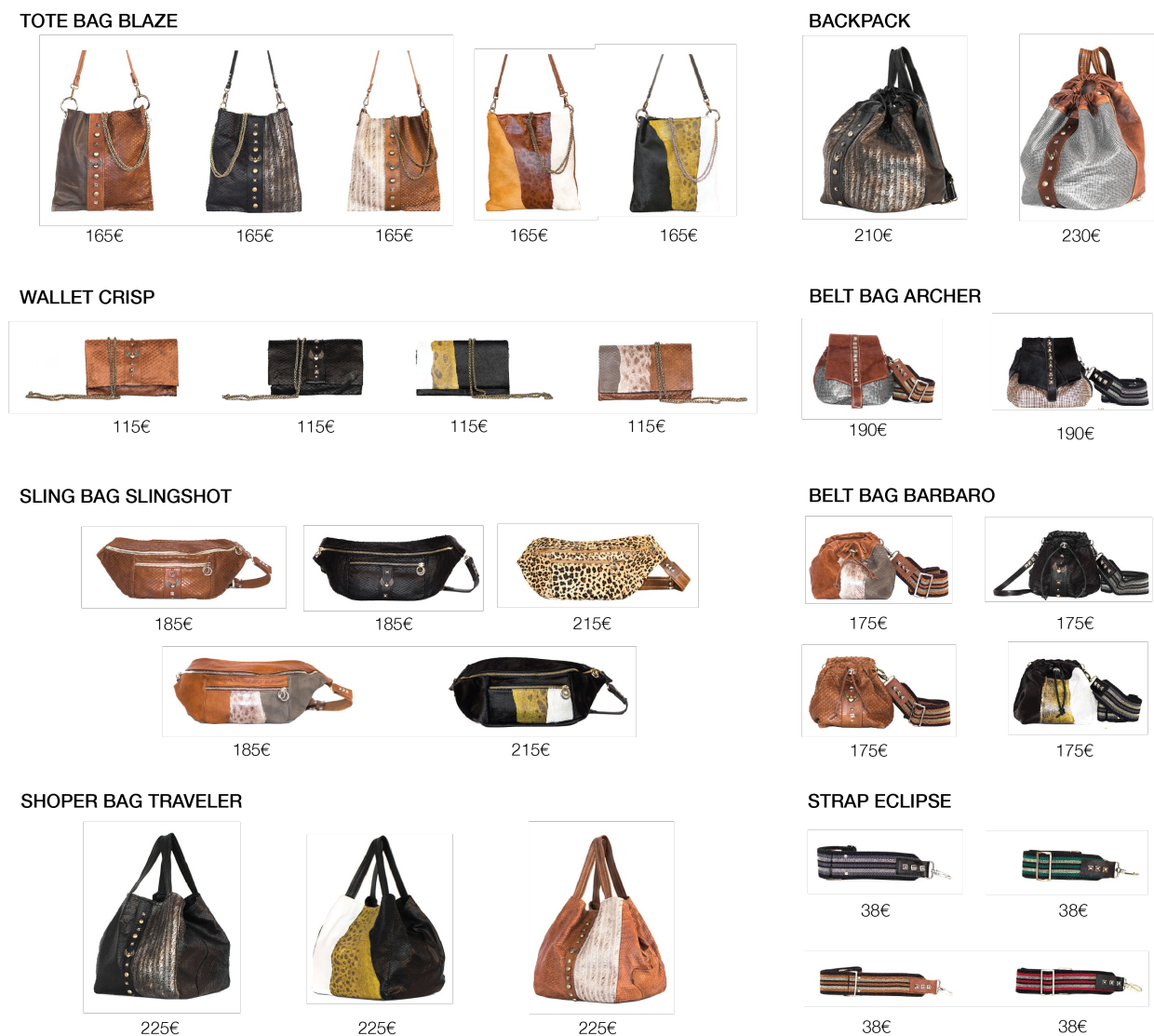


Table 1: Brand elements



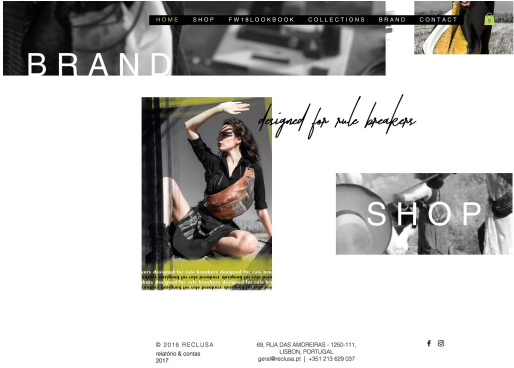
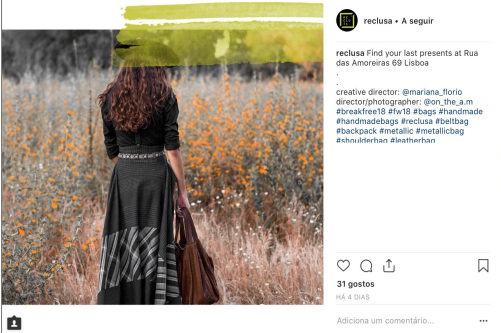
<p>Logo</p>		
<p>Slogan</p>	<p>“Made to break”</p>	
<p>Identity statement</p>	<p>“Designed for rule breakers”</p>	
<p>Store</p>		
<p>Website</p>		
<p>Social Media</p>	<p>Instagram</p>	
<p>Social Media</p>	<p>Facebook</p>	

Figure 3: Reclusa labels that used to be offered with each item sold.



Distribution channels

Reclusa used to have other points of sale in Portugal through Resale and Consignment. As for the first, two stores were included: MOON (Chaves) and LAVANDA (Comporta). Reclusa would receive a fixed margin of 20% for each product sold, but the sales value generated by those stores was low. The stores in Consignment were República das Flores (Baixa), Loja das Meias (Amoreiras Shopping Center), Concept Store (Príncipe Real) and ZOE (Cascais). Although the margins demanded were very different from Resale (Reclusa would receive a variable margin, between 22% and 50%, depending on the product), none of the stores were selling many items and, when selling, took a long time to pay. As so, Reclusa ended those partnerships in 2017.

Appendix 3 - Store observations

While conducting a participant observation at Reclusa's store, it was possible to conclude that there were around 6 customers entering the store per day, most of them Portuguese middle-age women that already knew the brand or foreign tourist couples that were passing by. More than half of the people that went to Reclusa's store did not buy any product. A majority mentioned knowing the story behind the brand but said that prices were very high. Customers that actually bought products at the store were mainly women, between 40 to 60 years old, both Portuguese and foreign. Some of them bought as a gift for their daughters or nieces. During the launch of the FW18 collection at Reclusa's store, on 27th September 2018, there were around 80 people, from which 85% were upper middle class women, aged between 50-60, and most of them were friends with the designer and managers. Some of them wanted “young looking” bags, not only for themselves but also for their daughters. 29 bags were sold, 16 from previous collections (that were at 25% discount) and mostly small sized bags. Only a few mentioned that the purchase was made to help a social cause.

Figure 4: Launching of the FW18 collection – digital invitation and store pictures



Appendix 4 - Research Proposal

Problem: Increase brand equity at Reclusa in order to improve the brand's overall performance.

Context: Competitive and growing market; unsustainable brand, incapable of generating enough revenues; weak brand image, and low awareness and visibility.

Research Objectives:

Market:

Customers' preferences regarding bags and accessories' shopping;

Which competitor brands customers use and why.

Consumer purchase, usage behavior and brand image:

How do current/possible customers perceive the brand and its products;

What they like and/or dislike about the brand;

Where and why they buy the products.

Buying experience:

Have they been to the store;

How was their overall experience.

Research Design: Qualitative research through in-depth semi-structured face-to-face interviews, with inclusion of projective techniques.

Include a pre-interview filter questionnaire to ensure respondents know Reclusa.

Sample

15 interviews, all women, from which 14 were Portuguese. 4 were in the age group [20-30[, 2 in the age group [30-40[, 2 in the age group [40-50[and 7 in the age group [50-60[. Most interviewees live in the area of Lisbon (11 out of 15), some in Cascais (3 out of 15) and 1 in Berlin. The majority of them owns a master degree (13 out of 15) and the others have a bachelors. From the total of interviewees, 7 are people that bought at least one product of the brand, 5 know Reclusa but never bought a product and 3 own a product from Reclusa that was a gift.

Data Analysis Technique

Topic analysis: organizing the data by topics

Frequency analysis of topics: consistent phrases, expressions or ideas common among participants.

Appendix 5 – Primary Research

Pre-recruiting questionnaire

Filter 1: Have you been living in Portugal for at least 2 years?

No: stop interview

Yes: Filter 2

Filter 2: (*Show list of brands*) Which of these brands do you know at least the name?

None relevant: stop interview

At least Reclusa: schedule interview

Figure 5: List of brands (Reclusa and 11 competitors)



Interview Guide

Warm-up

“First of all, thank you for agreeing to talk today. Regarding my Master thesis, I am conducting a research about bags and accessories' brands in Portugal. We are using a particular technique – the non directive method –, meaning that I will not be asking you direct questions about a subject, so you are free to tell me whatever comes to your mind regarding the topic I will introduce. There are no right or wrong answers and, of course, everything we talk about today is completely confidential. Do you mind if I record this interview? We are going to cover some different topics within the next hour and if you have any questions feel free to ask at any time.”

Initial question

“Tell me about the last time you bought a bag. Which brand did you buy and why?”

Topics to be developed

a) Image and perceptions

Brand image of competitors

Experiences (positive/negative)

Perceived pricing + quality/price relation

Opinion regarding products and stores

b) Consumer behavior

Bags and accessories' preferences

Trends (size, materials, ...)

Circumstances of use

c) Purchase/Shopping Behavior

Purchasing frequency

Purchase initiative (e.g. promotion, gift, social cause)

Place of purchase

d) Image and perceptions of Reclusa

Brand image of Reclusa

Experiences with the brand (positive/negative)

Perceived pricing + quality/price relation

Opinion regarding products, store and website

e) Purchase/Shopping Behavior regarding Reclusa

Purchasing frequency

Purchase initiative (e.g. promotion, gift, social cause)

Place of purchase

Bought for self or to offer

f) Relationship with the brand Reclusa

Brand knowledge

Personal history with the brand

Improvements/suggestions

Projective technique

“I will now ask you a different question. This is a fun technique and you can be creative in your answer. If each brand (Reclusa + competitors depending on previous answers) was a person, how would it be and why?”

Wrap-up

“This is the end of our interview and I want to thank you for your time. There are some informations about you that I would like to collect, however this data is completely anonymous (show profile sheet for respondent to fill). Do you have any questions? Thank you once again.”

Respondent profile:

Nationality: _____

Gender: _____

Age: [20-30[; [30-40[; [40-50[; [50-60[; [60-70[

Education level: Primary School, Secondary School, Bachelor Degree, Master Degree, Ph. D.

Occupation: _____

Living area: _____

of people in household: ____

Transitions/ Follow-ups

We’ve been talking about... now I’d like to talk about...

Could you please tell me more about...

That sounds interesting, can you please explain...

What did you mean by...

There are no right or wrong questions...

Appendix 6 – Insights from the interview with the designer

An interview with the designer was conducted to understand if she is willing to change or adapt the design of the bags according to the target and to analyze what is the design strategy, how the next collections will look like and what is the future direction of Reclusa.

From this interview with Filipa Brito e Abreu, it was possible to understand that when designing her collections for Reclusa she does not choose a specific theme – her inspiration comes from the materials: she goes to the factory, selects different patterns and textures and then starts to imagine how they can stand together to create a bag. There is not any planning when designing each bag, neither a consideration for who will wear the bags. The designer creates what she likes and feels that is appealing, so she is not willing to change the design of the bags according to possible target suggestions.

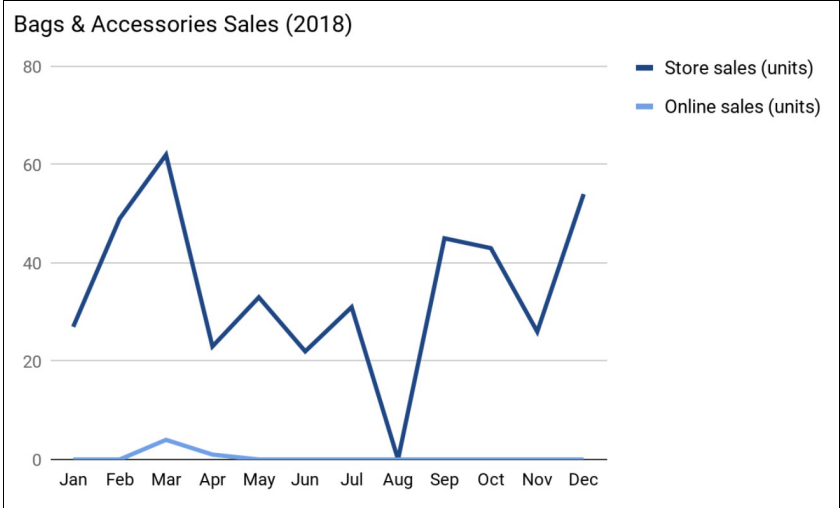
The future direction of Reclusa is still unknown. For the SS19 collection, some elements might remain (leather), others are likely to disappear (tacks, chains and fish scale textures) and new elements will be integrated (ropes).

Regarding how she sees Reclusa, she cannot imagine the brand as a person. If she had to, it might be similar to Inês (the founder, women in her 50-60s, high social class, concerned about others, very spontaneous).

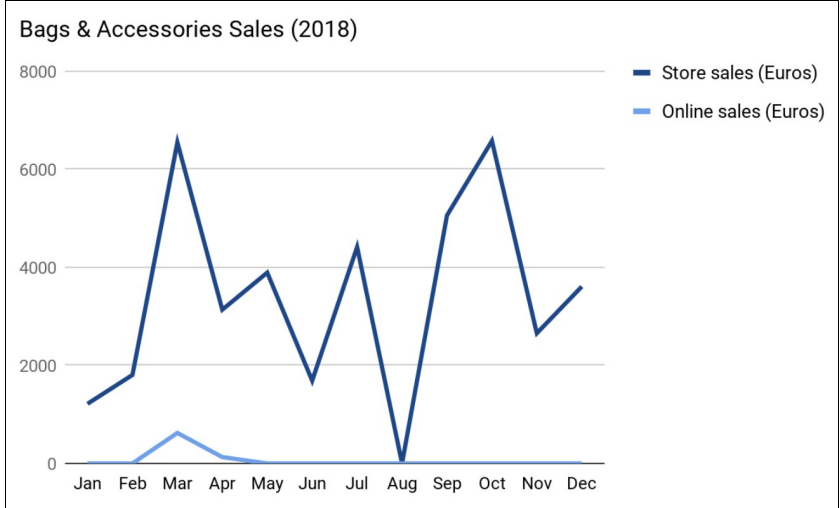
Appendix 7 - Sales figures

In 2018, Reclusa sold a total of 420 bags and accessories, from which only 5 were bought online. The brand registered a total sales value of 47.235,41€, a big improvement regarding 2017, when Reclusa had a total sales value of 28.031,33€.

Graphic 1: Sales figures in units (Author, based on data gathered from Reclusa data base)



Graphic 2: Sales figures in Euros (Author, based on data gathered from Reclusa data base)



The Spring/Summer collection was launched in March, the month that registered the highest number of products sold, followed by December and February, when a set of discounts were offered (leading to the not so high sales value), and September and October, when the launching of the Fall/Winter collection took place. As for the total sales value in Euros, October had the highest value, once the new collection is more expensive than the previous one. In August, the store was closed.

Appendix 8 – Target analysis

Reclusa has a vague brand positioning, that needs to be strengthened in order to increase brand equity. The suggested brand positioning was built according to Keller's approach (CBBE Model) and includes a more detailed target than Reclusa's current positioning, based on primary research insights.

Table 2: Target analysis (Author, based on information gathered through primary research)

Target	Who they are...	Age group	Preferred bags brand	Place of purchase	Value...
Young Mainstream Buyers	Portuguese young middle-class females, still studying or just started working, follow trends	[20, 30[	Buy bags at <i>Zara</i> and <i>Parfois</i> ; aspire to buy luxury brands (e.g. <i>Louis Vuitton</i> , <i>Michael Kors</i>)	Shopping center	Quality/price relation and design; price is the main factor
Young Bohemians	Small group of foreign young women with an alternative, bohemian style	[20, 30[	Save up for special designer bags (<i>Etro Milano</i> and <i>Kenzo</i> as aspirational brands)	Trendy concept stores (e.g. <i>Embaixada</i>)	Handmade items, quality materials, uniqueness
Middle-class Shoppers	Portuguese middle-class women; classic, elegant, sober style	[30, 50[	Aspire to luxury brands (e.g. <i>Louis Vuitton</i> , <i>Furla</i>), but buy mainly at <i>Zara</i> or <i>Massimo Dutti</i>	Shopping center and street stores	Quality/price relation; status
Irreverence Seekers	Portuguese upper-middle class women, without money concerns; bold style	[50, 70[	Luxury brands (e.g. <i>Louis Vuitton</i>)	Street stores	High-quality materials
Savvy Bohemians	Hippie-chic foreign women; bohemian style	[30, 50[	Designer bags brands	Concept stores	Handmade production, quality materials, unique designs

Table 3: Target analysis regarding Reclusa (Author, based on information gathered through primary research)

Target	About Reclusa	What they say	What they actually think	To reach this target
Young Mainstream Buyers	Value the mission, it is a benefit but not a factor for purchase; like the current design	Current design is appealing but prices are too high	If they had the money, would buy well known brands (e.g. <i>Michael Kors</i>) and not Reclusa	Keep current design but have lower prices (by decreasing quality a bit, once they don't value high-quality that much)
Young Bohemians	Mission is a benefit but not a factor for purchase; value special design, patterns and textures	Current design is appealing; justifies price	Willing to pay more for an original piece that makes them stand out	Keep current design and improve communication so that it reaches foreign people
Middle-class Shoppers	Value the mission, say it justifies the high price, but still do not buy; do not like current design	Like current collection but prices are high	Do not find it appealing, are willing to buy an expensive bag if it is classic	Change current design, have a more simple collection, that does not get out of fashion easily
Irreverence Seekers	Mission is a benefit; like the current design and the irreverent style	Perceive quality, do not mention price, like to help a good cause	Enjoy having a bag that provides status and that others know they are helping a social cause	Keep current design, improve communication to reach more people and to "remind" the ones that know the brand
Savvy Bohemians	<i>I did not interview anyone from this target.</i>			

Table 4: Target visual concept

Young Mainstream Buyers	Young Bohemians	Middle-class Shoppers	Irreverence Seekers	Savvy Bohemians
				

Having in consideration the previous analysis and different targets described, we believe that the ones who are most likely a good target for Reclusa are Young Bohemians, Irreverence Seekers and Savvy Bohemians. **Young Bohemians** is a small group but finds the current design appealing and values the same characteristics as **Savvy Bohemians** – handmade production, bohemian style, quality materials and unique designs, with usage of different patterns and textures – with the main difference that Young Bohemians still do not have the same financial stability, so they would buy Reclusa only as an aspirational brand, saving up for a special bag, while Savvy Bohemians could buy more often. **Irreverence Seekers** is also a good target once they value high-quality textiles as well as an irreverent design. They do not perceive current Reclusa prices as being too high and value the mission behind the brand. **Middle-class Shoppers** could be a secondary target once they value the mission and like the brand but would only pay the current prices if there were a few bags with a more sober and simpler design, without all the different patterns, textures and chains – but if Reclusa had those kind of bags, there is a chance they would still say the price is too high. **Young Mainstream Buyers** could be a target only if Reclusa was willing to create some bags with lower prices or if the brand had more status (to then become the target's aspirational brand - which might happen in the future...). As so, we suggest a positioning according to the three targets mentioned above instead of focusing on Middle-class Shoppers or Young Mainstream Buyers because, from the interview with the designer, it was perceived that she is not willing to change her “irreverent” designs (and therefore be more appealing to the Middle-class Shoppers target) nor to buy materials with less quality (to decrease price in order for Young Mainstream Buyers target to buy) – and all managers are very pleased by her work so far.