

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

Field Lab SME Competitiveness -  
Internationalization Strategy:

# EGG Electronics

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Field Lab SME Competitiveness – Internationalization Strategy:  
EGG Electronics

**ABSTRACT**

With the purpose of finding the most promising country for EGG Electronics to internationalize its business to, an In-Depth Analysis for the top five countries was conducted. Within this document you can find a thorough study of Luxembourg, a potential country that EGG should consider expanding to.

For that analysis, four dimensions were considered: the quality of contacts in the country, the market sales potential, the competitive environment and the market entry conditions. Finally, to reach a sustained decision, a framework was developed in order to compare Luxembourg with the remaining countries and understand which one would be the go-to country for EGG.

**Key words:**

Internationalization, Strategy, Small Medium Enterprise, Consumer Electronics, Luxembourg

## Executive Summary

### ANALYSIS OF THE COMPANY'S SITUATION & GLOBAL READINESS

EGG Electronics is a producer of PowerStations, being part of the global industry of power strips, an industry which is expected to grow along with the increasing number of electronic devices. The company differentiates itself from competitors through its modern design and customization, a sustainable competitive advantage it can use to exploit the upcoming market growth. Even though EGG experienced an exponential growth in sales, which proved the success of the PowerStation concept, the company is not yet able to cover all costs with revenues. On a final note, by addressing the Global Readiness test, it was perceived that EGG has already got a foreign market presence and is prepared to further internationalize its business.

### COUNTRY CLUSTERING & COUNTRY RANKING

In this chapter, a Clustering analysis was performed in order to understand the main similarities between countries and group them accordingly. For this, variables were separated into dimensions: country size, logistics, economic and social. Later, a Country Ranking was derived, where several company specific variables were included, such as creativity or e-commerce index. Gathering and crossing information from both processes resulted in an outcome of the top five most attractive countries for EGG to expand to, being them: United States of America, Luxembourg, Australia, Norway and Canada.

### IN-DEPTH COUNTRY ANALYSIS

A deep analysis on these countries regarding the contacts one may benefit from, the main competitors the company would face, the company's sales potential and analyzing how hard it would be to enter that specific country was performed, so as to reach the best choice for EGG to internationalize its business to. After thoroughly comparing all the countries, the United States of America stood out as the most promising market for EGG.

### INTERNATIONAL ENTRY STRATEGY

To start with, it was derived that EGG holds the traits of a Born Global firm. Taking this into account, the focus was on understanding which would be the most indicated low-risk entry strategy to be pursued. After considering EGG's internal situation and the external environment of the USA, it was concluded that Direct Exporting would be the most indicated way for EGG to enter the United States. Another important point on Entry Strategy is that the company must be conscious that entering this country is not an easy task and several requirements must be met before addressing the US.

### MARKETING PLAN

US cannot be seen as a simple country: its great dimension and multiculturalism makes it a set of small regions which should be seen as separate given their specifications. For that reason, the Marketing Plan for the B2B segment focused on targeting the companies of the Pacific Region and later on addressing other regions of the US. In terms of B2C, as the focus was to build a Digital Strategy (no region specified) since the plan is to use digital platforms to a maximum extent and raise EGG's brand awareness as much as possible.

### FINANCIAL FORECAST

Lastly, the financial plan shows that this project can be profitable for the company, given the positive NPV after 5 years. Nevertheless, EGG should be aware of potential changes in crucial parameters, such as COGS or account receivables, that can have a big impact on firm's results. Economic fluctuations can also affect project's performance, and therefore EGG should pay attention to trends, not only about consumer behavior but also about market changes.

**Key Words:** Internationalization, Strategy, Small Medium Enterprise, Consumer Electronics

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**Part I: Analysis of Company's  
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# 1. Company Overview | INTRODUCTION TO EGG

## Context

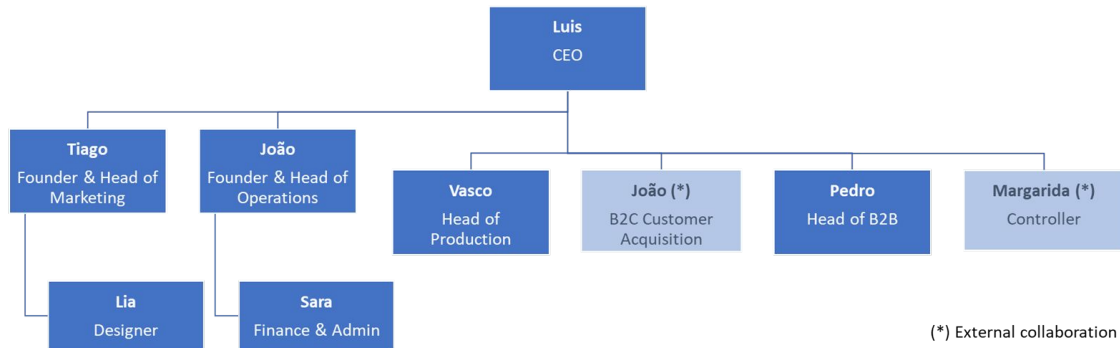
The company was founded in 2013, supported by EDP Ventures as a main investor, offering an opportunity to tackle a necessity in the market, where the trend of owning several electronic devices triggered the need for a solution to charge the different devices at the same time while giving an added value of customization, security and comfort. The mix of simple technology and high quality design were key for the outcome of the first product. This being the backbone of the brand and supporting their slogan: “Powering Your Lifestyle”.



### VISION:

The company’s vision is to be a **recognized brand** and producer of electronic charging devices operating internationally. Also, distributing successfully their 3 products (including the new devices) **throughout different markets** including UK, USA, UAE, Russia and Turkey, among others.

## Team



(\*) External collaboration

Figure 1 - EGG's Team

## EGG's Profile

EGG Electronics is a Portuguese Tech Startup dedicated to the design and production of PowerStation devices. EGG's products provide their customers with:

- Possibility to connect a vast amount of devices and hence increase productivity and efficiency of individuals
- An improved customers' experience of charging their electronic devices and gadgets in an easier and more user-friendly way
- Exclusive designs and patterns, completely customizable
- Products made in Portugal

## Current Countries of Operation

EGG Electronics is present across several countries, especially focused in the DACH region (Germany, Austria, Switzerland) and other countries of Central Europe.

Up until today, EGG Electronics has business activities in 8 countries: Austria, Belgium, France, Germany, Italy, Portugal, Spain and Switzerland.

In the year of 2019, the company also exported to countries such as Poland and Finland.



Figure 2 - EGG's Countries of Operations

EGG's product portfolio has recently been enlarged with the addition of an updated version (PowerStation Pro) and a Traveler one. This was made in order to attain three main strategic goals.

# 1. Company Overview | PRODUCT PORTFOLIO

## Product Portfolio

The company is in the process of launching two new products, which are the "PowerStation Pro" and the "EGG Traveler". These two are planned to be launched in 2020 to complete the portfolio alongside with the company's first product, the "PowerStation". In 2016, the company achieved an investment of 1M euros from Portugal Ventures and other business angels to develop their products. It's important to mention that three products share the characteristic that they are completely made and designed in Portugal:



**PowerStation:** Is an innovative product with security standards containing overcurrent protection suited for 2200W (230V) and a 1.5 meters power cable. Its design makes it not only distinguishable but also functional, allowing users to place it on top of the desk and connecting up to 14 devices in any direction alongside two USB entries. Additionally it presents the advantage that the covers are customizable and changeable.



**PowerStation Pro:** Is one of the new products to be launched in the present year. This is the improved version of their first product. Having similar benefits as the other, the Pro version offers the same solution to customers located all around the world. Presenting 4 Universal outlets, 4 USB type A, 1 USB type C and wireless charging. Also gives clients the option to pick between the European, American or International version.

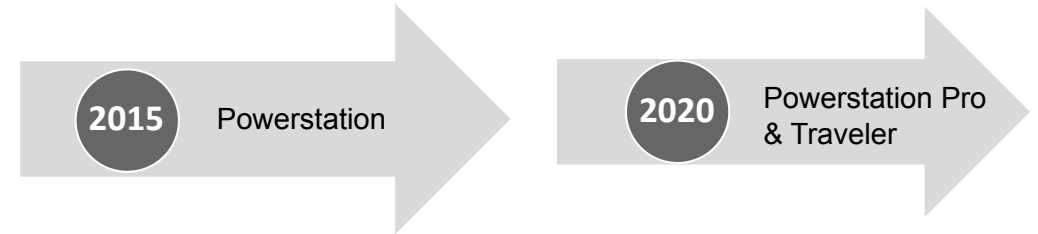


**Traveler:** Also still to be launched to the market in 2020, the Traveler offers clients a different concept. It has two functions, working as a power bank or as a power strip (when connected). It enables users with either type C or type A plugs allowing people from all over the world to connect their devices with 2 US/EU outlets, 2 USB ports and 3 changeable power cables. Additionally offering the opportunity to charge wireless.

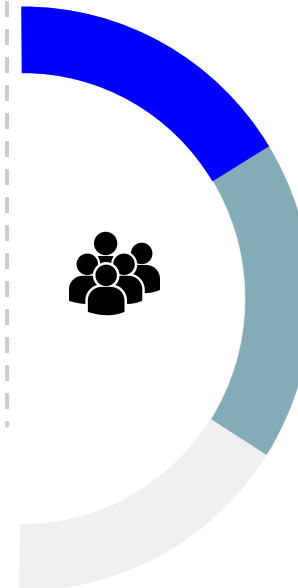


**Covers:** EGG allows its customers to customize their PowerStations by changing their covers according to the style that fits them better. Besides the covers designed by the company itself, EGG partners with Portuguese artists to offer exclusive editions from time to time.

## Timeline & Scope



After understanding that there was market for the product outside Portugal, the company decided to develop different versions, offering features that would better suit the international market. The development of two new products, aimed at addressing three main strategic goals:



1. Increase the customer basis, by targeting different needs which were not yet answered with the first PowerStation
2. Increase the number of purchases from existing customers, who may be interested in having the new versions.
3. Diversifying the risk associated with market saturation of a specific customer segment or product.



## 1. Company Overview | TARGET MARKET

EGG Electronics has been operating on both B2C and B2B markets since the start of their operations. Throughout the year 2018 the company went through a process of development in the Portuguese market and introduction to the European market.



**In 2018, 71% of their core business focused on B2B. (Financial Report 2018)**



### Target B2C Customer:

- Design-driven, Techy, Creativity-oriented
- Medium-high purchasing Power
- Comfort-seeking, Simplifying life, Flexibility
- Personal Interests: Decoration, Home living, Architecture



EGG addresses its B2C Customers through their own E-commerce platform and through other selling partners such as Amazon. The company also positions itself offline, by being available in Fnac, Worten and El Corte Inglés.



The problem for EGG is that retailers demand high margins and ask for a lower priced-product, which is not feasible for EGG. This being said, the company is **planning on abandoning the Offline Sales channel.**

Also, the **personalized\* covers are no longer sold** in this segment, once the cost of production was too high.

\* Personalization refers to the possibility of creating a cover that is not pre-available for selection



### Target B2B Customer:

- Large Corporates or Multinationals
- Above average Marketing budget, High branding power
- Strong Client basis, Large business network
- Cares for employees and clients



The company targets the companies' segment through offering a **“customized corporate gift” approach**, that they can offer to both their clients and business partners. Hotels are also a target for this type of product, one that EGG explores already. Below, there are some examples of clients EGG has worked with:



1.

Company Overview | SUPPLY CHAIN ANALYSIS

Raw Material & Product Suppliers



Assembly Process



Order Management



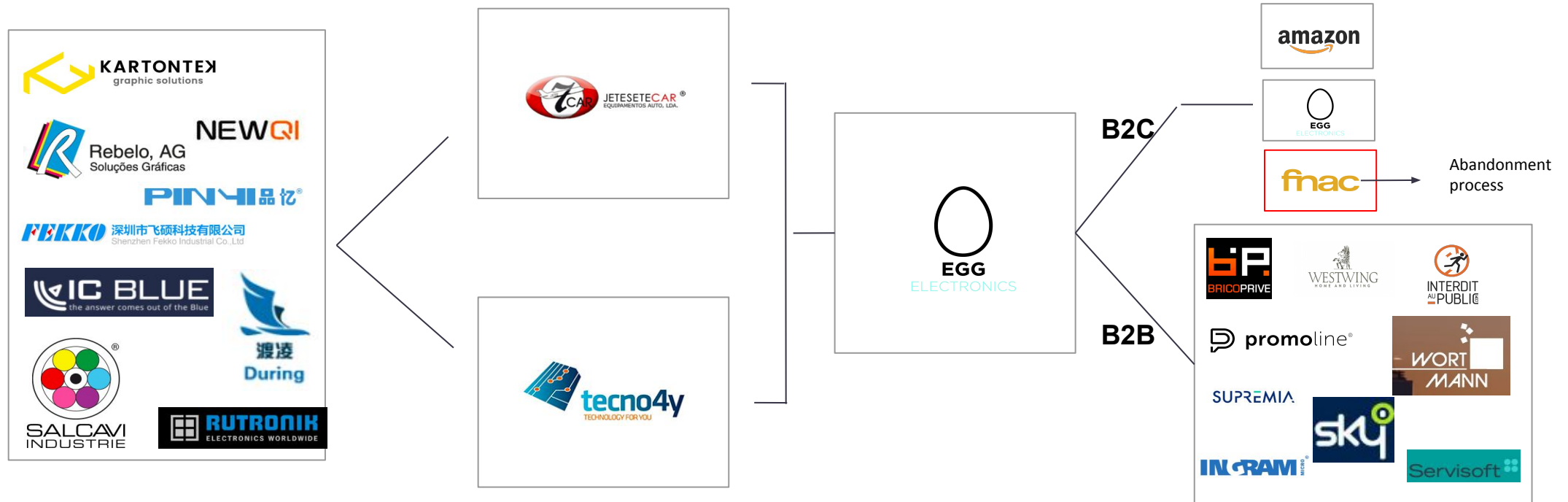
Distribution

Suppliers located in China, Italy, England, Spain and Portugal provide the company the main components such as the plastic, wires, batteries, chargers and other components, and accessories.

The assembly process is done by “Jetesetecar” and “Tecno4Y”, which have been important in the production of the new products and reconditioning of the PowerStations.

All the orders are managed by the team at EGG’s headquarters located in Lisbon, where the rest of the logistics are planned and executed before the final distribution.

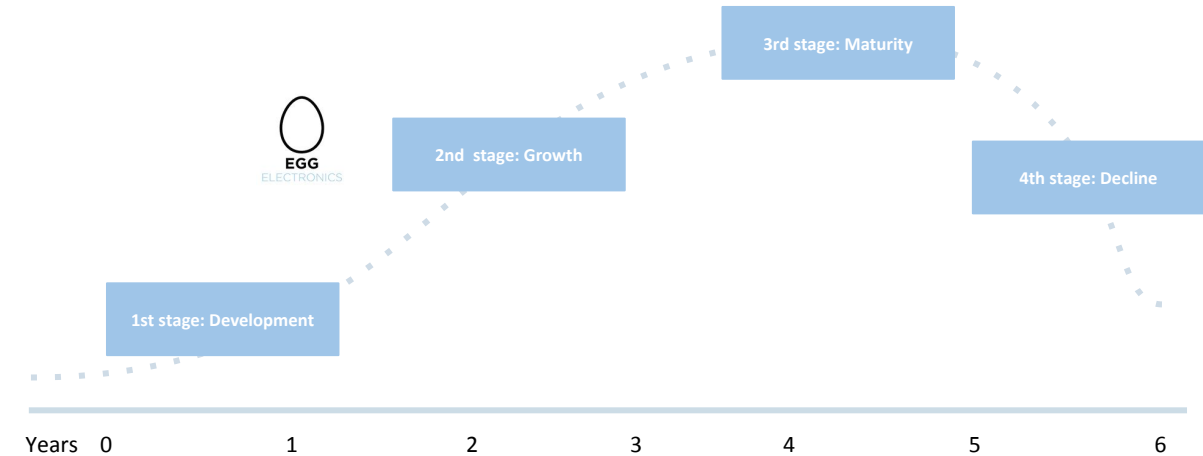
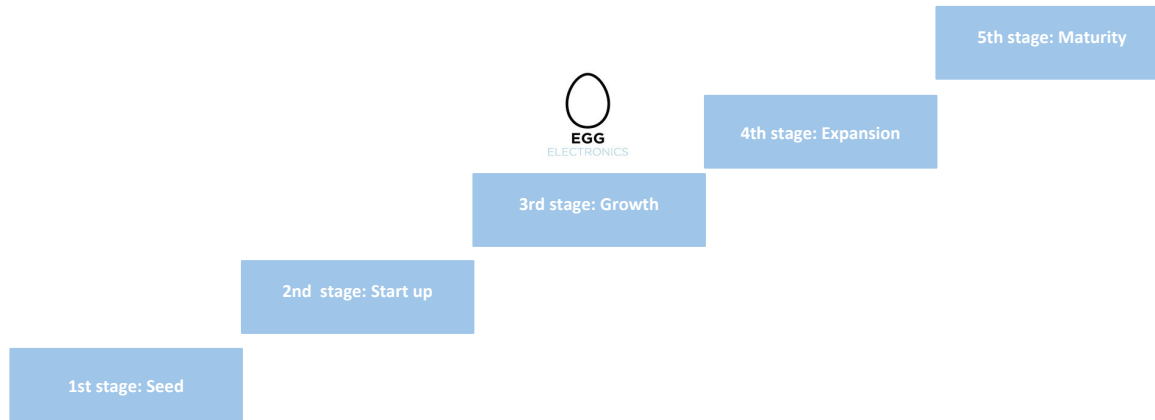
In the final distribution EGG ships the products directly to clients or retailers (B2C). Nevertheless, the company also depends on secondary distributors (B2B) that are in charge of reaching the final consumers.



\*B2B section includes the B2B2C subsection. E.G. “Flashsales”

1.

## Company Overview | BUSINESS AND PRODUCT LIFECYCLE ANALYSIS



In order to analyze the progress made by the company, a **business life cycle** analysis was conducted (Petch, 2019). The first conclusion taken was that EGG Electronics is in the **growth stage**. The company introduced its first product in the market, the PowerStation, in 2015. The product characteristics have been improved throughout the years, resulting in a product with higher quality, technologically advanced and well designed. Since that day the company has been growing not only by developing new products but also by expanding to other countries. On this stage, the biggest challenge for EGG is time management between several activities: launching new products, managing the increase in revenues, dealing with the competition while still fulfilling customer needs.

Regarding the financial position of the company, the results show a continuous rise in revenues year on year (443% in 2018 - EGG Electronics. 2018. "Management Report."), reaching a value of €725 thousand in 2018. However, given the investment of 79 thousand euros in the development of new products and the fixed costs associated with the company, EGG hasn't been able to demonstrate consistent profits, having a negative EBITDA for the year of 2018.

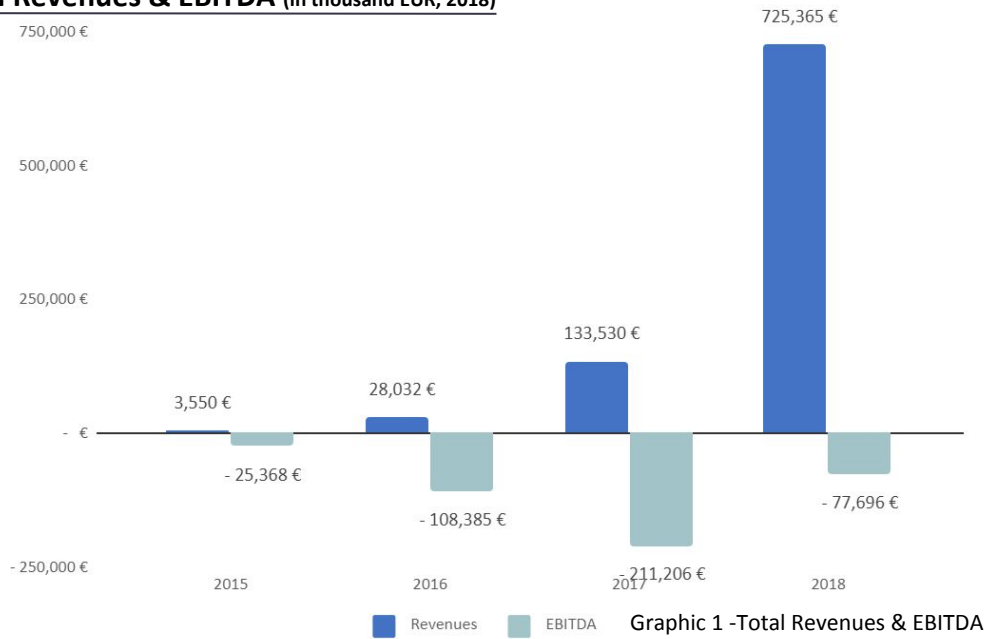
Even though revenues are not yet enough to cover all costs, which is characteristic of the growth stage (Petch, 2019), the company meets all other requirements.

Building a solid strategy for a firm implies a thorough product analysis. For that, the concept of **product life cycle** was developed and if effectively used it can turn knowledge into a managerial instrument of competitive power. According to Theodore Levitt in *"Exploit the Product Life Cycle"*, Harvard Business Publishing, there are four stages in which a product can be. EGG's product is somewhere between the market development stage and the growth stage. There is already demand for the product and it depicts a rise, however it is not yet booming. There are already some substitutes in the market therefore, EGG focuses on design and customization in order to deliver a differentiated product. The problem currently faced by EGG is for consumers to prefer their product rather than competitors', which will lead EGG to incorporate changes in its marketing strategy. Also, as it gains brand awareness, it is becoming easier to open new distribution channels (such as Amazon and Flash Sales Websites) which contributes to a boost in sales.

Revenues have increased significantly in the past couple years, achieving €725.000, in 2018. Nevertheless, the amount of General and Personnel Expenses should be a concern since those are contributing to successive negative EBITDA.

## 2. Financial Overview | TOTAL REVENUES, EBITDA & RATIO ANALYSIS

### Total Revenues & EBITDA (in thousand EUR, 2018)



### Income Statement (Summary, 2017- 2018)

	2017	2018
Total Revenues	€133 530	€725 365
Cost of good Sold	€102 082	€353 611
<b>Gross Result</b>	<b>€31 448</b>	<b>€371 753</b>
Gross Margin	24%	51%
General Expenses	(€142 783)	(€233 546)
Personnel Expenses	(€96 033)	(€195 685)
Other Income	€494	€669
Other Expenses	(€4 331)	(€20 887)
<b>EBITDA</b>	<b>(€211 206)</b>	<b>(€77 696)</b>
Depreciations and Amortizations	(€23 544)	(€20 953)
<b>EBIT</b>	<b>(€234 750)</b>	<b>(€98 650)</b>
Interest	(608,9)	(€575)
<b>EBT</b>	<b>(€235 359)</b>	<b>(€99 224)</b>
Taxes	(455,14)	(3647,92)
<b>Net Result</b>	<b>(€235 814)</b>	<b>(€102 872)</b>

Table 1

Total Revenues show an exponential growth since company's foundation, in 2015 – EGG grew from, approximately, from €4.000 in 2015 up to €725.000 in 2018. Between 2017-2018 firm presented an increase of approximately 443% in revenues. Besides the impressive revenue growth from last years, EBITDA values show that company is not being able to mitigate its costs, mainly due to the increase in General Expenses and Personnel Expenses. This two captions account for a total value of €429.000 in 2018. *All the values used were obtained from EGG's 2018 Financial Report*

### Ratio Analysis ( 2017- 2018)

Profitability Ratios	2017	2018
Gross Margin	24%	51%
EBITDA Margin	-158%	-11%
Net Profit Margin	-177%	-14%

Table 2

Although EGG improved its profitability margins, the firm still has negative EBITDA and Net Profit margins. These negative values come essentially from huge commissions paid to online marketplaces, such as Amazon.

Liquidity Ratios	2017	2018
Current Ratio	2,72	2,38
Quick Ratio	2,69	1,49
Cash Ratio	1,33	0,30

Table 3

Finally, when this analysis is restricted to Cash, the company has not enough resources to meet its short-term obligations (2018), showing high dependency on day-to-day activity.

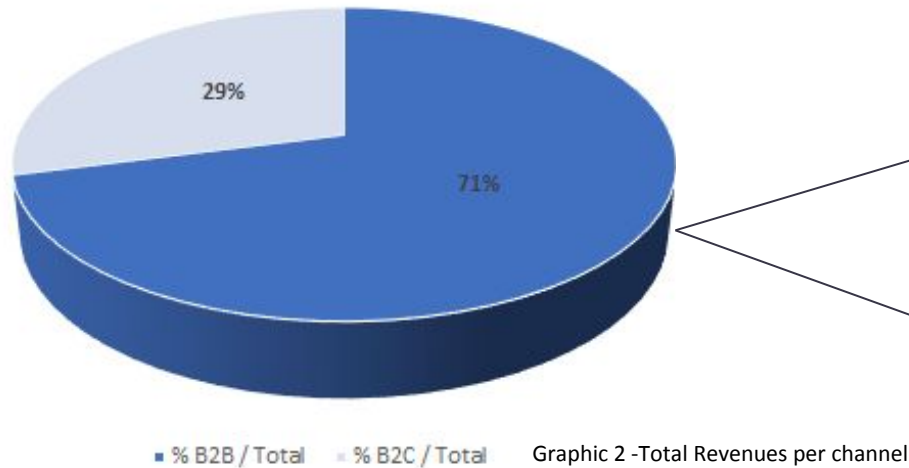
In terms of liquidity, EGG presents a positive situation. When looking to current assets and current liabilities (Current Ratio), the firm presents ratio higher than 2, revealing an healthy position.

By increasing pressure over EGG (Quick Ratio), it is possible to see that from 2017 to 2018 the company worsen its situation, meaning that the firm is now more dependant on inventories to meet its current liabilities.

EGG has a strategic focus on the B2B channel and the majority of its sales come from this segment. Portugal and Germany alone represent more than 70% of B2B sales. Operating Margin on this segment is higher than on B2C channel.

## 2. Financial Overview | TOTAL REVENUES PER CHANNEL & PER COUNTRY

### Total Revenues per channel (in % total Revenues, 2018)



In terms of sales channel, B2B represents 71% of EGG's revenues. As the company pursues a strategy to reinforce its presence on this channel, it has been increasing its importance on EGG's revenues.

Note: B2B includes distributors, corporate, online retailers and flash sales (B2B2BC), while B2C channel represent direct selling in EGG's website and marketplaces such as Amazon.

### Operating Margin per Channel (2019)



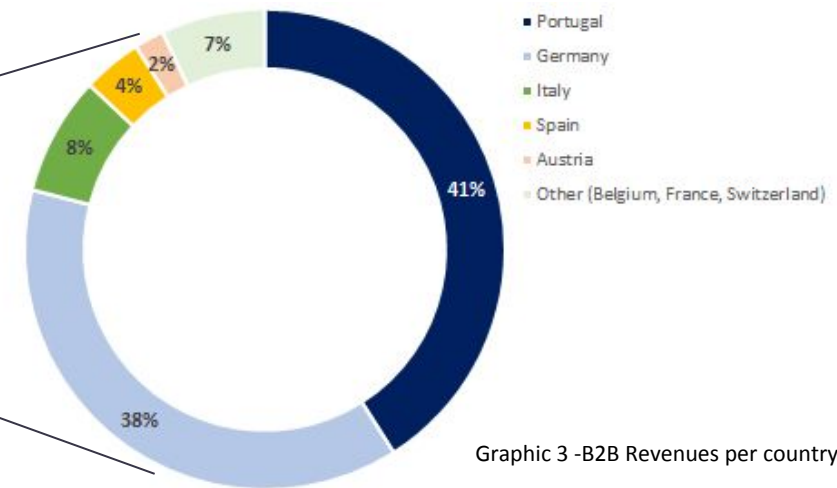
36%

When looking to firm's operating margins, it is easy to identify that EGG achieves higher values on B2B channel. The lower margin on B2C channel is justified by the amount of commissions paid to marketplaces while selling through these platforms.



29%

### B2B Revenues per Country (in % of total B2B Revenues, 2018)



Company started selling its PowerStation in 2017, in several countries:

- Portugal: focus was on Corporate Market and Electronic Distributors (B2B). These relationships were build through networking.
- Germany: Egg had a Sales Agent specialized in B2B and B2B2C channels. This contributor has recently left the firm, thus it is expected that sales on Germany will be affected by this situation.
- Rest of EU countries: simultaneous entry through marketplaces (Amazon) as well as flash sales and specialized corporate gifts distributors.

As a result of the aforementioned strategies, EGG's sales were deeply concentrated in Portugal and Germany - 79% of B2B sales.

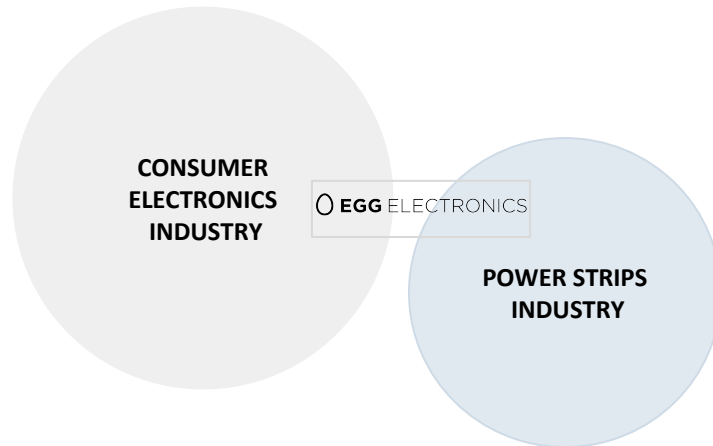
*All the values used were obtained from EGG's 2018 Financial Report*

### 3. Defining EGG's Industry

#### DEFINING EGG'S INDUSTRY

As EGG is offering Power Strips as its main product, the company must consider the **Power Strips Industry as the most relevant industry to be attentive to.**

However, certain features of EGG's products distinguish them from simple power strips: the LED lights (on both PowerStations), the wireless charger in one of the devices (PowerStation Pro), the possibility to use the device as a power bank (EGG traveler). This means that EGG's products are not merely electrical but include electronic features. Hence, the company should also be aware of any changes that might occur on the Consumer Electronics Industry.



Plus, if the Consumer Electronics' Industry grows, more charging devices will be needed, which directly impacts sellers and producers of domestic power strips. Therefore, according to this rationale, there should be some degree of correlation between both industries.

**This being said, the Consumer Electronics Industry was used as a proxy industry in some parts of the upcoming analysis where information regarding the Power Strips Industry could not be found.**

#### CONSUMER ELECTRONICS INDUSTRY:

##### GLOBAL MARKET SIZE:

The worldwide Consumer Electronics market realized a total revenue of **\$997 billion** in 2018. Regarding volume sales in the same year the value reached 7.4 billion units. The largest segment was Telephony, representing 48% of the market (\$474 billion in revenues in 2018). Internationally analyzing, Switzerland stands out as the highest per-capita revenue, with \$487 U.S Dollars (Statista, 2019).

##### CAGR:

Projected CAGR 2019-2023 amounts 11.6% (Passport, 2019)

##### TOP PLAYERS WORLDWIDE:

Apple, Samsung and Foxconn. Foxconn had a revenue of \$158 billion U.S Dollars in 2017 and is the world's largest contract electronics manufacturer. (Statista, 2019).

KEY INDUSTRY FIGURES

#### POWER STRIPS INDUSTRY:

##### GLOBAL MARKET SIZE:

According to the "In-Depth Research Report on Global and Chinese Power Strip Industry In 2019", the global market size for Power Strips reached a value of **\$8,8 billion** in 2018. Out of this market, 9% of sales came from Smart and USB power strips (QYResearch, 2019).

##### Demand rate:

The same report mentions that the demand for Power Strips is expected to grow at a **15% rate/year** (2019-2025) (QYResearch, 2019), as the global economy grows and the emerging countries such as Brazil, China, South Africa, India develop themselves on a faster pace.

##### TOP PLAYERS WORLDWIDE:

APC, Belkin, Coleman Cable, CyberPower, Fellowes, GE, HP, Leviton, Monoprice, Monster (Market Watch, 2019).

KEY INDUSTRY FIGURES



## 4. Environmental Analysis | PESTEL FRAMEWORK



To start with, some of the most important external trends that impact the business environment of the firm were gathered. According to Robert M. Grant (2016) in "Contemporary Strategy Analysis", what's crucial to understand is how these more general environmental factors affect the firm's industry environment. For that, the PESTEL framework was used to organize these MACRO trends, as well as their impact in the P.S. industry.



### POLITICAL

- In term of Politics, Globalization challenges concerning trade pullbacks, rising protectionist policies and public hostility are shaping today's business world (McKinsey, 2019). These trends largely impact trade-flows across all industries and should be carefully managed.

- Plus, within certain developed countries, political backlashes are becoming a trend. The dissatisfaction with the social contract leads people to follow anti establishment parties, as is the case of Brexit in England (McKinsey, 2019).



### ECONOMICAL

- The Global economy is growing, consequence of the rapid development of emerging countries such as Brazil, Russia, India or South Africa, which brings large business opportunities across many industries (QYResearch, 2019).

- Another economical factor that should be taken into account is the price of the utilities used to manufacture power strips, such as copper, plastic, amongst other materials (Digital Journal, 2019). Research shows that the prices of copper and plastics are rising, which leads to higher production costs for P.S. producers (QYResearch, 2019).



### SOCIAL

- Portability and flexibility are gaining importance for customers, consequence of their nomad lifestyles and need for being constantly connected to the world (Passport, 2019).

- Adding to this, another relevant social trend is the Premiumisation trend. With salary increases, consumers tend to replace simple products for a premium option (Passport, 2019).

- Lastly, consumers are demanding specific requirements when buying power strips, such as warranty periods, safety measures, long Cords or no smell of plastic shell (QYR, 2019).



### TECHNOLOGICAL

- To start with, the Internet of Things is disrupting the way things work, both on business level and individual-level. Soon, at least 90 million people will be leaving in Smart Homes, and estimates are that the number keeps on rising (Power Strip Automation with IoT, 2018).

- With the emergence of USB power strips, smart power strips and wireless charging, producers are stepping up their games by allowing consumers to choose the way and the speed of charging devices, making the products more attractive.



### ENVIRONMENTAL

- Increasing demand for environmental-friendly products are forcing industries to rethink their supply chains, by increasing the focus on waste reduction and carbon emissions cutting (McKinsey, 2019).

- Specifically in the Electronics' industry, there is a rising trend for manufacturers to reduce their impact on the planet, since some of the materials (such as PCBs) used can cause harm to the environment (Millennium Circuits Limited, 2018).



### LEGAL

- For Consumer Electronics in general, there are several legal requirements which cannot be avoided such as patent and copyright laws, that restrict the manufacturers on what they can/cannot do (pestleanalysis.com, 2019).

- Moreover, manufacturers of electronics should pay attention to each countries' specific National Standards.

MACRO TRENDS

INDUSTRY IMPACT

A time of unstable political conjuncture might be a barrier to Power strips (PS) industry players who want to enter a specific country. Before deciding to internationalize to a specific region, players should therefore thoroughly evaluate the political situation of the country.

Developing countries bring both opportunities and threats to the power strips' industry. Strong players with scaling ability should tackle these emerging markets; the rising utilities' price should be minimized as much as possible through an attentive supplier management from all.

Players in the PS industry must invest on multifunctional devices over simple devices, so as to quickly satisfy the customers' needs for flexibility and meet their specific requirements. Plus, they must step away from "cheap looking" devices, and make their products feel premium.

Consumers are expecting advanced gadgets with IOT across many products. Technological advances raise the manufacturing cost of power strips, but they may also bring higher profit margins for manufacturers as selling prices can be increased.

Materials used when building power strips devices must be carefully chosen in order not to harm their users or the environment. People are requiring sustainable products that respect the planet and their requirements should be heard.

PS sellers should be attentive to legal certifications required across markets. Contacting a trusted independent third party will help ensure that the power strips are accepted in the country of operations.

The Power Strips' industry can be characterized by a rather fierce competition, a high threat of substitution and high bargaining power of buyers. New entrants find several barriers when entering the industry.

## 5. Industry Analysis | PORTER'S 5 FORCES



To analyse the Power Strips' industry attractiveness, the Porter's 5 Forces framework was used. Porter (1979) defends that the profitability of an industry as determined by the five forces of competitive pressure, being them: competition from substitutes, competition from entrants, and competition from established rivals (horizontal competition); and two sources of vertical competition: the power of suppliers and the power of buyers. This framework was used to understand the attractiveness of the Power Strips' industry:

### NEW ENTRANTS



As stated by Porter, 2008, an entry barrier is a disadvantage that a new entrant faces in relation to the already established firms. In the power strips' industry, several barriers arise for players who try to enter the market: to start with, current power strips sellers operating in the market benefit from economies of scale and economies of learning, which have granted them a stable position on the market, both in terms of price and brand recognition. Plus, the difficult access to channels of distribution such as retail stores also makes the industry less attractive to new entrants, as they will face high retailer margins. Despite these existing barriers, innovative firms such as EGG were able to enter the market by following a different approach - focusing on the design and efficiency of the devices, meaning that there is a way to enter the market by innovating the entrance approach.

**Overall, the threat of new entrants is low.**

### SUPPLIERS



The power of raw materials' suppliers in the power strip industry is relatively low, given the nature of the materials supplied: plastic, copper, electronic components, batteries, etc. In the book "Contemporary Strategy Analysis", the author mentions that commodity suppliers usually lack bargaining power relatively to the purchasing companies, since the products they supply are not rare. Another important supplier in this industry are the assembly partners, which supply a service to the power strips sellers. Commonly, they do not hold a high level of power as there are lots of other assembly companies.

Overall, suppliers in this industry do not have a strong bargaining power.

**Suppliers have a low bargaining power.**

### INTENSITY OF RIVALRY



The power strips' industry is characterized by having large players (APC, Belkin, Coleman Cable, GE, HP) who offer a diverse product portfolio and generally compete on price, while at the same time having some smaller players who focus on differentiating their products through technological advances or by making them more visually appealing. As consumers demand specific requirements in terms of spacing, outlet capacity or visuals, established players offer a range of possibilities in their portfolio to capture these demands. Regardless of the firm's strategy to compete on price or differentiation, competition is fierce and the fight for market share is competitive.

**Intensity of rivalry is considered high.**

### SUBSTITUTES



There are several products that can act as substitutes of power strips, since they fulfil the same function: charging devices. To charge their electronic devices, a consumer can choose to use wall splitters, squid solutions, wireless charging devices, or simply connect their electronics to their wall socket as alternative to use power strips. According to Michael Porter (2008), the threat of substitution will be higher, the better the price-performance of substitute products and the less differentiated the buyer's preferences towards the product. Indeed, power strips are not products from which consumers have specific requirements, meaning they will switch to other options with the same performance if there is a price increase on power strips. Given this, one can conclude that the threat of substitution in this industry is rather strong.

**The threat of substitution in this industry is high.**

### BUYERS



Michael Porter (1979) defends that the power of buyers to drop down prices in an industry will depend on their price sensitivity and their bargaining power relative to the firms operating in the industry. In the case of the power strips' industry, buyers do have a relatively high bargaining power, for several reasons. To start, the fact that there are numerous players in the industry and competition is fierce already allows buyers to have the possibility to choose a cheaper power strip, meaning that their price sensitivity is low. Plus, products are overall similar amongst each other and switching costs between one power strip or another are almost zero. They can also easily substitute a power strip for another product. Moreover, it is an industry where the buyer has access to information concerning prices and product quality, which gives them higher power.

**The bargaining power of buyers is rather high.**



## 5. Industry Analysis | PORTER'S NATIONAL DIAMOND



**Literature Review:** “Michael Porter has extended the traditional theory of comparative advantage by proposing that the key role of the national environment upon a firm’s potential for international competitive advantage is its impact upon the dynamics through which resources and capabilities are developed. Porter’s National Diamond framework identifies four key factors that determine whether firms from a particular country can establish competitive advantage within their industry sector.” (Robert M. Grant in “Contemporary Strategy Analysis”).

Porter’s National Diamond framework will be used in the following slides to understand **which are the advantages for EGG to be operating in Portugal (its country of origin).**

**NOTE:** Given the lack of information regarding the Power Strips Industry in Portugal, research regarding the **Consumer Electronics Industry** was used as a proxy industry.

### DEMAND CONDITIONS



Industry revenue of “manufacture of consumer electronics“ in Portugal declined from 2017 to 2018. However, it rose from 2018 to 2019 and Statista forecasts a continuous rise. In 2018 the verified revenue was 1.421,54 million U.S. Dollars and it is expected to amount approximately 1.780,6 million U.S. Dollars by 2023 (Statista, 2019).

Portugal has been seeing innovation and developments within the consumer electronics industry, especially with products such as smartphones, wearable electronics, wireless speakers and premium laptops. The current consumer is searching for products that are compatible with a mobile lifestyle and which allow the consumer to be connected at all times. Therefore, demand is moving towards portability and flexibility in the consumer electronics industry (Statista, 2019).

Lastly, consumers are also looking for the aesthetics part of the product. More and more people compare products based not only in the efficiency but also on design. Additionally, visual elements and personalization make the product more unique and prestigious, which makes consumers willing to pay premium prices.

### CONCLUSIONS:

From the analysis it can be understood that demand conditions in Portugal come as a competitive advantage once consumers needs meet the firms’ product. People want innovative equipments with a modern design that ensures flexibility, which is exactly what EGG offers. Also, EGG can take advantage of the portuguese low tax rate for startups as well as using its geographic position as a strength when aiming to export.

### FACTOR CONDITIONS

According to a report from Startup Europe Partnership, Portugal's startup ecosystem is now growing twice as fast as the European average. The quality and cost of portuguese tech services attracts companies to establish their tech hub there (Ruivo, 2019).

A junior developer (i.e. someone with three years of experience) earns an average of \$22,549 in Portugal, while the same position in Germany or in Sweden it is two-and-a-half times more expensive.

Education, cultural adaptation, geography and resilience are some of the qualities that historically made Portugal a global power for over four centuries. Regarding education, Portugal has eight universities delivering 100.000 graduates a year, where fifty-three percent of 20 to 29 years old are graduates in engineering or math related courses. Consequently, this tech knowledge attracted the attention of global firms such as BNP Paribas, Zalando and Mercedes Benz which have all set up operations in Portugal.

Also, Portugal has a policy which makes it a startup friendly country: investment above €5 million receive a tax deduction of 20 percent, which means that the tax rate for startups might be as low as 7.5 percent.

Portugal’s geographic position also comes as an advantage. Flights to other european cities are very short and looking across the ocean, clocks are only five hours ahead of New York.

On a final note, contemporary design in Portugal is characterized by creativity. Combining tradition, innovation and passion, designers incorporate their own personalities into their projects (J. SAMUELS, 2019).

## 5. Industry Analysis | PORTER'S DIAMOND

### RELATED AND SUPPORTING INDUSTRIES



In order to understand the impact of related industries in Portugal, an analysis of the plastic industry was conducted.

Plastic production in Portugal is concentrated mainly in the industry of “manufacture of plastic packaging goods”. Results from Statista regarding the industry revenue of manufacture of plastic packing goods in Portugal show a continuous increase since 2013 and project an approximate value of 982,9 million U.S. Dollars in 2023. (Statista, 2019)

In 2017 the industry of plastic packaging goods reached the value Of 680 million euros, supported by the sales in the internal market. At the international level, Spain stands out as the most important market, once it constitutes 45% of exports (in 2017), followed by Angola with 16,4%.

Funded by the European Union, Portugal developed a new project between 2007 and 2013 to build a factory in Sines - Artlant PTA. PTA is a chemical used in PET production (polyethylene terephthalate) and in artificial fibers for the textile industry. Technological development and environmental concerns turned PET into one of the most used plastics in the industry of plastic packaging goods. PET is a more sustainable choice and more environmentally friendly.

Even though one of the main features of the products is technology it is a very simple one, and according to the CEO it is not the most important to be analyzed.

In fact, EGG suppliers of plastic are national companies: Barros e Moreira, SA; Molbar, Lda; Star Moldes.

 barrosemoreira.sa

 MOLBAR

 Star Moldes

### CONCLUSIONS:

Portuguese industry of plastic is mainly concerned with plastic packaging goods, which depicts a continuous rise. As EGG's PowerStation is mainly constituted by plastic it comes as an advantage for EGG to produce in Portugal without having to import production. By characterizing its strategy as designed charging devices EGG faces fierce competition in Portugal from established brands, selling similar products at lower prices - Belkin, Allocacoc, Samsung.

### STRATEGY, STRUCTURE AND RIVALRY

EGG Electronics' vision is to be perceived as a producer of electronic designed charging devices. Operating both on B2B and B2C markets, the company aims to internationalize in order to broaden their customer base.

The higher the competition within the country, the more prepared the company is to expand internationally. EGG Electronics competes with companies operating in the power strips industry. There are no other portuguese companies in the business, however there are international companies selling in Portugal.

For instance, Belkin sells wireless charges and multi plug charging devices with only USB entrances. Allocacoc also brings to the market multi plug charging devices with a wide range of plug types. Both Belkin and Allocacoc provide the market with lower price products than EGG Electronics. Samsung and Belkin also sell wireless chargers, coming out as competitors to EGG Electronics. In order to compete with these and other power strip companies, EGG Electronics stands out due to the higher number of devices it can charge and because of its design and the customization of the covers.

## 5. Industry Analysis | EUROPEAN INDUSTRY ANALYSIS

EGG is a company born and established in Portugal. However, since 2015 the company has been expanding throughout Europe. Therefore, it is not enough to perform a Porter's Diamond, there is also a need to analyze the environment in European countries where the company also operates, specifically: Austria, Belgium, France, Germany, Italy, Spain and Switzerland.

**NOTE:** Given the lack of information regarding the Power Strips Industry in Portugal, research regarding the **Consumer Electronics Industry** was used as a proxy industry.

Revenue in the Consumer Electronics segment in Europe amounts to US \$68,664m in 2019 and is expected to show an annual growth rate (CAGR 2019-2023) of 9.4%, resulting in a market volume of US\$98,221m by 2023. User penetration is 31.0% in 2019 and is expected to reach 42.0% by 2023. (Statista, 2019)

Consumer Electronics generated 997 billion US Dollars in revenues worldwide in 2018, with the Swiss spending the most on Consumer Electronics in 2018, \$467 US Dollars per capita. In the Telephony segment, Switzerland (US\$259) and France (US\$224) had the highest annual revenue per capita in 2018. Telephony sales in Europe will increase at a CAGR of 3.8% from 2012 to 2023 (Statista, 2019). **This growth in consumer electronics, specially in the "Telephony" segment is translated into a need of charging more devices at the same time, which is an advantage for EGG.**

The most highly developed markets reached a smartphone penetration of over 75% and, among them it is possible to find Sweden and Norway. The smartphone penetration rates in the United Kingdom, Germany and France are similar, at 69% to 73%. By 2023, smartphone penetration in those countries is expected to be around 80% or higher (Statista, 2019)

### CONCLUSIONS:

From the analysis it can be understood that there is indeed a match between the consumers of the countries where EGG already operates and the characteristics of the PowerStation: they value portability and flexibility, have a preference for innovative premium products, and they are e-commerce friendly.

**Austria:** The leading three popular online stores in 2018 were Amazon, Zalando, and Universal. The first one crushed the competition with its significant over 809 million U.S. dollars net sales. This works as a strength for EGG once it sells online via Amazon. The quality of products is nevertheless very important, and consumers are prepared to pay more for a product of higher quality (precise and efficient).

**Belgium:** Consumers appreciate practical products offering good value for money, keeping in mind the impact on environment. The ageing population is impacting consumer behavior and can work as a threat for EGG, once it targets people with electronic devices who give a lot of use to it.

**France:** France stands out by its high consumption of entertainment, culture and gifts. The French consumer, quite well-off, buys often and likes to try new and innovative products, such as EGG PowerStation.

**Germany:** Leading country in Europe when it comes to the number of online stores (more than 175,000 in 2017). German customers value flexibility, security and humility (brash, hyperbolic slogans or product descriptions will have little impact).

**Italy:** Italians tend to favour consumption to saving. Consumers are demanding quality products. They will therefore be more concerned about the quality of customer service than about promotions. When given the choice, Italians prefer products made in Italy. Given the Italian pursuit of excellence, it's no surprise that premium products are popular.

**Spain:** Consumers tend to favor spanish products or products that look like such. They are loyal to brands, they search for value for money (specially since the economic crash) and a personal connection with what you're selling.

**Switzerland:** Holds 1.6% share of all European online stores. When deciding on a purchase, they are more likely than their European counterparts to look for value of money rather than design or brand's reputation. Furthermore, they give great importance to after sales services. The Swiss appreciate quality and are willing to pay more for products deemed of better quality.

EGG presents a set of resources and competences upon which it builds its activities. Afterwards, an analysis will be conducted to understand if the company enjoys a sustained competitive advantage.

6. **Internal Analysis** | RESOURCES AND CAPABILITIES

**Literature Review** 

Being Strategic Capability the “set of capacities, resources and skills that create a long-term competitive advantage for an organization” (Paaui, Jaap and Farndale, Elaine, 2017) the decision was to conduct an analysis to understand whether EGG Electronics possesses any competitive advantage, given the firm’s structure and organization.

Below, we present the definitions to better understand the table:

- **Resources** - The assets used for the processes and activities of the firm
- **Competences** - The way a firm deploys and uses its resources. These are the main source of differentiation, mainly in industries where resources are mostly identical
- **Threshold Capabilities** - The ones that are essential for the firm to operate in an industry
- **Distinctive Capabilities** - Critical in distinguishing the firm from its competitors

**EGG’s Strategic Capabilities**

	Resources	Competences
<b>Threshold Capabilities</b>	<p><b>Multiproduct company</b></p> <p>With the launching of two new products – PowerStation Pro and Traveller version – EGG will build a portfolio of three products, serving different needs. These new products will also allow to start operations worldwide since all plug requirements are met.</p>	<p><b>Ability to maintain and establish partnerships</b></p> <p>During 2018, the company established new partnerships in order to guarantee production capacity and technical knowledge.</p>
	<p><b>Outsourced production</b></p> <p>EGG outsources its production, reducing risk by passing on responsibilities to assembling partners.</p>	<p><b>Multi-channel presence</b></p> <p>By focusing on several selling channels, EGG Electronics is increasing its brand exposure and potentially approaching more clients.</p>
<b>Distinctive Capabilities</b>	<p><b>“European Trademark”</b></p> <p>Due to assembling done in Portugal, the company’s products are perceived as more trustworthy by customers. Also, it is easier to penetrate the market.</p>	<p><b>International Management</b></p> <p>The company perceives the Portuguese market as too small. Therefore, it has been obtaining experience through different endeavours.</p>
	<p><b>Patent</b></p> <p>EGG has a registered patent on design. Additionally, company is pending on a patent on components assembly - the way internal electronics are connected to each other can possible be a distinguishing factor.</p>	

Table 4

EGG's threshold capabilities represent mainly a competitive parity to the firm, therefore, the client should focus on its distinctive capabilities in order to have access to a sustainable source of competitive advantage.

## 6. Internal Analysis | VRIO ANALYSIS (1/2)

Based on Strategic Analysis approach, distinctive capabilities represent a competitive advantage to the firm. Nevertheless, the group believes that this statement is not strong enough to support our conclusion. Thus, we decided to use VRIO Framework to backup our findings. This framework analyses the company's resources and capabilities in order to find out if those aspects give the company a sustainable competitive advantage.

### EGG's Threshold Capabilities

















	VALUABLE	RARE	INIMITABLE	Organized	Conclusion
<b>Multiproduct Company</b>	 Having 3 products that meet specific country plugs usage requirements, Egg is able to aim to any country in the world, when thinking about internationalization.	 All companies in power strips industry have this resource, thus, no one has restrictions in terms of export destinations.	 In order to sell this kind of product worldwide, companies must have all different plugs. Since this is not hard to include in the products, power strip firms can easily use any plug type in its products.	 By taking advantage of these 3 products, EGG will be able to look at a more wide range of international opportunities.	<b>Competitive Parity</b> Although this is an important resource, EGG isn't able to stand out relatively to its peers. Thus, company should focus on other sources of sustainable competitive advantage.
<b>Outsourced Production</b>	 By applying this process, EGG is able to distribute responsibilities and have a more efficient cost structure.	 It is impossible to consider it rare. Building such a supply chain is a basic management decision, which any firm can make.	 Easily imitable by competing firms	 Given the lack of resources (financial and infrastructures), a startup such as EGG needs to have this process in order to be able to operate efficiently.	<b>Competitive Parity</b> By taking advantage of the value extracted from outsourced production, EGG can mitigate potential differences between them and its competitors
<b>Ability to maintain and establish partnerships</b>	 The new assembling partners allowed the company to diversify its network of suppliers. Hence, this is a valuable resource	 EGG's peers can close partnerships with the same partners, thus, production and assembly technology are not rare.	 Competing firms can establish partnerships with other (or the same) assembling partners and reach the same final result.	 Having new assembling partners with better technical knowledge will increase final product quality. Regarding production capacity, EGG will be able to meet a potential increase number of orders.	<b>Competitive Parity</b> Although partnerships are not exclusive, EGG Electronics can guarantee its final product quality since its partners have good component assembly production.
<b>Multi-channel presence</b>	 By being present in a variety of sales channels, Egg Electronics could potential increase its brand awareness as well as revenues.	 EGG's peers also experience multi sales channel approach.	 Any company can be present in different sales channel, thus, this is not an inimitable capability.	 EGG is able to take advantage of this, allowing them to reach a broader target with less effort	<b>Competitive Parity</b> Besides the value that EGG can extract from this capability, in the short term EGG is not taking advantage of it. Focusing in a specific sales target should be considered as a possibility.

Table 5

Customization and Design is EGG's sustainable competitive advantage. It represents a capability that distinguishes the brand from its competitors. Therefore, the company must capitalize on it when looking towards the future.

## 6. Internal Analysis | VRIO ANALYSIS (2/2)

Based on Strategic Analysis approach, distinctive capabilities represent a competitive advantage to the firm. Nevertheless, the group believes that this statement is not strong enough to support our conclusions, thus, we decided to use VRIO Framework to bear our findings. This framework analyses the company's resources and capabilities in order to find out if those aspects give the company a sustainable competitive advantage. Four main areas will be deeply investigated:

### EGG's Threshold and Distinctive Capabilities

















	VALUABLE	RARE	INIMITABLE	ORGANIZED	Conclusion
<b>Threshold Capabilities</b>					
<b>International Management</b>	 <p>The company enjoys experience and knowledge due to its previous endeavours. When looking at future possible expansions, this experience is positive.</p>	 <p>Experience and knowledge attained on previous investments is not known by other firms.</p>	 <p>Such international presence is possible to be replicated, not only by taking products abroad, but also by being present in fairs and importing missions.</p>	 <p>The company has made many decisions based on previous experience, mainly concerning new investments abroad, sales channels and products to introduce.</p>	<p><b>Temporary Competitive Advantage</b></p> <p>The company is able to take advantage on their previous international presence, mainly when facing competitors that have no experience.</p>
<b>"European Trademark"</b>	 <p>European assembling facilitates exporting to Europe in terms of brand image and european certifications.</p>	 <p>Competing firms can potentially establish in European countries.</p>	 <p>Since there are firms that already operate in Europe, this resource can be used by EGG's peers.</p>	 <p>Production in Europe adds value to the firm. Therefore, it is organized.</p>	<p><b>Competitive Parity</b></p> <p>Having the assembling in Portugal allows the company to export to other European companies more easily.</p>
<b>Distinctive Capabilities</b>					
<b>Customization and Design</b>	 <p>EGG Electronics provides the possibility to customize and share its brand on EGG's PowerStations. This is not only functional but can work as a decor piece in any room.</p>	 <p>EGG Electronics is the only company in the power strips industry that provides customization and personalization.</p>	 <p>Although any company could introduce this feature, it would demand some shape changes on their current products, which is not reasonable to happen in the short-term.</p>	 <p>EGG is taking advantage of this capability in the Corporate Gift market, which is the most representative sales channel so far.</p>	<p><b>Sustainable Competitive Advantage</b></p> <p>Since the customization and design capabilities meet the four different areas of the VRIO analysis, EGG Electronics has a strong capability that will be important for future company growth.</p>
<b>Patent</b>	 <p>The company has a patent that protects the product's design and combination of features.</p>	 <p>The definition of patent itself makes what it protects rare. Thus, any of its competitors can design and build a product similar to what the client offers.</p>	 <p>Unfortunately, the patent is limited, since other competitors can built a similar product with another form, for example. Meaning, despite being valuable and rare, other firms could imitate.</p>	 <p>Egg has been taking advantage on this to differentiate and position itself as a "premium" brand.</p>	<p><b>Temporary Competitive Advantage</b></p> <p>As long as Egg possesses this patent (with practical impact), it will be the only firm exploiting a specific market with a lot of potential.</p>

Table 6



Bearing in mind the industry behavior, the strategic choice of EGG of pursuing a **Focus Differentiation strategy**, regarding both scope and positioning, was a thoughtful one.

## 6. Internal Analysis | PORTER'S GENERIC STRATEGY

- Porter's 5 Forces allowed to have a better understanding of the industry's main features, specifically, an **intense competitiveness** allied to a **high degree of substitutability**. Moreover, **buyers' bargaining power** is considered to be high: mass market consumers want power strips to be simple and practical, resulting in a low brand loyalty.
- Given that EGG is a small company, compared to other players, it has no scale to compete on cost leadership. Furthermore, **from the VRIO analysis the conclusion is that only customization and design can provide the company with a sustainable competitive advantage**.

### Porter's Generic Strategy - EGG and Competitors' Generic Strategies

Competitive Positioning

		Low Cost	Product Uniqueness
Competitive Scope	Broad Target	 <b>Cost Leadership Strategy</b> Low-Cost sellers	   a different standard.  <b>Differentiation Strategy</b>
	Narrow Target	<b>Focus Strategy: Cost</b>	<div style="border: 1px dashed blue; padding: 5px;">   <b>Focus Strategy: Differentiation</b> </div>

Table 7

### EGG's Generic Strategy

Considering the power strips' industry behaviour, the strategies of other players, and EGG's source of competitive advantage, the conclusion was that the best choice for EGG is to follow a **Focus Differentiation strategy**. According to Robert Grant in "Contemporary Strategy Analysis", the tendency is for the leading firms to focus on the mass market, while a new phase of entry may take place as new players create niche positions in the market, which also supports EGG's strategic choice.

Indeed, EGG's PowerStation features such as its appealing design, the customizable covers and the comfort it brings to users, are qualities that are valued by a specific range of customers who are willing to pay a premium for this differentiation. Thus, the company should engage on satisfying this niche market through a well established Focus Differentiation strategy.

## 7. Key Takeaways | SWOT MATRIX

### STRENGTHS

- The amount of devices EGG's PowerStation can charge at the same time makes it a multifunctional product that surpasses simple power strips.
- The aesthetics of the PowerStation enhances the value pursued by customers, given that they see it as a decorative item and not as something they want to hide.
- The product being fully assembled in Portugal enhances its image, once people are increasingly becoming more attracted to national products.
- EGG is backed up by EDP Ventures, which brings the company relevant know-how and stability to operate.
- EGG's multiple sales channels allow the firm to diversify its level of risk when selling.
- Ability to increase the scale of production, since supply chain partners are available to do so.
- Know-how of the industry and of the actual markets of operations.
- Differentiation against other brands by providing customization options.
- EGG is not dependent on specific supplying partners, as there is a large availability of raw materials and accessory suppliers.
- Strategic location of the headquarters facilitating the logistics.
- Portfolio diversification allowed the company to smooth commercial risk, since the different clients' needs are now being addressed (Eg: several types of plugs).
- Wireless and USB charging as a distinctive product feature.
- As a portuguese product the european market has higher incentives to trust in its quality, once it is fully assembled in Europe.

### WEAKNESSES

- The PowerStation does not charge type A/F plugs, for instance computers and televisions.
- The company has no strong patents protecting the PowerStation from new entrants copying it (besides the design patent).
- The product is a usually one-time purchase, which makes it tougher for EGG to grow its customer base; thus, the company needs to constantly capture new buyers.
- Operative costs are not being covered by the actual amount of sales.
- EGG's margin is still largely dependent on Distributors, especially in the Corporate gifts market.
- Due to customization costs, orders below a certain amount are not lucrative to the firm.
- No centralised advertisement which creates no brand awareness.
- High intermediary costs and commissions charged by retailers.



## 7. Key Takeaways | SWOT MATRIX

### OPPORTUNITIES

- Consumers are engaging into a more mobile lifestyle and acquiring electronic devices that are multifunctional and user-friendly, allowing them to have a higher flexibility in their nomad lives.
- With income increases, people are moving towards Premium products over basic ones. Furthermore, there is a rising trend towards visual elements and personalization, which makes products more unique and prestigious.
- Wireless technology, USB charging and smart charging are technology trends that are gaining importance for consumers.
- Consumer Electronics has been growing overall, with a faster growth in Switzerland and France. In Portugal, manufacture of consumer electronics industry is also forecasted to rise at least until 2023. The most highly developed markets reached a smartphone penetration of over 75% and, among them it is possible to find Sweden and Norway.
- Startup Ecosystem is growing twice as fast in Portugal than European average, due to the quality & cost of Portuguese tech services.
- The supporting industry of Plastic manufacturing in Portugal has been increasing since 2013, and is projected to keep growing until 2023.

### THREATS

- Competitors (Belkin, Samsung, Allocacoc) are able to charge a lower selling price and offer the same purpose, which is to charge devices; plus, they're also investing in Design.
- Nationalistic movements are rising in many countries, which interferes with international trade and exports, and can be a threat for companies who import their raw materials and depend on exports to sell their products.
- Environmental concerns are gaining importance and companies can be boycotted if they don't comply with consumers' exigences.
- Changes in Legal certifications deeply affect the power strips' businesses as manufacturers must constantly adapt to them, which can mean higher production costs.
- Ageing Population is affecting consumption of electronics and can work as a major threat for producers of technologically-related devices.
- Consumers are becoming more demanding towards product requirements concerning power strips, such as Warranty Period, Safety or High Matching Degree of Plug and Socket.

TOWS is a tool generated from the SWOT analysis used for strategy generation and selection. Several strategies were listed so that EGG is able to exploit its internal strengths as well as mitigate its weaknesses with opportunities arising from the external market.

7. Key Takeaways | TOWS MATRIX

**STRENGTHS**

**WEAKNESSES**

**Exploit**

**Mitigate**

OPPORTUNITIES

1. EGG can profit from the fact that Consumers are moving towards multifunctional and flexible products. Given that EGG incorporates, the possibility to charge several devices at the same time and new ways of charging (USB and Wireless), the company is complying with the customer's need for flexibility in their lives. Furthermore, when introducing the Traveler Powerstation, the company is giving customers the opportunity to take the product everywhere and follow a Nomad lifestyle. Thus, while focusing on manufacturing products that customers see as helpful and easy to use, EGG is reaching a larger customer basis.
2. Product-aesthetics is becoming a key variable for Customers choosing between two products. As their income increases, customers are more willing to go for Premium versions of products which they consider to be visually more appealing. EGG is focused on delivering beautifully designed PowerStations which can work as decorative items, while offering the possibility of personalizing it and making it a unique piece for customers. The focus on aesthetics is a company's strength which can be used to exploit this rising trend of visual importance.
3. Tech trends such as USB charging, Wireless charging and Smart charging are rising and should be incorporated by powerstrips manufacturers. EGG already incorporates 2 of these features, but has not yet included smart charging. To be at the forefront of technology, the company should keep investing in R&D, in order to not be overcome by competitors in the industry.
4. Given that the consumer electronics industry is on a growth stage not only in Europe but also in Portugal, EGG should keep investing in those countries which show signs of larger development. To exploit this opportunity, EGG should take advantage of the know-how already acquired from previous internationalizations, combined with the support given by EDP Ventures to increase its scale of production and address new markets.
5. The Startup ecosystem in Portugal is growing twice as fast than Europe's Average. By having its HQ and main operations in the country, EGG has major facilities which could not be found in other European countries. As the company is still on a growth phase, it should take advantage from Portuguese factors such as its quality of tech-graduates and lower cost of employees. This goes to say that Portugal is a great country for EGG to have its HQ, and that while the company is still on a young stage, it should continue to benefit from the country's advantages.
6. Another relevant opportunity coming from Portugal is its Plastic industry: this industry has been growing up until 2018 and is expected to keep following this trend. Bearing in mind that plastic is one of the raw materials that EGG uses when manufacturing its PowerStations, and knowing that the Plastic industry is expected to keep growing, the company can increase its scale of production with the help of the Portuguese industry while also diversifying the risk of being dependent on a single producer.

1. Even though the PowerStation itself can be copied, the power strips' industry is expected to grow and thus the demand for these type of products. EGG may take advantage of this growth to reinforce its image and brand awareness therefore avoiding losing customers and fighting the possibility of imitation.
2. The fact that trends such as wireless technology and USB charging expect to grow may help capture new buyers and hence a constant growth in client base. Additionally, EGG may mitigate the disadvantage of having one-time purchase clients, the majority of sales are by volume, yielding greater revenues.
3. Also the use of more electronic devices and the preference for personalization may be trends that continue to grow along the world, creating possibilities for more clients to buy these specific products.

TOWS is a tool generated from the SWOT analysis used for strategy generation and selection. Several strategies were listed so that EGG is able to overcome the threats coming from the market by using its strengths, while focusing on minimising its weaknesses.

7. Key Takeaways | TOWS MATRIX

THREATS

**STRENGTHS**

**Overcome**

1. In order for EGG to compete in the global market it should focus on the product characteristics that make it unique: multi charging, design and specially customization.
2. The increasing trend towards nationalism can be threatening because consumers tend to prefer products produced inside their home countries. However Portugal being part of Europe brings a feeling of home, trust and quality towards the product.
3. Additionally, environmental concerns have been gaining form in the past years and is impacting consumption. EGG has not yet addressed this issue and still needs to define a strategy that embraces CSR.
4. Furthermore, changes in legal certifications impact production and the company must respond quickly and adapt the current process in order to deliver a new product accordingly. During this procedure, the company should be aware of the possible increase in costs this process change can generate. EGG can respond to this given that it has the ability to increase the scale of production.
5. Another trend visible in the market is the ageing of the population in Europe, which affects negatively the consumption of electronics. To overcome this problem EGG should take advantage of its multiple sales channels with the purpose of diversifying the level of risk in sales.
6. On a final note, consumers are increasingly becoming more demanding in terms of product requirements regarding power strips (Warranty Period, Safety or High Matching Degree of Plug and Socket). To counter this issue EGG benefits from incorporating an industry with the necessary know-how and from offering features such as wireless and USB charging.

**WEAKNESSES**

**Minimise**

1. Considering the most important internal weaknesses and external threats the company has to set a series of strategies. Starting on making a selective choice of the places of internationalization, to avoid external risk factors or even distribution issues.
2. Transmitting the idea of differentiation among its potential clients and concentrating on the capture of new volume buyers will tackle the threat of actual and new competitors. The addition of more volume buying clients will also reduce the threats and weaknesses of high customization costs, dependency on a number of distributors. This will also spread and minimize the operative and commission costs.
3. The high degree of competition that exists within the industry demands that EGG initiates solid marketing campaigns using their advantages on differentiation. This in order to get its products and brand to be known.
4. The company should be constantly informed on environmental best practices and changes on legal certifications to get updated at an accurate pace and avoid possible changes that may harm the image or distribution of the products.

## 8. Diagnosis for Internationalization | MOTIVES FOR INTERNATIONALIZATION

### Motives for Internationalization

#### Literature Review

According to Lea Kubickova: "Motives that lead SMEs to think about the internationalization may vary across sectors, depending on the size of the enterprise, their previous experience with international operations and so on." (2014)

Hollensen (2008) also classified the motives specifically for SMEs to be "proactive and reactive", as they still lack a leverage that can support them to create other riskier strategies.



Consequently, the case for EGG Electronics is supported by **market seeking motives**, a **proactive** move strengthened with pull factors aiming to boost the company's image, reputation, sales and accordingly, its revenues.

### 2. RISK DIVERSIFICATION

Luís' interest in exploring other countries lies on discovering new opportunities and reducing economic, legal, country and political risk by diversifying EGG's countries of operations.

### 1. MOVING TO ANOTHER CONTINENT

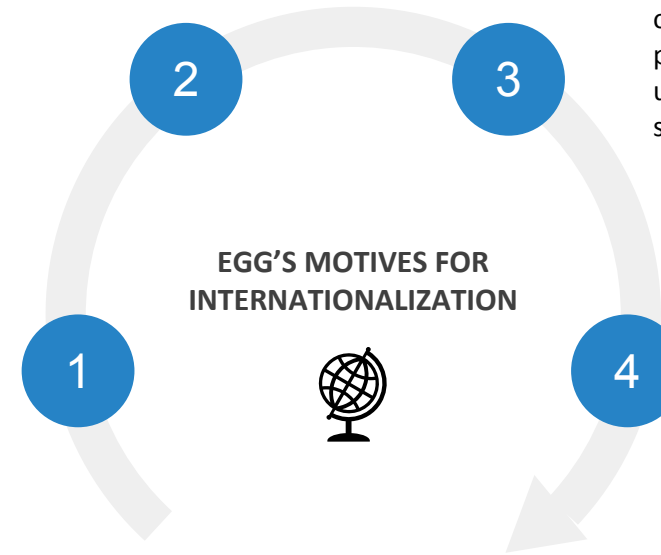
EGG currently has presence in some European countries and is trying to improve the customer acquisition strategy. However, moving towards a different continent is of higher interest. This due to the fact that the Luís Vieira, CEO of the company, considers that the strategy to internationalize to other European countries has already been established and applied. And the same can be exercised through the rest of the unreached countries in the region, given the similarities. Being this a strong driver towards studying the qualities and developing a new strategy focused on an entirely different market.

### 3. NEW PRODUCTS

Launching the "Traveler" and "PowerStation Pro" enables the company to offer their new products in markets that were unreachable due to the features of the devices. The development of these products motivates the firm to reach unexplored markets with high potential of sales and acceptance.

### 4. QUEST FOR LARGER MARKETS

The CEO supports his interest with the possibility of finding larger markets, which may have more potential (fact to be confirmed in later stages of the project). These potential markets may offer a wider set of clients in both sections of operations B2B and B2C, consequently enabling the company to increase its product portfolio and their customer base.



## 8. Diagnosis for Internationalization | GLOBAL READINESS

### Global Readiness

In order to analyze whether or not EGG Electronics is prepared to expand internationally, the group decided to compare the company's current entry strategy with the one suggested by Global Readiness. A company that is willing to expand needs to be ready to define changes both internally and externally. Regarding global readiness the company scored 78%. From this result the global readiness analysis leads to a series of conclusions:

- A score between 70% and 90% means a foreign market presence. However, this result would imply the company owned a retail store and a marketing subsidiary. Given EGG's Business Life Cycle mentioned on slide 7, **the company does not have sufficient financial funds and a solid organizational structure to pursuit this entry strategy on the next expansion plan.**
- Also, having a 78% value means that all other characteristics regarding lower percentages are present in the company, such as being ready to export, having an e-commerce presence, indirectly exporting (Export Management Company, Export Agent, Piggyback Marketing, Export Trading Company, Offshore Call Centers), attaining contractual arrangements (Contract Manufacturing, Management Contract, Licensing or Franchising) and directly exporting (Foreign Based Agents, Foreign Based Distributors, Foreign Sales Representatives, Foreign Retailer, Direct Sales to End User).

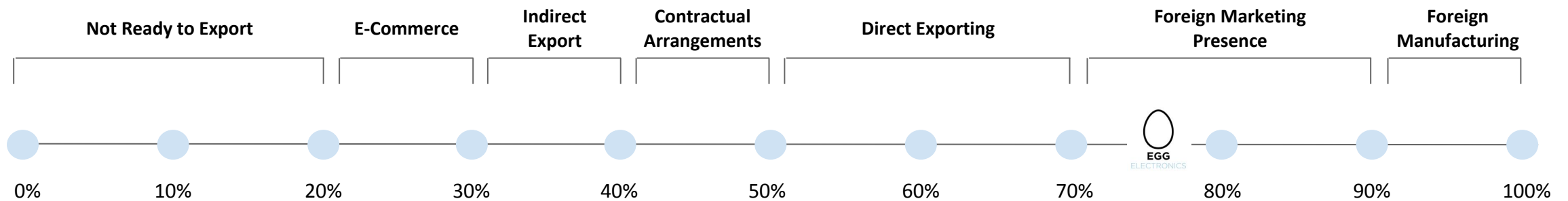


Figure 3 - EGG's Global Readiness Result

## 9. Conclusions and Recommendations

### I. Company Overview

- The company is in a growth stage, having expanded operations abroad. Cumulative experience allows it to make sustained decisions.
- Due to product features and usability, EGG decided to develop and launch two new products, aiming at increasing the customer base, capitalizing on potential new purchases by current customers and diversifying risk.
- Profiling the typical customer on the two segments EGG exploits (B2B and B2C), allowed to define how the company strategically approaches both of them.
- EGG's growing revenues are not enough to cover the costs yet. Nevertheless, the potential to grow is large, and the company looks to international expansion as a way of enlarging the client base.

### II. Financials

- Exponential growth of sales in revenues from 2017 to 2018. Although there was an improvement in EBITDA, the value is negative, meaning the sales volume is not sufficient to cover all costs.
- The company is in a solid position in terms of liquidity.
- B2B segment is the most representative in terms of sales, while Portugal and Germany are the two biggest markets for this segment.
- Due to higher commissions, the operating margin from B2C segment is lower.

### III. Industry Analysis

- EGG's industry (power strips) is growing fast along with the electronic equipment spreading. Therefore, the company must be aware of any shifts that may affect its day-to-day business.
- The industry can be characterized by a rather fierce competition (on both price and non-price dimensions), a high threat of substitution and high bargaining power of buyers. New entrants find several barriers when entering the industry but can overcome them by differentiating their products.
- Premium products are gaining relevance, as is design and customization. This market trend represents a strong opportunity, since companies such as EGG are able to offer different features that are actually valued by customers.

### IV. Internal Analysis

- The company presents a solid set of resources and capabilities upon which it develops its activities.
- Customization and Design is the only capability, according to VRIO, that delivers a sustained competitive advantage to the firm. **Hence, it is essential that the company develops its strategy around this feature, protecting it to the extent of its possibilities.**
- According to the conducted analysis, other R&C were identified as being sources of temporary competitive advantage. Resources such as the patent, if were to become inimitable, would increase the competitive positioning of the company.

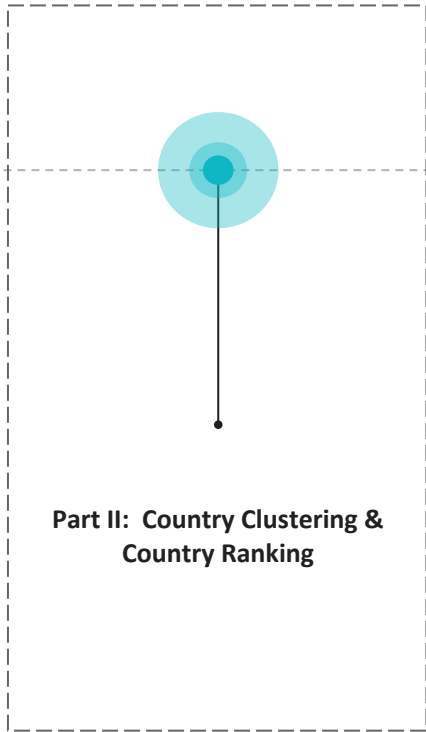
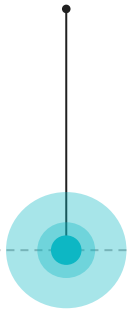


**Part I: Analysis of Company's  
Situation & Global Readiness**

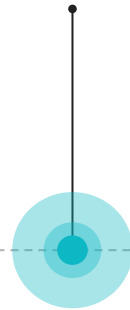
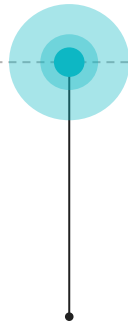
**Part III - In-depth Country Analysis**

**Part V - Marketing Plan**

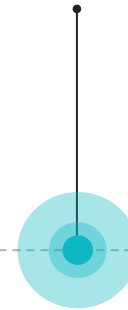
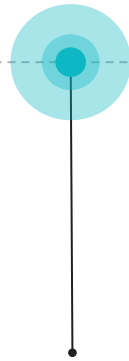
**Part VII: Conclusions &  
Recommendations**



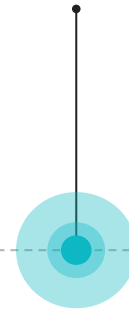
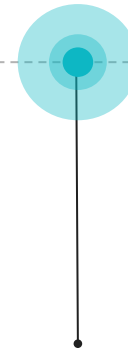
**Part II: Country Clustering &  
Country Ranking**



**Part IV: International Entry  
Strategy**



**Part VI: Financial Forecast**



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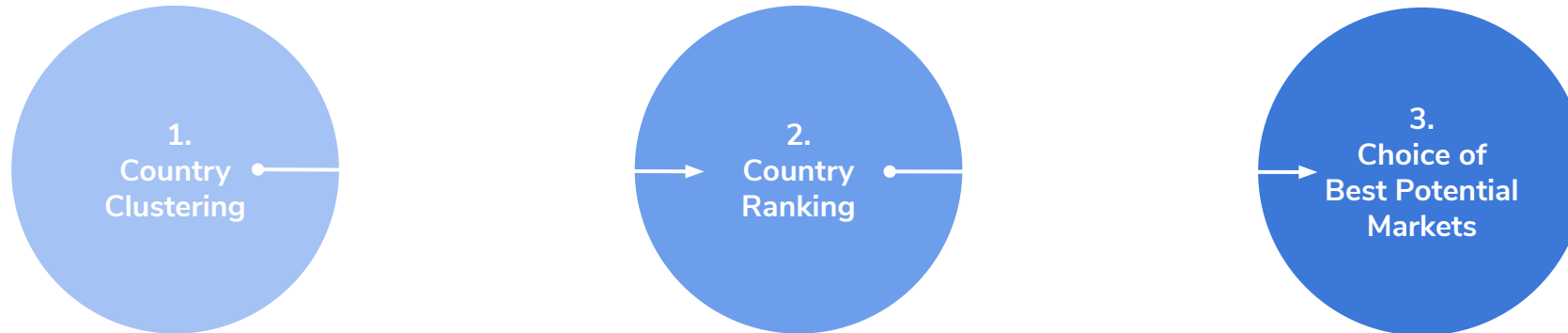
## 1. Introduction | CHAPTER OVERVIEW



From the previous chapter, the conclusion was that EGG's desire to go abroad is supported by many different factors:

1. Portuguese market is small when comparing with foreign markets. This takes a whole other importance when we bear in mind the product's features, since it is a one-time purchase - **revenue increase shrinks the market.**
2. Power strips industry is highly competitive. Big international players have the ability to compete in price, due to their scale. Therefore, by scaling its production, EGG would be able to offer a differentiated product with a more competitive price - **scale is only attainable if EGG increases the customer basis.**
3. Global Readiness result shows that the company is prepared to internationalize one more time - **EGG scored 78% on the questionnaire**
4. Acquired experience on previous international ventures

The goal of this chapter is to thoroughly analyse EGG's options for Internationalization, by conducting the following 3-steps approach:



Using **Macro-variables** to extract several clusters that combine countries that have similarities according to the chosen variables.

Set up specific **variables** related to the product/selling channel, and define the appropriate weight for each of the variables. This will be applied to all the countries included in the analysis, ranking them according to their level of interest to EGG.

By combining both steps 1 and 2, a final choice of 5 most interesting potential markets will be reached.

## 2. Country Clustering | LITERATURE REVIEW & PROCESS DESCRIPTION

### Literature Review

Country clustering aims to take into account a series of variables (indexes, ratings, percentages) chosen by the researchers to segment world markets on similar clusters. As said by Cavusgil, dimensions such as the commercial, economic, political, and cultural may be useful to find similarities that compare countries, but also to find synergies between them (Cavusgil, 2004).

This approach gives a more general idea of which group of destinations could be the optimal for a company to internationalize, without the need of using product specific variables, which will be helpful in later stages of the selection.

The same author expressed that the ability to select the right country or set of countries should result in a significant competitive advantage and that **“groups based on similarities and differences along meaningful dimensions can lead to unique insights”** (Cavusgil, 2004).

The major drawbacks of this process are a series of methodological weaknesses. For instance, the use of secondary data in some cases makes it hard to compare countries and to find relevant, updated information that can be trusted. Also, the assumption that countries are homogeneous and indivisible units ignores the heterogeneity of groups within the country. Finally, the author argues that international markets should be seen as a continuum rather than as entirely similar or dissimilar markets.

The decision on choosing this procedure was based on previous experience with the process and also using the paper: “Complementary approaches to preliminary foreign market opportunity assessment: Country clustering and country ranking” (by S. Tamer Cavusgil\*, Tunga Kiyak, Sengun Yenyurt) as a reference to have the most accurate resolution.

### Process

1. In the specific case of EGG Electronics, the team decided to work with 5 dimensions (Country Size, Economical, Logistics, Social and Political) each containing a set of variables that will segregate the countries depending on their past performance. These variables were picked meticulously to be as accurate as possible considering the nature of the company and its objectives.
2. The next step was researching the values of these variables for the countries available and collect the data for the most recent years. This meant that on some occasions there was a need to compute the Compounded Annual Growth Rate, in the case that there was no information available for the latest years and an estimate of the actual number was reached.
3. Succeeding this stage, it was necessary to standardize all the values in order to make them comparable between each other, by transforming them into z-scores. Certain variables were also inverted to facilitate their interpretation.
4. Finally, the team joined all the data and uploaded the information to a statistical tool called “SPSS”, which after picking certain constraints gives an agglomeration schedule and a dendrogram automatically which allows to view the best alternatives of clusters where to choose from.

Five dimensions containing various variables were used to perform the clustering. This resulted in 14 clusters which contain countries that have similarities between them directly related to the dimensions exposed.

## 2. Country Clustering | VARIABLES FOR CLUSTERING

### CLUSTERING VARIABLES BY DIMENSION

COUNTRY SIZE	LOGISTICS	ECONOMICS	SOCIAL	POLITICAL
<ul style="list-style-type: none"> <li>- Total GDP</li> <li>- Total Population</li> </ul>	<ul style="list-style-type: none"> <li>- Logistics Performance Index</li> <li>- Secure Internet Servers per 1 Million people</li> <li>- Airports with Paved Runways</li> <li>- Quality of Port Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- GDP per capita (in current USD)</li> <li>- Economic Freedom Index</li> <li>- Unemployment (% labor force)</li> <li>- Services Value Added (total in current USD)</li> <li>- Foreign Direct Investment Inflow (USD)</li> </ul>	<ul style="list-style-type: none"> <li>- Life Expectancy at birth (total years)</li> <li>- School Enrollment, Secondary (in % Gross)</li> <li>- Urban Population (% of total population)</li> </ul>	<ul style="list-style-type: none"> <li>- Political Freedom Index</li> <li>- Openness of Country to Trade (trade as % of GDP)</li> </ul>

### RESULTS <sup>1</sup>

<b>Cluster 1:</b> Montenegro, Tunisia, Albania, Serbia, Georgia, North Macedonia, Armenia, Bosnia and Herzegovina	<b>Cluster 2:</b> Argentina, Brazil, Lebanon, Bolivia, Jamaica, Mauritius, Colombia, Dominican Republic, Peru, Bulgaria, El Salvador, Paraguay, Ukraine, Indonesia, Equador	<b>Cluster 3:</b> Seychelles <sup>2</sup> ( <sup>1</sup> )	<b>Cluster 4:</b> Morocco, Turkey, Brunei, Jordan, Kazakhstan, Russia, Algeria, Iran, Egypt	<b>Cluster 5:</b> Qatar, United Arab Emirates, Malaysia, Thailand, Oman, Saudi Arabia, Bahrain, Kuwait, Macao	<b>Cluster 6:</b> China, India.	<b>Cluster 7:</b> United States of America
<b>Cluster 8:</b> Liberia, Madagascar, Burkina Faso, Mozambique, Benin, Ghana, Senegal, Cote D'Ivoire, Mali, Nigeria, Angola, Cameroon, Mauritania, Lesotho	<b>Cluster 9:</b> Laos, Myanmar, Burundi, Ethiopia, Chade, Rwanda. <sup>3</sup> ( <sup>2</sup> )	<b>Cluster 10:</b> Bangladesh, Pakistan, Sri Lanka, Moldova, Philippines, Guatemala, Honduras, Malawi, Nepal, Bhutan, Kyrgyz Republic. <sup>4</sup>	<b>Cluster 11:</b> Croatia, Poland, Romania, Hungary, Slovakia, Czech Republic, Chile, Uruguay, Costa Rica, Portugal, Slovenia, Cyprus, Latvia, Lithuania, Estonia, Panama, Malta	<b>Cluster 12:</b> France, Italy, Spain, Greece, South Africa.	<b>Cluster 13:</b> Finland, Sweden, Australia, United Kingdom, Belgium, Netherlands, Canada, Germany, Japan, Israel, South Korea, New Zealand, Denmark, Norway, Iceland, Ireland, Switzerland, Austria	<b>Cluster 14:</b> Hong Kong, Singapore, Luxembourg

Table 8

1. 99 countries were excluded for not having enough information.

2. This country was automatically separated from other countries by SPSS given its peculiarities. Adding to this, the country was too small to be considered interesting for the future analysis.

3. This cluster was excluded from the analysis since it reported some of the lowest values for Secure Internet Servers coupled with the fact that these countries are too small (low GDP and total population).

4. Countries in this cluster show low levels of economic and logistic development. For that, they will no longer be part of further analysis.

The Cluster's description is a crucial step to understand which countries are of greater interest to EGG. Computing the standard deviation of observations allows to understand which variable best explains why certain clusters were put together.

## 2. Country Clustering | IN-DEPTH CLUSTER ANALYSIS

### Clusters Description

Clusters/ Countries	1 Montenegro, Tunisia, Albania, Serbia, Georgia, North Macedonia, Armenia, Bosnia and Herzegovina	2 Argentina, Brazil, Lebanon, Bolivia, Jamaica, Mauritius, Colombia, Dominican Republic, Peru, Bulgaria, El Salvador, Paraguay, Ukraine, Indonesia, Ecuador	4 Morocco, Turkey, Brunei, Jordan, Kazakhstan, Russia, Algeria, Iran, Egypt	5 Qatar, United Arab Emirates, Malaysia, Thailand, Oman, Saudi Arabia, Bahrain, Kuwait, Macao
<b>Country Size</b> (Total GDP, Total Population)	In terms of Country Size, one can see that these are not large countries: on average, they have a Total Population z-score of 1.3 and total GDP z-score of 1.1. <b>In fact, these are 2 of the variables that best explain why these countries were put together.</b>	<b>Country Size can explain why these countries are together</b> , since its Z-score variance is 6.11. Brazil is clearly an outlier on this variables. In terms of population, Brazil and Indonesia are positioned way above its peers.	Regarding Country Size, countries are not huge. They have an average z-score of 5,47 for Total Population and an average z-score of 3,2 concerning Total GDP. <b>Deviation of both this variables are 2.61 and 3.57, meaning similarity can be found.</b>	The GDP and populations of this countries present a variance of 1,21 & 1.65 respectively. Meaning there are some similarities but not relevant.
<b>Logistics</b> (LP Index, Secure Internet, Airports, Quality of Ports)	In terms of Port Infrastructure, Cluster 1's countries have a z-score of 36.75; however, when it comes to Secure Internet and paved Airports, the average values only amount to 1.61 and 1.17 (respectively). The average LP index for these countries was 26.11.	In terms of Secure Internet Servers and Airports, these countries have, on average, a z-score of 2.48 and 3.3, respectively. LP and Quality of ports have a z-score lower than 50, meaning a relatively low quality.	Logistics Performance Index present an average z-score of 42,48. Regarding Secure Internet Servers and Airports, the average z-scores are, respectively, 1,65 and 3,57. Finally, the average value for the Quality of Ports is 50,73.	The LP averaged 66,0 in this list <b>with a 1,51 in secure internet servers and small variation of 0,68 between the countries.</b> Also having similar amount of paved airports, making it a segment in which the countries are related.
<b>Economic</b> (GDP/capita, Economic F. Index, Unemployment Services V.A, FDI)	Cluster 1's economic well-being is low: the average GDP/capita z-score is only of 5.67 the Unemployment rate is close to 40%, and the value added from Services is (on average) 37% of the GDP. <b>The Economic variable with the higher similarity in values was FDI (std. dev of 0.18) which amounts to an average Z-score of 1.2: an extremely low figure.</b>	<b>GDP per capita and FDI seem to be a good source of similarity for Cluster 2.</b> The average z-score is 6.71 and 2.36, respectively, while the standard deviations are 2.32 and 2.31, on average. These countries are well positioned in terms of unemployment rate, with and average z-score of 76.53. Finally, Economic Freedom and SVA present a low average z-score - 36.59 and 40.10.	Cluster 4's values in economic terms are not that similar. 9,33 is the average z-score for the GDP per capita. For the EFI, Unemployment, Services VA and FDI the values are 34,15; 66,21; 29,07 and 2,6. <b>FDI is one of the variables on which similarities are higher amongst the countries.</b>	This list shows great differences in economic values with high standard deviation among the countries, making them not suitable for comparison in this section.
<b>Social</b> (Life Exp., School enrolment, Urban pop)	One can conclude that these countries are wealthy in social terms. On average, the z-score for Life expectancy is around 73 years, School enrolment totals 43% and more than half of the population is Urban (54%). However, none of these variables explain why these countries were grouped.	<b>In Social terms, low similarity can be found since variances present huge values.</b>	Following the same logic, the average z-scores values for the variables found on the left column are: 69,20; 45,84; 62,62. <b>Regarding standard deviations, they are enormous, meaning these is not the topic that originates similarity.</b>	Life expectancy may vary considerably between them with an average of 78%. School enrollment is low for these countries, however there are exceptions that highly differ. Most of the population is located in urban areas with the exception of Thailand (43%).
<b>Political</b> (Political F. Index, Openness to trade)	While the average z-score for PFI is 60 (moderately high), the Openness of these countries for trade is, on average, rather low (z-score of 22). However, once again, the standard deviation in these variables is high and one cannot conclude that these are the reasons why countries are together.	The Z-score for Political Freedom Index and Openness to trade is, on average, 67.5 and 11.6, respectively. <b>Nevertheless, variances presente high values meaning this is not the best source of similarity.</b>	PFI is, on average, 22, 82, while the openness for trade is 12,41. The standard deviation on the other hand, the values are also high: 7.92 and 4.55. <b>Hence, we can understand this is not the source of similarity.</b>	The political freedom among these countries fluctuates intensively as well as the openness for trade, which has a standard deviation of 8.24 between the sample. Such differences make this countries a risky cluster to consider.

The Cluster's description is a crucial step to understand which countries are of greater interest to EGG. Computing the standard deviation of observations allows to understand which variable best explains why certain clusters were put together.

## 2. Country Clustering | IN-DEPTH CLUSTER ANALYSIS

### Clusters Description

Countries	6 China, India	7 United States of America (given the cluster is a one country, we calculated no averages nor variances)	8 Liberia, Madagascar, Burkina Faso, Mozambique, Benin, Ghana, Senegal, Cote D'Ivoire, Mali, Nigeria, Angola, Cameroon, Mauritanie, Lesotho
<b>Country Size</b> (Total GDP, Total Population)	These countries have one of the world's largest <b>Total Populations, with an average z-score of 98,57; in fact, this is one of the variables that best explains why both countries were put together.</b> By contrast, China and India have large differences in terms of total GDP: China is much richer (z-score=66) than India (z-score=14).	Regarding Total GDP, USA has the highest value of all countries. Concerning the Total Population, the country scores 24.	Here, many similarities can be found. Average value for total GDP is 1,25 and for total population is 3,22. <b>Standard deviations are very small: 0,50 for the total GDP and around 3.44 for total population.</b>
<b>Logistics</b> (LP Index, Secure Internet, Airports, Quality of Ports)	The countries have an average z-score on the LP Index of 71,25 which is rather high. Its port infrastructure is moderately good (z-score=60), but there are not a lot of Airports with paved roads (z-score=7,99). Regarding Internet servers, both China and India show extremely low values (average z-score of 1,12) and <b>this is another important variable explaining similarities between both countries.</b>	In logistics terms, the country scores quite well on every dimension. LP Index is 90, while the number of secure internet servers for every 1M habitants is 25. Regarding Ports and Airports, values are 81 and 100, respectively.	The countries have an average z-score on LP Index of 22,23. For Secure Internet, Airports and Quality of Ports, the average z-scores are, respectively: 1; 1,23 and 36,49. <b>The standard deviation for Secure Internet Servers is almost zero, meaning this is a source of similarity.</b>
<b>Economic</b> (GDP/capita, Economic F. Index, Unemployment, Services V.A, FDI)	Another common factor between both countries is their moderately-low economic well-being: the average z-score for GDP/capita is only 5,88; the Economic F. Index is only of around 30; and the Services v.a. also amounts to close to 30. Nonetheless, these countries have one of the lowest Unemployment rates (average z-score=87), which is positive. On a final note, the FDI is higher in China than India.	Economically, USA is, once again, generally very good. GDP per capita is 55, and EFI is 72. Unemployment is 86 (the variable is inverted) and Services VA is 73. Lastly, the z-score for the <b>FDI is 100, meaning USA has the highest value on the planet.</b>	Cluster 8's values in economic terms are not that similar. 1,95 is the average z-score for the GDP per capita. For the EFI, Unemployment, Services VA and FDI the values are 27,69; 76,58; 21 and 1,24.. <b>FDI and GDP per capita's standard deviation are very small, meaning they're the main responsible for the similarity.</b>
<b>Social</b> (Life Exp., School enrolment, Urban pop)	China seems to have better social conditions, given its higher life expectancy z-score of 74 (India's z-score=52) and higher rate of school enrollment z-score (38 vs. India's z-score=34). In terms of Urban population, China also surpasses India by having a z-score that is more than double of India's. Given these differences between both countries in Social terms, it can be concluded that these variables do not explain why both countries were clustered together.	These might be the category where the country scores poorer. 80 for Life Exp, 48 for school enrolment and 79 for Urban Population.	The average z-score for Life Exp is 24, meaning these countries have the lowest values. For school enrolment and urban population, with average values of 15 and 39, the same reasoning applies. <b>However, the range of error is huge, meaning there are differences inside the clustering.</b>
<b>Political</b> (Political F. Index, Openness to trade)	China and India differ in their level of Political Freedom: whilst India shows a z-score higher than 75; China contrasts by having a score of 9, which means the country is not politically-free. However, <b>the countries are similar in terms of Openness to trade: they have one of the lowest values recorded (average z-score of 5,45), which means they are not available to trade with foreign countries - in fact, this is one of the variables that best explains why both countries were grouped.</b>	Regarding the PFI, USA scores 85. In openness, it scores 1,71. These makes it very different than the countries on other clusters.	The average value for PFI is 51 and the openness for trade 14, meaning these countries are quite closed when compared to other ones. Once again, variances are quite big.

The Cluster's description is a crucial step to understand which countries are of greater interest to EGG. Computing the standard deviation of observations allows to understand which variable best explains why certain clusters were put together.

## 2. Country Clustering | IN-DEPTH CLUSTER ANALYSIS

### Clusters Description

Countries	11	12	13	14
	Croatia, Poland, Romania, Hungary, Slovakia, Czech Republic, Chile, Uruguay, Costa Rica, Portugal, Slovenia, Cyprus, Latvia, Lithuania, Estonia, Panama, Malta	France, Italy, Spain, Greece, South Africa.	Finland, Sweden, Australia, United Kingdom, Belgium, Netherlands, Canada, Germany, Japan, Israel, South Korea, New Zealand, Denmark, Norway, Iceland, Ireland, Switzerland, Austria	Hong Kong, Singapore, Luxembourg
<b>Country Size</b> (Total GDP + Total Population)	This cluster is composed of relatively similar country sized countries with a total <b>GDP</b> averaging 1.65 and a variance of 0.51 among them. Additionally the <b>population</b> is similar with a standard deviation of 0.69. With the exceptions of Poland, Romania and Chile, slightly more populated countries.	Regarding country size it can be understood that these are large countries, with an average total GDP (z-score) of 7.62 (which is higher than the world average of 4.3) and an average <b>total population</b> (z-score) of 4.44. Additionally, when calculating the standard deviation total population stood out as the strongest variable connecting these countries in a cluster, with a value of 1.6.	These countries are smaller than the world average in terms of population but have higher GDP. <b>Total population</b> is the variable with most strength in the cluster, reflecting a standard deviation of 2.5.	Cluster 14's average z-score population is low when comparing with other clusters. Also GDP average z-score is low (2.28). <b>Since the range of error is really low, country size dimension may explained proximity of these countries.</b>
<b>Logistics</b> (LP Index, Secure Internet, Airports, Quality of Ports)	These indicators vary significantly between countries. Showing big standard deviations between them for all the variables included except for the number of airports, which averages 1,59 for the group.	This cluster puts together logistically developed countries. Average LP Index and Quality of Port Infrastructures are higher than the world average but scores high values of standard deviation. <b>Airports with paved runways</b> and <b>Secure Internet Servers</b> reveal very low values regarding standard deviation (1.8 and 2, respectively), leading to the conclusion that these variables have a huge impact bringing these countries together.	LP Index, Secure Internet Servers and Quality of Port Infrastructures all reveal high standard deviation.. However, <b>Airports with paved runways</b> exhibits a low value of 2.8, meaning that this variable is forcing the countries into the same cluster.	LP z-score show that cluster 14 is top positioned with an average of 96.59. <b>Similarity can be found given the low standard deviation of this caption.</b>
<b>Economic</b> (Economic F. Index, Unemployment, Services V.A, FDI)	Economically speaking these countries are not similar. In most of the indicators the section the standard deviation among the countries is high. For example, although the unemployment rate averages 21.48, it varies significantly among them.	This cluster unites countries with a strong and stable economy. Economic Freedom Index average is 40.7 which is close to the world average of 46.4. Regarding unemployment these countries show lower values than the average of the world, which is positive for the economy. Referring to Services Value Added, this cluster also stands out comparing to the rest of the world. Lastly, FDI follows the same path, with higher values than the world average.	Economic Freedom Index, Unemployment rate, Services Value Added and FDI all perform badly in terms of standard deviation. This helps to conclude that the economic dimension does not impact the cluster.	Average Z-scores are 66.62, 89.60, 85.74, 75.40 and 17.10. Unemployment rate' z-score is higher than the average meaning these countries have low unemployment rate. <b>Given the low standard deviation of the economic dimension, similarity between countries can be found.</b>
<b>Social</b> (Life Exp., School enrolment, Urban pop)	Socially this is not an equivalent group. It's shown that life expectancy and school enrollment may differ vastly among the countries. Thus the urban population being the most unequal variable.	Variables related to the social dimensions exhibit values higher than the world average. However, the standard deviation between the countries is high, which means the social characteristics do not impact the clustering.	Standard deviation for Life expectancy at birth, school enrollment secondary and urban population is very high (13.7, 15.2 and 12.5, respectively), which implies that the social dimension is not pulling the countries into the same clusters. However, average values for the countries in the cluster are higher than the world values.	In terms of Life Expectancy and Urban population, these countries are top ranked (z-score of 96.07 and 96.57, respectively) while School enrollment's z-score is approximately 52. <b>Standard Deviation is low among first two mentioned variables, which represents a good proximity factor.</b>
<b>Political</b> (Political F. Index, Openness to trade)	The political freedom index averages 88.92 which is a positive indicator. However significant difference smay be found among the group. Also the variation between the cluster for openness to trade is also shown to be very high.	Looking into the political dimension it can be perceived that <b>Openness to Trade</b> is the variable with more impact on the cluster union (1.3 standard deviation)). PF Index demonstrates values higher than the average but has high standard deviation, therefore does not impact the cluster.	PF Index is higher in each country than the world average, while Openness to Trade scores some values bellow. Given the high values of standard deviation both variables account for, it can be concluded that political dimension is not important for the cluster generation.	Politically speaking, the probable error between them is really high meaning this is not a relevant dimension on proximity. Nevertheless, these countries are well placed in terms of Openness to trade.



### 3. Country Ranking | LITERATURE REVIEW AND PROCESS DESCRIPTION

#### Literature Review

Country Ranking is another method that may lead companies to pick the optimal country for a process of internationalization. **The main difference to the clustering is that in this case the proposed variables will be selected taking into consideration the nature of the products offered by a company.**

Paraphrasing Cavusgil, “the ranking identifies the most attractive markets, but does not help the manager understand similarities and differences among them” (Cavusgil, 2004). For that same reason, the decision to use both processes was taken.

The author mentions that given that this process is more intuitive and less demanding, the process of indexing can be customized according to the preferences or priorities of the board. This means that more dimensions can be added and the weights can be modified (Cavusgil, 2004). After the dimensions have been selected and weighed the ranking is processed, resulting in an ordered list of the best to the worst option.

When conducting the ranking process weights needed to be decided. For that, the **Delphi** process applied between the group members. This process consists in multiple rounds of questionnaires sent to each member of the team and the anonymous responses are aggregated and shared with the group at the end of each round. Each person is allowed to adjust their response in further rounds, based on the average team response, with the aim of reaching a consensus. Furthermore, the group results were shared and later discussed with the CEO in order to guarantee that the client was in line with process.

#### Process

1. The ranking process began by carefully selecting the set of variables that revealed to be the most accurate while taking into consideration the objectives and actual position of the company. The search for the ideal markets requires extensive research of the most accurate variables available for analysis, leading the group to justify each variable.
2. Next, data from diverse databases was retrieved. The most recent years were collected for a better accuracy. Once again, this data should be standardized with a given formula converting it to Z-scores so that it is comparable and easier to analyze.
3. The following step consists in weighing each of the variables depending on the level of interest these may imply for the project. In this part, a percentage was attributed to each variable until reaching 100%.

In order to achieve the most reliable weights possible, these percentages were attributed after a discussion between the group and EGG’s CEO, Luís Vieira. Subsequently the weights and Z-scores of each variable are multiplied for all of the countries. Finally these numbers are summed up yielding the results and final scores of each country, where the highest ranked will indicate the potential best option.


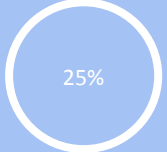
### 3. Country Ranking | VARIABLES

	Variables used	Weight	Justification
<p><b>SOCIO-CULTURAL</b></p> <p>35.5%</p> <p>(assigned weight to the dimension)</p>	<b>Population 15-64 (in total number, 2018)</b>	11.5%	Selects exclusively the range of age which will or potentially could be a customer, excluding very young or old generations. Population was given a higher score given that it represents the amount of people that would be available to buy the product.
	<b>Creativity Index</b>	10.5%	The Global Creativity Index (GCI) is a four dimensional ranking of countries, which combines individually-ranked countries based on creativity, technology, talent, and tolerance into an overall score. EGG products embrace all these dimensions, and a high score would mean higher acceptance of the products. Hence, Creativity Index was given a moderately-high weight, since EGG's products are targeting people who care about design and personalization.
	<b>E-commerce Index</b>	8.5%	This variable measures an economy's preparedness to support online shopping. It is important to consider this variable once most of EGG's sales are done online. The weight given to this variable was relatively high, once it relates to product specificities.
	<b>Urban Population (as % of Total Pop.)</b>	5.0%	In both B2B and B2C segments, the typical EGG customer characterizes himself as being an Urban resident. The higher the Urban population, the higher the potential customers for the company. As not only the number of people matters, but its characteristics, a 5% score was given to this variable.
<p><b>PURCHASING POWER</b></p> <p>27%</p> <p>(assigned weight to the dimension)</p>	<b>GDP/capita</b>	6.0%	This variable is essential in order to know the economic development and the standards of living of the country. It tells how prosperous a country feels to each of its citizens, and exemplifies purchasing power. The relatively high score is explained by that fact that EGG is a premium product which demands medium-high purchasing power.
	<b>Household Final Consumption (total value, at current prices of 2010)</b>	8.5%	This figure measures the market value of all goods and services purchased by households. It gives an important criteria on whether or not the country will be an attractive market regarding the amount of money spend in purchases, therefore it enables EGG to understand if people are willing to buy its product and for that reason a 8.5% score was given.
	<b>Services V.A. (in USD, 2016)</b>	12.5%	The more value added services provide, the bigger companies in this sector are. Therefore, they represent higher potential to be EGG's clients in the B2B sector. The high weight is justified by the fact that companies operate in this sector and EGG's biggest segment is the B2B.



Cavusgil's study was used as a base for the development of the ranking. The variables were considered focusing on socio-cultural, purchasing power, economic and ease of doing business factors in order to determine the best options for internationalizing.

### 3. Country Ranking | VARIABLES

	Variables used	Weight	Justification
<b>ECONOMIC</b>  (assigned weight to the dimension)	<b>Total GDP</b>	7.0%	The variable of Total GDP was included to understand how wealthy a country is, not only in terms of GDP/capita, but in terms in total wealthiness produced. While positioning itself as a Premium product, EGG should consider this variable in the analysis.
	<b>Economic Freedom Index Specific Variables</b> (Judicial Effectiveness, Business Freedom, Labor Freedom, Monetary Freedom, Investment Freedom, Financial Freedom, Tariff Rate)	3.5%	The Economic Freedom Index was broken in order to account just for the variables important for EGG. Therefore, a equal weight was given to each component (except for Total GDP).
<b>EASE OF DOING BUSINESS</b>  (assigned weight to the dimension)	<b>Corporate Tax Rate (inverted variable)</b>	2.0%	A corporate tax rate defines the amount of the incomes that companies have to pay to the local governments. A high corporate tax rate will translate to less availability of expenditure that may be allocated to corporate gifts.
	<b>Logistics Performance Index</b>	8.0%	Gives an overview on how effective the processes of logistics are working in the given countries: the efficiency of customs and border management clearance, the quality of trade and transport infrastructure, the ease of arranging competitively priced shipments, the competence and quality of logistics services, the ability to track and trace consignments and the frequency shipments reach consignees within scheduled or expected delivery times. An 8% weight was given to logistics due to the fact that it will impact EGG's operations in the country, from exporting to delivering the product.
	<b>High-tech Value added (inverted variable)</b>	8.0%	The proportion of High-tech industry is relevant for this analysis, as it shows how much value is added by this industry in the whole manufacturing activities of a country. A nation where the Tech industry is strong might be less attractive for EGG, as competition will be fierce. This variable also received a high score because EGG's product is not highly technological, therefore it is unable to compete in high-tech industries.
	<b>Country Risk</b>	4.0%	It's necessary to consider the level of country risk when investing on it. Such variable will explain the uncertainty of investing in each country regarding political, economic, technological, exchange rate risks among others. When considering this index the variables regarding direct investment were excluded, keeping just the ones related to exporting. This way, the index is more reliable and a moderate weight was allocated.
	<b>Openness of Country to Trade</b>	5.0%	This variable shows how much percentage of the GDP is allocated to trade, which is useful to estimate the complexity of operating in a certain country. A moderate score was given to this variable once EGG will export to another country and it is crucial that it is not a closed trade country.

The development of the ranking resulted in a series of countries that belong to 3 of the clusters mentioned before. Being the United States the top ranked country concerning the exposed variables.

### 3. Country Ranking | RESULTS

These were the 15 best classified countries when taking into consideration the previously described Company-specific variables and respective weights:

Ranking	Score
1 United States	72.33
2 Luxembourg	59.82
3 Australia	52.68
4 Norway	52.32
5 United Kingdom (*)	51.91
6 Hong Kong, China (*)	51.81
7 Canada	51.52
8 Switzerland	51.47
9 Iceland	51.21
10 Netherlands	50.98
11 Germany	50.33
12 Sweden	50.10
13 Singapore	50.10
14 Japan	50.02
15 Denmark	49.30

Taking into account the Ranking results, one can see that the 15 top countries **belong exclusively to 3 Clusters:** <sup>1</sup>

Cluster 6	Country Score
United States	72.33
<b>Cluster Score</b>	<b>72.33</b>

Cluster 11	Country Score
Hong Kong, China	51.81
Singapore	50.10
Luxembourg	59.82
<b>Cluster Score</b>	<b>53.91</b>

Cluster 10	Country Score
Australia	52.68
Norway	52.32
United Kingdom	51.91
Canada	51.52
Switzerland	51.47
Iceland	51.21
Netherlands	50.98
Germany	50.33
Sweden	50.10
Japan	50.02
Denmark	49.30
Etc. (+ 7 countries)	
<b>Cluster Score</b>	<b>49.04</b>

\* Although with a higher position on the Ranking, some countries were disconsidered for further analysis for their particularities:

- **United Kingdom:** as EGG is already planning to address this market on the next quarter, having already established an entry strategy for the country, it was left out.
- **Hong Kong:** the Political instability that the country is going through at the moment makes it unattractive for EGG to internationalize to.

## 4. Highest Potential Markets

### CANADA

Several factors make Canada an appealing country for EGG. To start with, it is a country with great Logistics Performance and Low Exporting Risk. Concerning the country's population, Canada has the second largest Population (in number, aged 15-64), which is characterized by being creative and E-commerce friendly. On a final note, Canada has the most favorable Corporate Tax Rate and an overall high value for Economic Freedom.

### LUXEMBOURG

Luxembourg is an extremely attractive country for numerous reasons: firstly, given the characteristics of its population, with one of the highest GDP per capita and large E-commerce aptitude. Secondly, the easiness to operate in this country, as it is the country that has the highest Openness to Trade and highest Investment Freedom. Lastly, Luxembourg's Logistics Index is one of the best amongst the evaluated countries, while the strategic location of Luxembourg makes it an even more appealing country for EGG to export to.

### NORWAY

Norway showed to be an interesting country especially in the B2C segment, given its population's traits: Norwegians have a very high GDP/capita and the highest spending value of Household Consumption, meaning they have a high propensity to spend. Moreover, the country has one of the highest values for E-commerce penetration. Concerning the characteristics of the corporate sector, Norway's companies have a low level of Services V.A. and a high value for High-tech; which may be working against EGG.

### UNITED STATES OF AMERICA

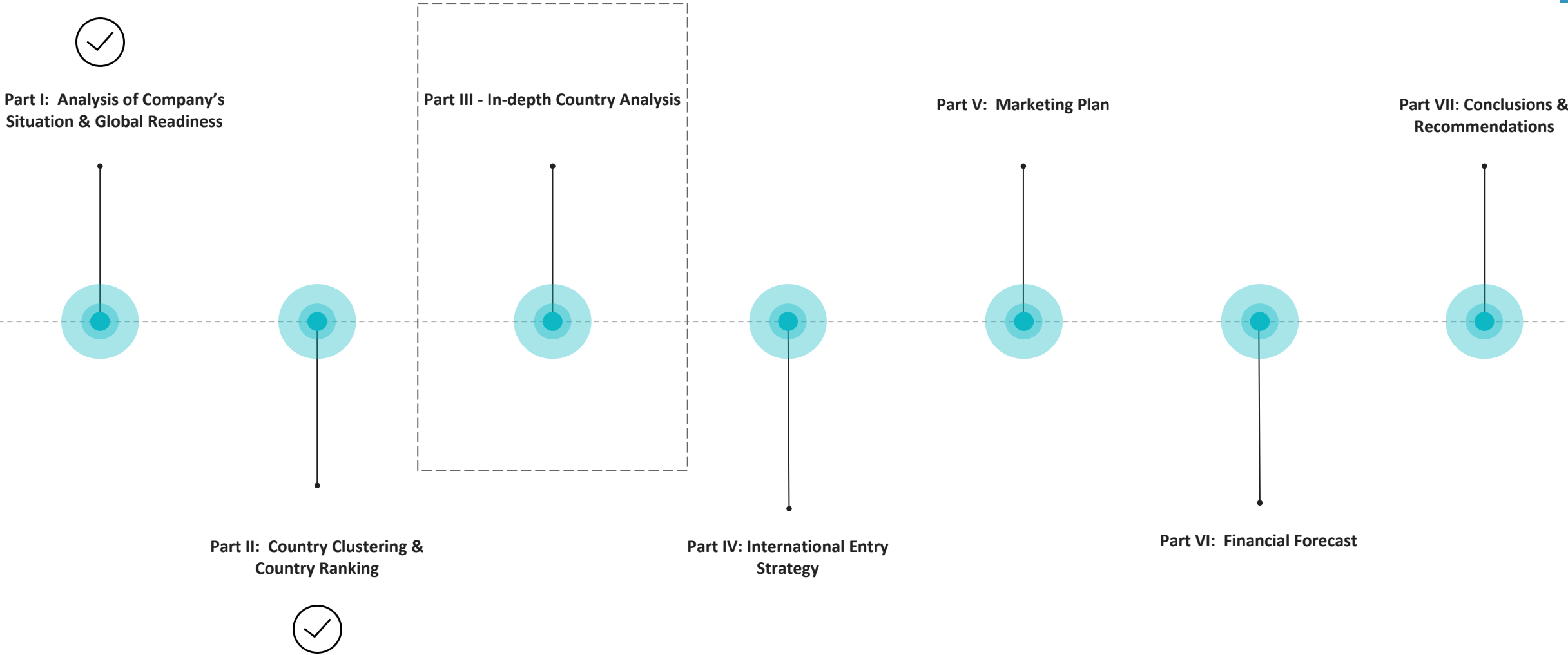
The United States was the best ranked country for EGG, for several reasons: not only does USA have one of the largest populations (aged 15-64), the characteristics of USA's population seem to perfectly match EGG's target market (creative and E-commerce lovers). Plus, the Services-value added in this country is the largest comparing to the remaining countries, meaning there is a large potential in the B2B segment as well.

### AUSTRALIA

Australia's population is the most creative and has a large aptitude for E-commerce shopping, making it an attractive for EGG in terms of B2C business. Also importantly, the country's Tech value added is actually low, meaning that there will not be a strong industry there for EGG to compete against, at least local producers.



Figure 4 - Highest Potential Markets




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# 1. Introduction | IN DEPTH ANALYSIS FRAMEWORK

The previous chapter ended with a conclusion on which would be the 5 most interesting countries for EGG to internationalize to. With the goal of getting a deeper understanding on their attractiveness for EGG, the 5 chosen countries (Australia, Canada, Luxembourg, Norway and USA) will be evaluated taking into account four dimensions which are considered key to convey a structured decision on where to go, being them:

### Contacts




Identifying contacts that the company will need is the first step of the analysis. Due to the nature of their business, EGG benefits from having both B2B and B2C contacts.

Distributors, government agencies and other associations/organization were listed, in order to provide the company with insights and information it can use whenever it decides to enter that specific country.

Plus, a note was made whenever a current distributor of EGG is present in one of the analyzed countries.


### Competitive Environment



In order to understand the competitive environment in each country, a research on the most used E-Commerce platform was conducted to reach the top two best-sellers amongst power strips. To analyze them in detail, a framework was created based on the most relevant power strips' features, so that there is an easy comparison between players:

Attribute	Strength
Multiple Charging	● ● ● ●
Fast Charging	● ● ● ●
Size & Design	● ● ● ○
Safety	● ● ● ○
Price	● ● ○ ○
Customization	○ ○ ○ ○

### Sales Potential




To calculate Sales potential of each country, both B2C and B2B approaches were created, given the different particularities of the targets.

For each segment, the first step was calculating which would be the market sales potential, meaning, to all the competitors operating in the market. Afterwards, EGG's sales potential was computed, based on past cases of the firm.

The next slide explains the reasoning behind the calculations and the thresholds that will be used further on in the analysis, by using the case of Germany as reference.

Germany was used since it was one of EGG's first Internationalizations.

### Market Entry Conditions



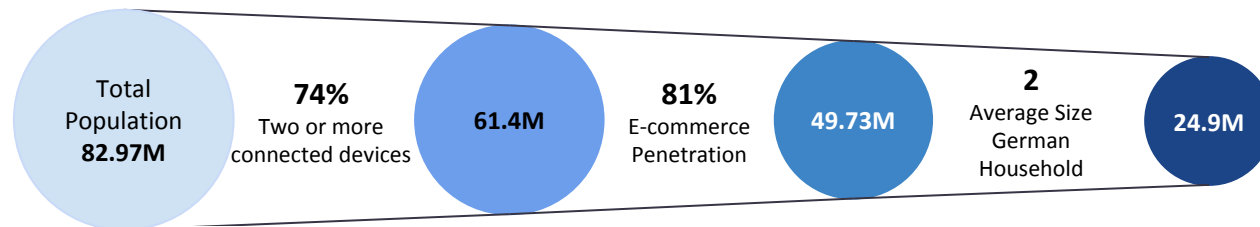
This part of the in-depth analysis aims to present a view on several aspects that are crucial when entering a market.

From standards and regulations to certifications and distributions channels, the company will be provided with a comprehensive list of what is needed in order to softly enter the market of a given country.

1. Introduction | MARKET SALES POTENTIAL EXPLAINED



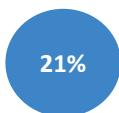
**B2C Market Sales Potential in Germany**



To compute the **Market sales** potential (in units) for “innovative power strips” in Germany, the first step was to account for total population. Out of the total population, the interest was only in those who have the need to buy a power strip; for that, the percentage of users with two or more connected devices were achieved. In absence of the previous information, the smartphone penetration was used as a proxy to reach the population who needs to charge their phone. Following, we wanted to understand who would buy a power strip online, which is where EGG mostly sells its products, consequently, E-commerce penetration was used, since it estimates the number of Germans buying online. To finish, the assumption that only one power strip will be bought per household was made, given the specific features of these kind of power strips. Concluding, the German B2C market represented a **potential market of 24.87 million units**.

**B2B Market Sales Potential in Germany**

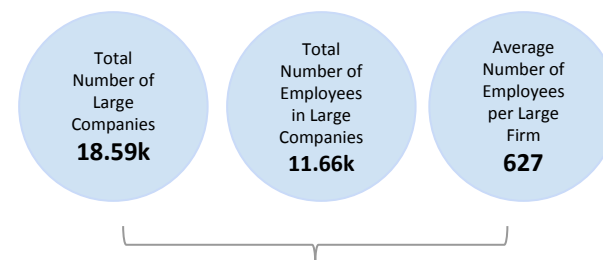
Past case: \*



Given the possibility to optimize production costs - and the the amount of available budget that firms must have to buy these kind of products, only large firms were considered to estimate B2B Market Sales Potential.

It is important to notice that not all companies offer a business gift to each employee. Taking into consideration the case of EGG an analysis of the various sales done in the B2B segment was conducted. This way, comparing the number of employees with the number of devices sold to Galp Energia S.A, Daikin and Royal Canin, a **percentage of 21%** was reached.

**German Market:**



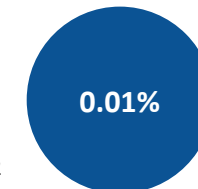
**Total Market:** 18.59K x 21% x 627 = 2.45M

Equation 1

**The B2C company sales potential for EGG:**

EGG's Germany B2C sales  
2018 = 2572

$2572 / 24.9M =$   
Equation 2



In Germany, 2018, EGG sold 2575 units, meaning it was able to address 0.01% of the Germany market for powerstrips.

**Thus, the assumption that in the first year of operations, EGG will be able to address 0.01% of the B2C market in the other countries was made.**

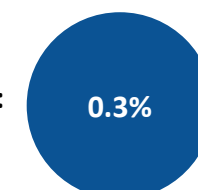
**The B2B company sales potential for EGG:**

Total Unit Sales B2B:  
€ 190 095,00 / € 25,75  
= 7382.33

Equation 3

Total B2B Market:  
2.45 M

**% of market attained:**



In Germany, 2018, EGG sold 7383 units, meaning it was able to address 0.3% of the Germany B2B market for Corporate Gifts.

**Thus, the assumption that in the first year of operations, EGG will be able to address 0.3% of the B2B Corporate Gifts market in the other countries was made.**



## 4. Contacts | LUXEMBOURG



### Agents/Distributors

B2B agents and distributors play a key role in the success of the company as they will represent the brand in the new market. It is recommended that EGG gets in touch with organizations such as **SMACCESS**, a successful mobile wholesales business, which is soon to offer consumer electronics and household appliances. Another relevant contact is **Collectorder**, a sales agents specialized in B2B transactions for consumer electronics and telecom sectors. These two can be major strategic partners which could bolster EGG's efficient introduction to the market.

As for the B2C segment, EGG should forge connections with companies such as "**HiFi International**" and "**Hornbach**", which according to the EcommerceDB website are the best ranked online marketplaces in Luxembourg (in total revenue). Another relevant contact is "**Saturn**", an online platform present in Germany, Austria and Luxembourg, which according to Statista (2019) is the selected online marketplace for Electronics and Media. Furthermore, EGG should take into consideration marketplaces in the neighboring countries such as **Amazon Germany and Amazon France**.

### Associations & Organizations

When operating in Luxembourg, other Non-governmental Associations and Organizations should be considered contacting:



**Ecom.lu:** Aims to attract national and international e-commerce players, by connecting e-commerce professionals and the digital industry as a whole. It can be an extremely valuable contact as it may open opportunities to meet with new business partners and to be updated with any relevant information the company should grasp about the industry.



**The Home & Living expo:** An yearly exposition taking place in Luxembourg. It showcases products such as housing, construction, renovation, furnishing and decoration & much more, thus, it might be a compelling option to introduce EGG's devices to the market and draw new potential customers.

### Government Agencies



The **Chambre du Commerce et D'industrie Luso-Luxembourgeoise** supplies a great network of contacts (from manufacturers to distributors) as well as crucial data and information for establishing businesses on both ends (Portugal and Luxembourg).



The **Luso-Belgian-Luxembourg Chamber of Commerce** is another relevant partnership to be established: it works as an intermediary between the three countries, fostering and enhancing economic and cultural relations through events and networking opportunities. Some of the programs and initiatives provided by this organization may be appealing businesswise.



**Luxinnovation** is Luxembourg's national innovation agency, offering services to companies and other organizations with the purpose of fostering innovation, while supporting the Government's economic development objectives prospects. This agency also ensures that Luxembourg continues to attract international investment, companies and human capital which can (possibly) benefit the country.

Lastly, the **Embassy of Portugal in Luxembourg** should not be disregarded if EGG decides to internationalize its business to the country, since the Embassy can serve as a point of contact or base of communication between both countries.

4. Competitors | LUXEMBOURG



Although E-commerce revenues in Luxembourg are expected to grow at an 8.4% rate until 2023 (Statista, 2019), the country does not possess a vast number of local E-commerce platforms, having to mostly resort to the neighbour websites such as Amazon.de (Germany). To reach the top competitors that EGG would face in this country, both the German' Amazon and Hornbach websites were used.



Founded in 2007, BESTEK is a company specialized in automotive accessories, household appliances and electronic devices. The HQ and factories are located in China, but it has operations running in the US, UK and Japan. Even though the company is mostly known for the automotive accessories, the Power Strips that it sells are very similar to EGG's in terms of benefits offered.

Bestek focuses on delivering accessories which are both innovative and practical, as to ease customers' lives. Prices are generally accessible. BESTEK's powercube is considered "Amazon's Choice" in the segment of cube surge protectors.

The "3 power Outlet" price on Amazon was €20.51



Attribute	Strength
Multiple Charging	●●●○
Fast Charging	●●○○
Size & Design	●●●●
Safety	●●●●
Price	●●●○
Customization	○○○○

Bestek's powercube delivers mostly the same features that EGG offers, except for the customization option. It was considered Amazon's choice in the cube power strips segment, making it a potentially strong competitor that EGG would have to stand against.



Chosen among the most bought power strips in "Hornbach", this power cube features some of the benefits EGG is actually offering, making it a potential strong competitor to bear in mind. The product is very similar to the "Allocacoc Power Cube", already a major competitor for EGG. The Q-link PowerQube offers 2 standard plugs and 2 USB entries in a comfortably designed cube that attached to a piece that can be easily installed in a flat surface, providing stability for the product and comfort for the users.

Q-Link positions itself as a company "manufacturing its useful, unique and streamlined consumer products" from Southern California to the world (Q-link website, 2019). It is a globally recognized brand, constantly developing novel products to set the pace and be at the forefront of innovation.

The "Q-Link PowerQube" price in Hornbach.lu was €18.95



Attribute	Strength
Multiple Charging	●●○○
Fast Charging	●●○○
Size & Design	●●○○
Safety	●●○○
Price	●●●●
Customization	○○○○

Figure 10 - Q-link Power Strip

This product, just like EGG's Powerstation, offers clients the option of having a stable device to charge multiple gadgets. Nonetheless, it lacks of customization, fast charging, wireless charging, and gives no information regarding safety features.

The analysis shows EGG could sell 209 units to the B2C sector (individual Luxembourgish purchasers), along with approximately 540 units to be sold to large firms in the country. In total, EGG would sell 749 units in the first year of operations in Luxembourg.

## 4. Market Sales Potential | LUXEMBOURG



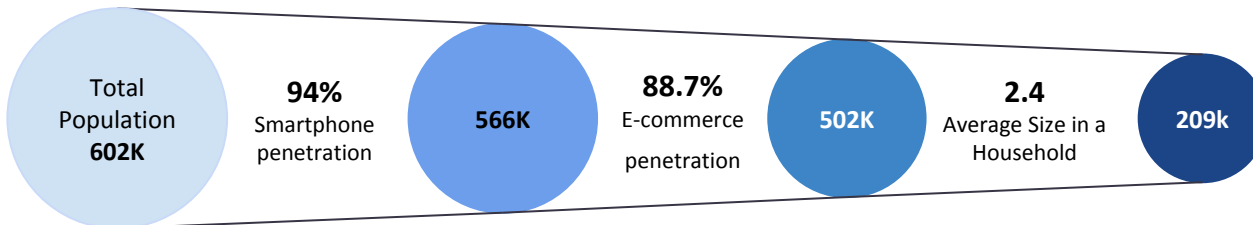
### Chain Ratio Method

To begin with, Luxembourg's total population was retrieved, which amounts to 602,000 inhabitants as of 2018 (Statista, 2018). Out of all inhabitants, the focus was on those who hold at least one rechargeable electronic device, thus having the need for a powering device. For this, the country's smartphone penetration rate was considered: indeed, Luxembourg has one of the highest rates in the region, and even in the world, where 94% of the population actually owns a smartphone (Deloitte, 2018).

Following that, the aim was to derive the amount of population purchasing through online platforms, given that this is EGG's main sales channel. In fact, the E-commerce penetration is also substantial and forecasted to grow in the coming years, reaching a total of 88.7% in 2018 (Statista, 2018).

Lastly, assuming that only one power station will be sold per household, the average Luxembourgish household size was needed, averaging 2.4 persons per house as of 2017 (United Nations, 2017).

#### Applying the Chain Ratio Method:

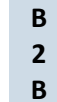


EGG Electronics faces a **potential market of 209,000 unit sales** in the B2C segment, assuming only one power strip is to be purchased per household.



According to the European Commission, Luxembourg has a total of 34,153 enterprises, of which 154 are considered large firms. With a total of 87,398 employees working in large companies, the average number of employees per firm is 568 (European Commission, 2018). Based on EGG's historical sales, the percentage of workers per PowerStation to be sold is 21%. Having this in mind, it is possible to compute the potential units to be sold in the B2B segment.

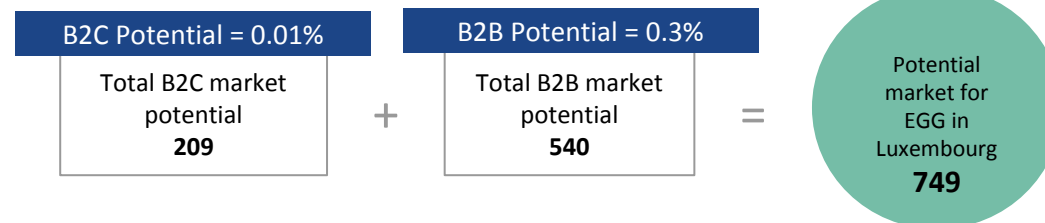
#### Applying the Chain Ratio Method:



Regarding the B2B Segment, EGG could be introduced and compete in a market with a **sales potential of 18,369 units**.

### Company Sales Potential - Entering Year

EGG's potential sales in the **B2C segment are 209 units** (applying the percentage sold by EGG to the German market (0.01%)). Regarding the **B2B segment, the potential sales reach 540 units** (given the 0.3% of the corporate gifts market addressed by EGG in Germany).



## 4. Market Entry Conditions | LUXEMBOURG



### TRADE BARRIERS

According to the International Chamber of Commerce, Luxembourg achieved the **highest level of openness** considering trade to GDP ratio, meaning that it is a country fairly open for imports and exhibiting low barriers to trade. Luxembourg also benefits from being part of the **European Union**, therefore enjoying a common distribution regulation as imposed by the European Commission.

The Control Office for Exports, Imports and Transits controls the regulation of trade in Luxembourg. Customs duty tariffs are calculated based on their CIF value, as well as the inherent CTT (Common Customs Tariff). The Binding Tariff Information is used as reference to obtain the correct tariff classification for goods for import. The Luxembourg Customs and Excise Agency is the country's main tax authority.



### STANDARDS AND REGULATIONS

Standardization and certification is managed by The Luxembourg Institute for Normalization, Accreditation, Safety and Quality of Products and Services (ILNAS). The Ecodesign for energy-using appliances provides the guidelines for the minimum eco-design requirements which energy-consuming goods must meet before they can be used or sold in the EU.

On a positive side, the European Committee for Electrotechnical Standardization facilitates much of the information and standards, namely focusing on SMEs.

On a final note, it is important to note that Luxembourg uses the same type of plug as Portugal does, meaning that the company would not have to incur on further costs adapting this feature.



### LOCAL DISTRIBUTION CHANNELS

Although Luxembourg is a small-dimension country (with only 2586 km<sup>2</sup>), it has a **prominent strategic location** given its proximity to countries such as France, Germany and Belgium, which eases the settlement of distribution routes. The duration of the delivery between large cities and rural areas may differ (in most occasions taking longer in the rural areas) but given Luxembourg's compact territory, this should not pose a challenge.

#### E-commerce:

Despite the country's strong E-commerce penetration (88.7%), Luxembourg does not account for a variety of online retailer companies dedicated exclusively to the local market. Consequently, the local shoppers do not have many alternatives than buying from foreign online sellers which provide shipment to Luxembourg, although almost never getting a free shipping option (Statista, 2019).

According to SimilarWeb, the most used online marketplaces by residents of Luxembourg include Amazon Germany and Amazon France. EGG should thus keep investing on both channels, enforcing its presence. Interestingly, Luxembourg holds the European HQ of Amazon, which should be valuable to EGG. Furthermore, EGG should establish contact with the previously mentioned online retailers such as HiFi, Hornbach and Saturn.

On a final note, the most popular delivery companies for the distribution of goods in the country are **DHL, DPD and UPS** (Statista, 2018).



### TRANSPORTATION

Luxembourg was ranked amongst the top 20 countries in the Logistics Performance Index (placed in 16th), and ranked 7th on the Supply-Chain resistance Index, thus being renowned for its Logistics excellence. Transportation is mostly done through:

**Road transport:** Carriers of goods must hold an authorization for establishment in order to operate. Should a company look to transport throughout the European Economic Area, it must also apply for a community license once obtaining an authorization of establishment. This can be obtained through the Guichet.lu website.

**Rail:** A license for providing transport service via rail and a safety certificate are required by the Ministry of Transports (logistics.public.lu, 2019).

**Air:** In order to transport freight through air, both a valid business license and an Air Operator Certificate (AOC) are required. This is provided by the Directorate of Civil Aviation (logistics.public.lu, 2019).



### DOCUMENTATION, REGISTRATIONS & PAYMENTS

In Luxembourg, the TARIC (Tarif Intégré de la Communauté), determines whether a license is required for a particular product, while also being responsible for queries with regards to information on regulations and customs tariff rates.

Being part of the European Union, Luxembourg benefits from the ICS (Import Control System), an European initiative which strives to simplify the flow of goods when entering the customs territory of the EU.

Also to be noted is the fact that Luxembourg shares the same currency as Portugal (€), this way moving away from currency exchange risk.

According to the evaluation framework, USA is the most interesting country among the five countries evaluated. EGG should focus on this country for a future internationalization process.

## 7. Evaluating Countries | COMPARING AND CHOOSING THE FINAL COUNTRY

In order to understand which country arises as the most attractive for EGG, a framework for comparison was built having as reference the GMMSO 4 program (Global Marketing Management System Online). The framework uses the 4 components from the In-depth analysis: Company Sales Potential, Competitive Environment, Entry Conditions and Contacts. A weight was attributed for each component taking into account the importance of each factor for EGG, being “Company Sales Potential” the most relevant factor (40% weight).

A score from 1 to 5 was given to each of the countries, depending on how well the country behaved on that specific topic, being 1 the lowest and 5 the highest value. Lastly, a weighted-average was computed obtaining a final score for each country.

### Country Comparison and Final Choice






		40% COMPANY SALES POTENTIAL	35% COMPETITIVE ENVIRONMENT	15% ENTRY CONDITIONS	10% CONTACTS	WEIGHTED AVERAGE
AUSTRALIA		3	3	4	3	3.15
CANADA		4	3	4	5	3.75
LUXEMBOURG		2	3	5	3	2.9
NORWAY		1	4	5	4	2.95
USA		5	3	4	5	4.15

Table 14



As the table above shows, the most attractive country for EGG to export to is the **United States of America**, given its large company sales potential on both B2B and B2C segments, coupled with the strong level of potential contacts. Although the country experiences stronger entry barriers than other countries, the fact that Portugal is already a major exporter to the US gives us confidence that it will not be as tough to enter the country.



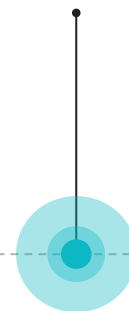
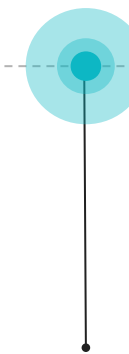
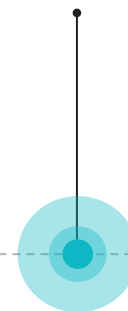
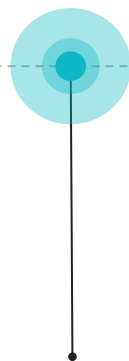
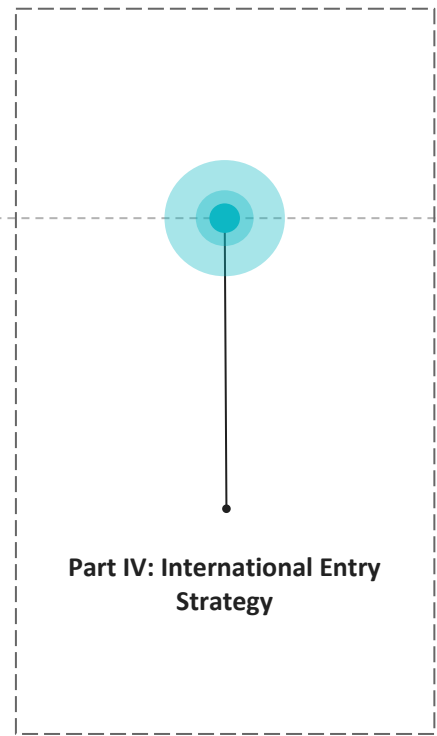
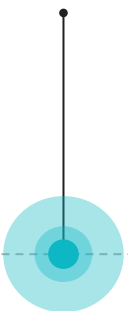
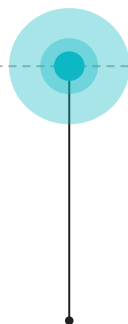
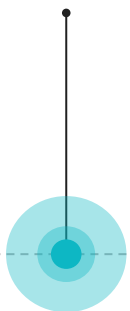
**Part I: Analysis of Company's  
Situation & Global Readiness**



**Part III - In-depth Country Analysis**

**Part V - Marketing Plan**

**Part VII: Conclusions &  
Recommendations**



**Part II: Country Clustering &  
Country Ranking**

**Part IV: International Entry  
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**Part VI: Financial Forecast**



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To understand and define the optimal strategy to enter a foreign market it is necessary to determine which type of company EGG is and which entry modes are to be considered.

### TYPE OF COMPANY

Stoyan Tanev defines the following as distinctive characteristics of a "Born Global Firm":

- **High activity in international markets near the founding:** EGG has been operating and increasing sales for approximately 2 years in different countries across Europe, shortly after the founding
- **Limited financial and tangible resources:** considered an SME having only 9 collaborators
- **Managers have a strong international outlook and international entrepreneurial orientation:** the CEO has a deep interest in internationalizing operations within the firms where he collaborates at, being successful with the expansion across Europe
- **Emphasis on differentiation strategy:** EGG's market position is based on differentiation
- **Leveraging advance information and communication technology:** the company processes information and communicates with its partners and customers at almost no cost
- **Using external, independent intermediaries for distribution in foreign markets:** the vast majority of EGG's sales are done through intermediaries located in other countries  
*This series of characteristics can be directly attributed to EGG and its business model.*



**EGG = Born Global Firm**

### EXISTING STRATEGIES BY CONTROL LEVEL

*Using the "Degree of control afforded to the focal firm" framework, we divided the entry strategy modes in 3 groups.*

**Low-Control Strategies:** are described as strategies that involve lower risk and minimum control over foreign operations. Generally suitable for companies with limited resources or with products that don't require special attention. Also for firms who have no need of having relevant intermediaries for successful operations when considering intense competition, tight trade barriers or supply capacity.

Examples: Exporting, Global Sourcing

**Medium-Control Strategies:** these entry modes require more attention regarding control over operations. Usually picked by companies that can afford more risk given their company size and competitive strategy. They count on relevant intermediaries to support them when being faced with challenges such as high competition, trade barriers, supply capacity or even overall knowledge of the market.

Examples: Strategic alliances, Licensing, Franchising, Joint-Ventures

**High-Control Strategies:** companies willing to take on high control strategies expose themselves to substantial resource commitment and high risks of working abroad. However, it gives them maximum control over their operations. This is essential in cases where there's a high degree of complexity in the products, intense competition, high levels of demand. Usually preferred by larger companies with specific competitive strategies that require total movement of operations.

Examples: Wholly owned sales and product subsidiaries (FDI), Sales and Marketing Subsidiaries, Mergers and Acquisitions

In order to choose which entry mode would be optimal for the company, four factors were analyzed to determine which degree of control strategy adjusts better according to the company's profile, their business model and the target market they are aiming for.

## 2. International Entry Strategies | TYPE OF STRATEGY CHOSEN



Figure 15 - EGG's Control Strategies

### EGG SHOULD FOLLOW A LOW CONTROL STRATEGY. REASONING:

#### TRANSACTION SPECIFIC

##### Tacit nature of know-how:

EGG has been operating for approximately 6 years and in the last couple of years has extended its operations through various countries in Europe. In 2018 the company was actively present in 7 countries and in the present year (2019) it grew up to 9. The strategy chosen by the company and practised up to date is direct **exporting**. Therefore it may be implied that EGG has the necessary know-how of how exporting works and has successfully developed its strategy through time and through different countries, giving them an advantage in future considerations when selecting an entry strategy.

#### INTERNAL FACTORS

**Company size:** EGG is considered a small-medium enterprise as it actually has only 9 collaborators. Consequently the company has *high flexibility, minimum resources* and cannot afford to have much *control*.

**International experience:** The firm has good international experience operating in several countries. However facing a different continent represents a challenge that may be risky. Therefore they should consider the amount of risk afforded.

**Product complexity:** The product doesn't require special attention throughout the distribution process. It's made and packed in Portugal with enough capacity of supplying.

**Competitive strategy:** EGG's first intention is to increase the market share with their strategy. They're currently not focused in reducing costs or finding potential new manufacturers.

#### EXTERNAL FACTORS

**Sociocultural distance:** The sociocultural differences among the countries are not highly significant. Even though Americans value local made products, many international and European brands operate effectively in the country.

**Demand uncertainty:** The potential demand was estimated in the last chapter and represents a challenge for EGG. However, the company claims to be able to supply that demand volume without the need of establishing any sort of subsidiaries or high-control strategies.

**Trade barriers:** The U.S being Portugal's top trading partner outside of the EU enables the possibility of picking practically any entry strategy in a safe way, without representing high risks.

**Intensity of competition:** Even though the market presents many indirect competitors, EGG offers a customized and differentiated product tackling a niche. Reducing the need of partnering with other ventures to obtain an advantage.

**Number of relevant intermediaries:** Actually the firm doesn't count with relevant intermediaries in the U.S., reason why we recommend to move in with a low-control strategy because of the risk it represents.

### 3. Exporting | TYPE OF EXPORTING

Using the degree of control framework to determine the differences between the strategy options, a conclusion was reached. Given the nature of EGG being a “born global” firm, the company has a low risk aversion, limited financial resources, a differentiation strategy and active foreign intermediaries. Moreover bearing in mind the tacit nature of know-how, the company has been practicing exporting through the last years as their strategy, which reduces the overall risk of failure and smoothes the entry process. When analyzing the internal factors the size of the company and their international experience may be factors that represent a higher risk when selecting a strategy. However, benefiting from having a product with no level of complexity. Finally, considering the external factors, neither the sociocultural distance or trade barriers represent a threat. The demand is expected to be supplied efficiently, the competition doesn’t require merging with other ventures and moreover they don’t have any relevant intermediaries to consider. Therefore, after comparing the characteristics of the possible strategies, and analyzing the company’s profile and the market they want to reach we conclude that the optimal is a **Low-control strategy**, specifically **Exporting**.

In order to choose the most appropriate entry strategy, the following **export intermediation options** were considered and analyzed:

Using the optimal “Degree of control afforded to the focal firm” framework, specifically for EGG	Types of Exporting		
	Indirect Exporting	Direct Exporting	Company-Owned Foreign Subsidiary
Control Available to EGG: <b>“Minimum”</b>	The control is even lower as the whole exporting process is handed to an export management company, however risk increases	The level of control is minimum, as usually the ownership of the product and it’s distribution is lost once shipped out of the home country	The control would be considerably higher in this case, considering that the distribution process would be shorter
Egg’s Resource Commitment: <b>“Limited”</b>	Less resources are used for the distribution, however overall intermediary costs might increase	There is low resource commitment, however it’s higher than indirect because the product is owned until delivered in the foreign market	More investment and resources would be committed such as tangible assets necessary for the operations of a subsidiary
Egg’s Flexibility: <b>“Maximum”</b>	Operations might cease easily without the need of developing an extensive exit strategy	Operations might cease easily without the need of developing an extensive exit strategy	Flexibility is reduced as there is much more responsibility and an exit strategy should be developed
Egg’s Risk aversion: <b>“Low”</b>	The risk is redirected to other companies since the beginning, however reduces profitability	The risk is present until the moment the products are delivered in the foreign market	The risk is increased as the ownership of the products prevails even in the foreign country

Table 15

The process of entering the new market should be made considering the following aspects tailored to the conditions of the country. The definition of the following terms and specifications is generally negotiated between the parties.

## 4. Entering the United States | SPECIFICATIONS

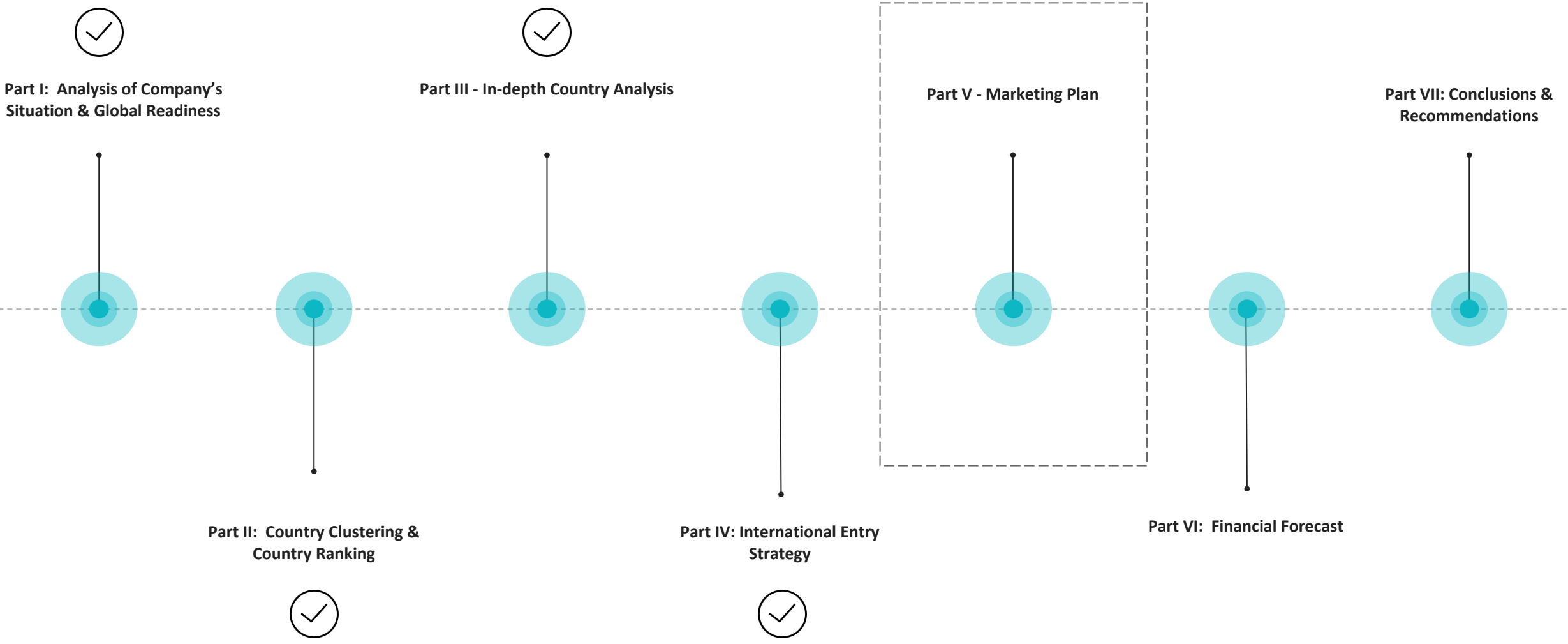


Once the entry mode is selected, there's a need to address the foreign intermediaries in USA with which EGG will have to operate in and consider the main variables that might impact the entrance in the country.

INTERMEDIARIES	INCOTERMS	TRANSPORTATION	CUSTOMS CLEARANCE	METHODS OF PAYMENT
<p>The foreign intermediaries to be considered would be: <b>sales representatives, foreign distributors, and online marketplaces</b> (e.g. Amazon). Taking into consideration some of the contacts previously defined, EGG could associate with:</p> <ul style="list-style-type: none"> <li>- Alliance Experts (B2B)</li> <li>- Walmart, Amazon (B2C)</li> </ul>	<p>Understanding which are the standard terms of sale and delivery imposed by the International Chamber of Commerce. EGG already has experience dealing with such contracts as it has international presence. However, shipping overseas to a new continent may represent more challenges and the Incoterms with new distributors should be redefined under a different perspective.</p> <p>Determining who's going to account for the cost of freight, insurance and at which specific moment the buyer will take ownership over the products.</p> <p>In the case of B2C, using Amazon as an example, the products are delivered to the foreign market and logistics fees are covered by the percentage of the gross price that Amazon charges to distribute and sell the product.</p>	<p>The transportation of the products from Lisbon to the defined ports in the U.S. will be EGG's responsibility. Initially, using LCL ocean freight as an effective and less costly alternative.</p> <p>In both cases B2B and B2C there is use of intermediaries, which requires the transportation to a local port taking into account the strategy of direct exporting. Examples of reliable shipping companies:</p> <ul style="list-style-type: none"> <li>-A.P. Moller-Maersk</li> <li>-Evergreen Marine</li> <li>-Hapag-Lloyd</li> </ul>	<p><b>Customs clearance:</b> the process of picking up and clearing the products from the ports and customs in this case will be attributed to the foreign intermediaries, once in this stage EGG has lost control over the distribution process due to the proposed low control strategy.</p>	<p>The method of payment is a <b>partial (50%) cash in advance</b>, and the rest of the settlement will be transferred to EGG one month after the order is placed. This method has been the usual one for EGG's transactions. It brings the security of having half of the payment and allows the company to use those resources to finish the shipping process to the target market.</p>

### Tips on exporting:

1. Enter on a small scale=less risks
2. Add product lines (EGG's Traveler) once operations are successful
3. Hire locals to promote the products



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Given that the two segments have different characteristics, data was collected from different sources and two different Marketing Plan frameworks were used.

# 1. Introduction | MARKETING PLAN FOR THE USA: DOUBLE APPROACH

It is often seen in the market products that are sold both to B2B customers for use in production or resale and to individuals and households for personal consumption. EGG's product is one of them. This way, the company will enter the USA market through both B2C and B2B segments. Bearing this in mind, it is important to understand the main differences between the two segments and how it impacts the applied marketing strategy.

The marketing plan was drawn according to a **focus differentiation** strategy, where EGG positions itself as a differentiated firm (modern design and customized covers) that targets a niche market, once price is high and only some consumers value the benefits offered by EGG and are willing to pay a premium for it.

MARKETING PLAN B2C	
Data	- For further analysis, <b>primary data</b> was collected through a survey developed and sent to the United States. 43 responses were studied and conclusions were drawn regarding the current power strips market and interest towards EGG's PowerStation.
Characteristics	- The <b>B2C segment</b> has many customers of smaller-value transactions and usually products are mass produced. Price is fixed and there's no room for negotiation which results in a brief, retail-focused selling process. There are multiple factors influencing value and there's only one individual in the decision making towards the purchase. Lastly, demand is media-stimulated.
Framework	- The Marketing Plan framework used for this segment was based in a <i>Harvard Business Publishing</i> reading: " <i>Framework for Marketing Strategy Formation</i> " by Robert J. Dolan. It divides the plan in 3 parts: Marketing Objectives, Marketing Strategy and Marketing Mix. Marketing Strategy is concerned with segmenting the market in order to understand which segment is more promising to target and towards which the company will aim its marketing efforts. The Marketing Mix is subdivided into product, price, place and promotion.

Table 16

MARKETING PLAN B2B	
Data	- Data for the analysis will be determined taking into consideration <b>secondary data</b> on the U.S Corporate Gifts Market. Information from the report " <i>Knack 2019-2020: Business Gifting Strategy Report</i> " was gathered and taken into consideration in further analysis.
Characteristics	- The <b>B2B segment</b> is characterized by fewer customers and larger-value transactions. Usually demanded products are customized and the price is determined according to the value of use and goes through a negotiation process. Selling process is normally long and complex. Also, demand for products is derived rather than media-stimulated.
Framework	- Given these characteristics, the framework used for this marketing plan was taken from <i>Harvard Business Publishing: "Business-to-Business Marketing"</i> by Frank V. Cespedes and Das Narayandas. A B2B marketing strategy involves four components: market selection, pricing, distribution and communication. These four elements have more impact on the allocation of resources in B2B than in B2C transactions, once it means allocating capital and people to a specialized environment, over a long period of time and with high expenses.

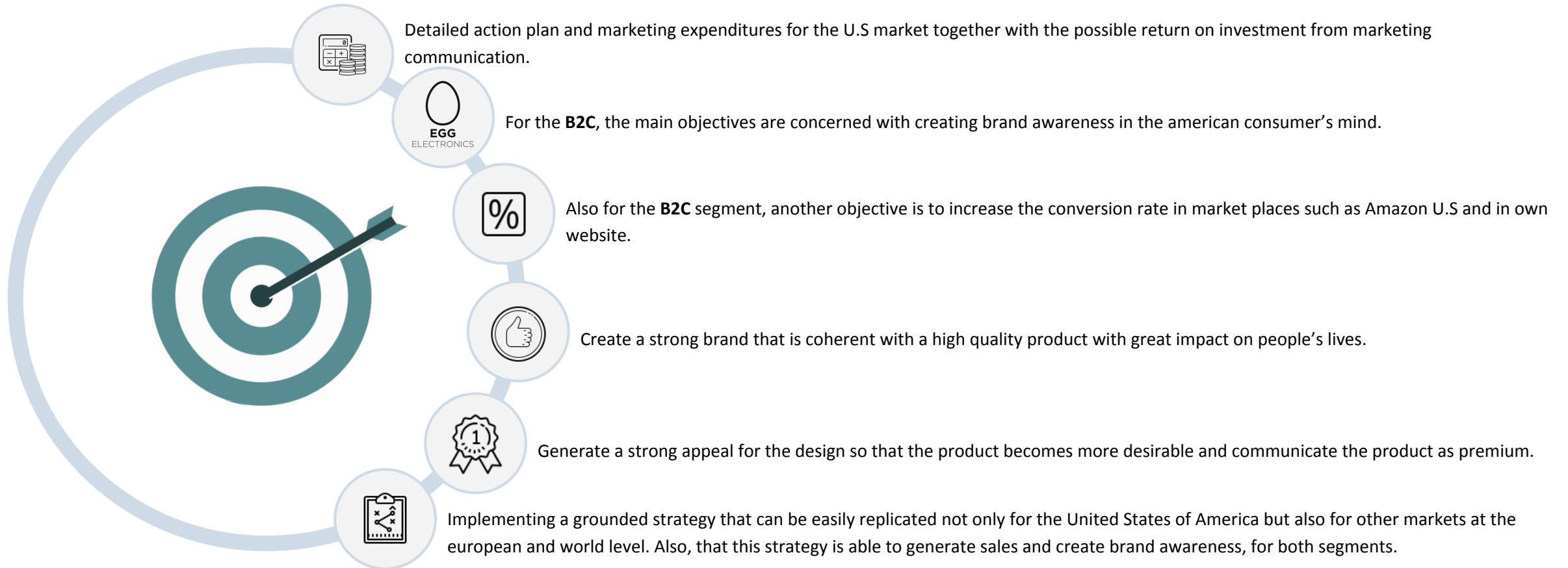
Table 17



EGG's main marketing objectives are to develop a sound marketing strategy that can be replicated for other markets and which is able to create brand awareness and consequently impact sales.

## 2. Marketing Objectives | B2C AND B2C MARKETING

Objectives or goals are the ends the strategy hopes to achieve, based on the organization's resources and were retrieved from an email sent by Tiago Vendas, EGG's marketing responsible. There can be any number of quantitative or qualitative objectives, though the firm will usually prioritize one objective over others. The most common goals relate to profit, market share, return on invested capital, and/or customer-based outcomes like satisfaction or repurchase. Marketing objectives were defined by EGG for both segments.



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# B2C Marketing

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Addressing the B2C segment through a sound Marketing Plan

The market for “innovative power strips” purchasers was segmented using demographic, psychographic and needs-based criteria. This way EGG can understand which are the most relevant segments.

### 3. Marketing Strategy | SEGMENTATION



As said in the Framework for Marketing Strategy (2016), the ultimate goal of Segmentation is to brake the market into homogeneous groups with similar needs. For that, it is important to gather a significant amount of information about consumers regarding their demographics, psychographics and benefits sought, with the final goal of defining segments that are similar in these variables. In the case of EGG, a combination of various demographic, psychographic and needs were used to segment the market, taking as basis the answers from the conducted survey which was sent to the USA.

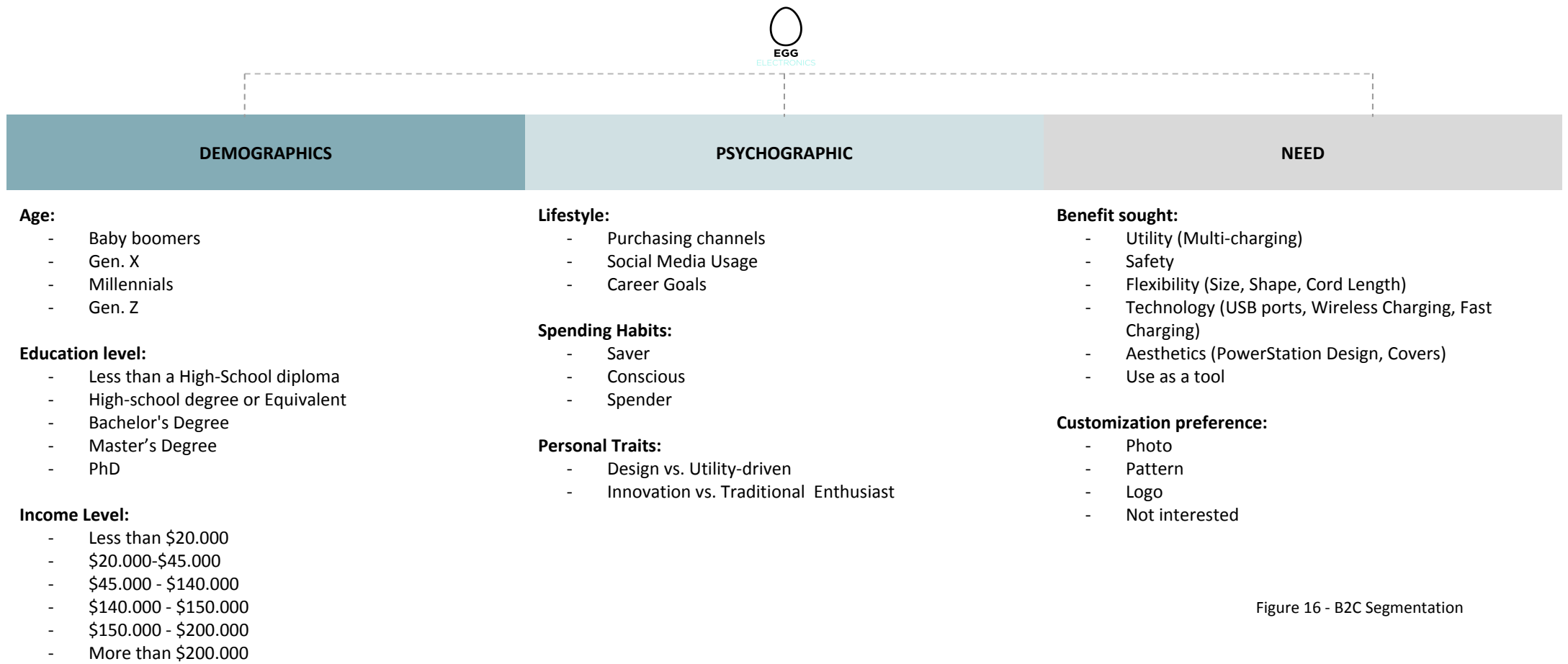


Figure 16 - B2C Segmentation

Taking into account these criteria, 4 segments of the Power Strip purchasers' market were retrieved, which are **described through Personas** in the next slide.

Four segments arose as the most relevant ones when considering power strips purchasers. A Persona was built to better describe each segment, including lifestyle, personality traits and power strips' preferences.

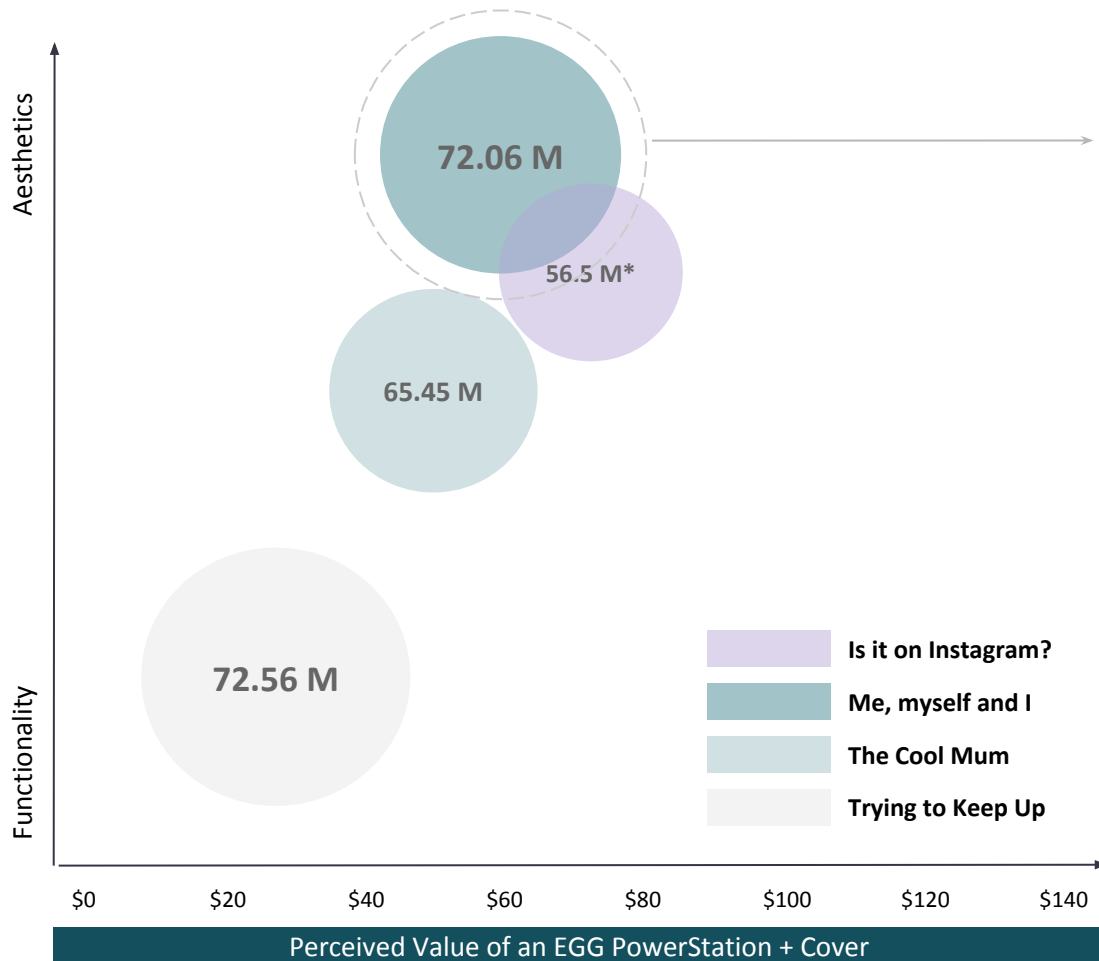
### 3. Marketing Strategy | PERSONAS

	Trying to Keep Up	The Cool Mum	Me, Myself and I	Is it on Instagram?
	 <p><b>AGE:</b> 57 (Baby Boomer) <b>EDUCATION:</b> Bachelor's Degree <b>HOUSEHOLD INCOME:</b> \$45.000 - \$150.000</p>	 <p><b>AGE:</b> 48 (Gen. X) <b>EDUCATION:</b> Bachelor's Degree <b>HOUSEHOLD INCOME:</b> \$150.000 - \$200.000</p>	 <p><b>AGE:</b> 32 (Millennial) <b>EDUCATION:</b> Master's Degree <b>HOUSEHOLD INCOME:</b> \$45.000 - \$150.000</p>	 <p><b>AGE:</b> 23 (Gen. Z) <b>EDUCATION:</b> Bachelor's Degree <b>HOUSEHOLD INCOME:</b> Less than \$20.000</p>
<b>LIFESTYLE</b>	This segment purchases <b>mostly through retail stores</b> but already includes online retailers such as Amazon.com or Walmart.com in their consideration range. This generation is slowly <b>getting retired</b> but does not give up on learning and adapting itself to the tech world. Concerning social media habits, it uses <b>mostly the Facebook</b> platform (not yet comfortable with Instagram).	"The Cool Mum" segment comprises the Gen. X population. This segment is in a <b>mature stage of their careers</b> and feels fulfilled by what they've achieved. They are already familiar with online shopping and use it often for personal purchases; in fact, this is the segment with <b>larger spending propensity</b> . Facebook is part of their daily lives and they're slowly embracing Instagram.	The "Me, Myself and I" segment encompasses those who are self-centered and put themselves on the first place. This segment is <b>moving upwards in their career</b> path and actively investing in themselves (buying a house, a car). Their purchasing habits include <b>both offline and online</b> retailers, and they have a conscious way of spending their money. They actively use <b>all social media</b> .	The "Is it on Instagram?" segment addresses the generation Z population: people in this segment are digital natives. Purchases happen <b>through online retailers</b> , but they tend to be "savers" when it comes to spending. Concerning Career goals, they're looking for a <b>work-life balance</b> and willing to fight for it. Facebook, Instagram, Youtube and Twitter are all used to a <b>maximum extent</b> .
<b>PERSONALITY</b>	Although still largely influenced by the traditional values coming from the previous generation, the "Trying to Keep Up" segment is an innovation-adopter and wants to keep up with the latest tech trends.	The "Cool Mum" segment is a supporter of small businesses and willing to pay premium for differentiated products. They are not innovation driven but Design is definitely an important factor to be considered when buying something, especially because they want to match it with the house decor.	This segment is both innovation and design-driven. As they already have the budget for it, they invest in the ultimate tech products and want to show others that they can afford it, as they are extremely concerned with their image.	This segment is driven through what is fashionable at the moment and they will change their preferences according to their influencers' opinion. Overall, they are innovation-driven and start-up supporters. They care about Design since they will probably share the products they've bought on social media.
<b>NEED</b>	<p><b>Benefits sought:</b></p> <ul style="list-style-type: none"> <li>- Utility</li> <li>- Safety</li> <li>- Flexibility</li> </ul> <p><b>Customization preference:</b></p> <ul style="list-style-type: none"> <li>- A photo of their choice</li> </ul>	<p><b>Benefits sought:</b></p> <ul style="list-style-type: none"> <li>- Better Technology (USB, Wireless charging)</li> <li>- Use as a tool</li> </ul> <p><b>Customization preference:</b></p> <ul style="list-style-type: none"> <li>- Basic pattern</li> </ul>	<p><b>Benefits sought:</b></p> <ul style="list-style-type: none"> <li>- Utility</li> <li>- Flexibility</li> <li>- Aesthetics</li> </ul> <p><b>Customization preference:</b></p> <ul style="list-style-type: none"> <li>- Design that would fit house decoration</li> </ul>	<p><b>Benefit sought:</b></p> <ul style="list-style-type: none"> <li>- Utility</li> <li>- Flexibility</li> <li>- Aesthetics</li> </ul> <p><b>Customization preference:</b></p> <ul style="list-style-type: none"> <li>- Fashionable Patterns</li> </ul>

The “Me, myself and I” segment came up as the most attractive one when considering EGG’s requirements. Thus, this is the segment on which EGG will focus its effort on, and develop a marketing mix to.

### 3. Marketing Strategy | TARGETING AND POSITIONING

The previously identified Personas can all be possible purchases of EGG’s PowerStation Pro. However, it would not be profitable for the firm to communicate to all the segments, as they have different needs and desires. For that, a framework was used to evaluate the attractiveness of each segment, by considering: **1)** Which are the attributes each persona considers most attractive when buying a PowerStation; **2)** How much would they be willing to pay for a PowerStation; and **3)** How many people would be included in each segment (by using a proxy of the amount of people in each generation). Note that point 2 and 3 are based on results from the survey.



#### TARGETING:

The best option for EGG would be to target the “Me, Myself and I” segment, for various reasons:

1. Given that it is the segment that shows most interest in the Aesthetics part of the PowerStations, which is EGG’s key benefit.
2. Out of the 4 segments, it is the one which is willing to pay the second highest value for an EGG PowerStation.
3. It is the segment with the second largest amount of population.

#### POSITIONING STATEMENT:

*“For Millennials who are passionate about the tech-world, **EGG** is a tech startup that offers the most innovative PowerStations **because** of its sharp design combined with an advanced technology.”*

#### UNIQUE SELLING PROPOSITION:

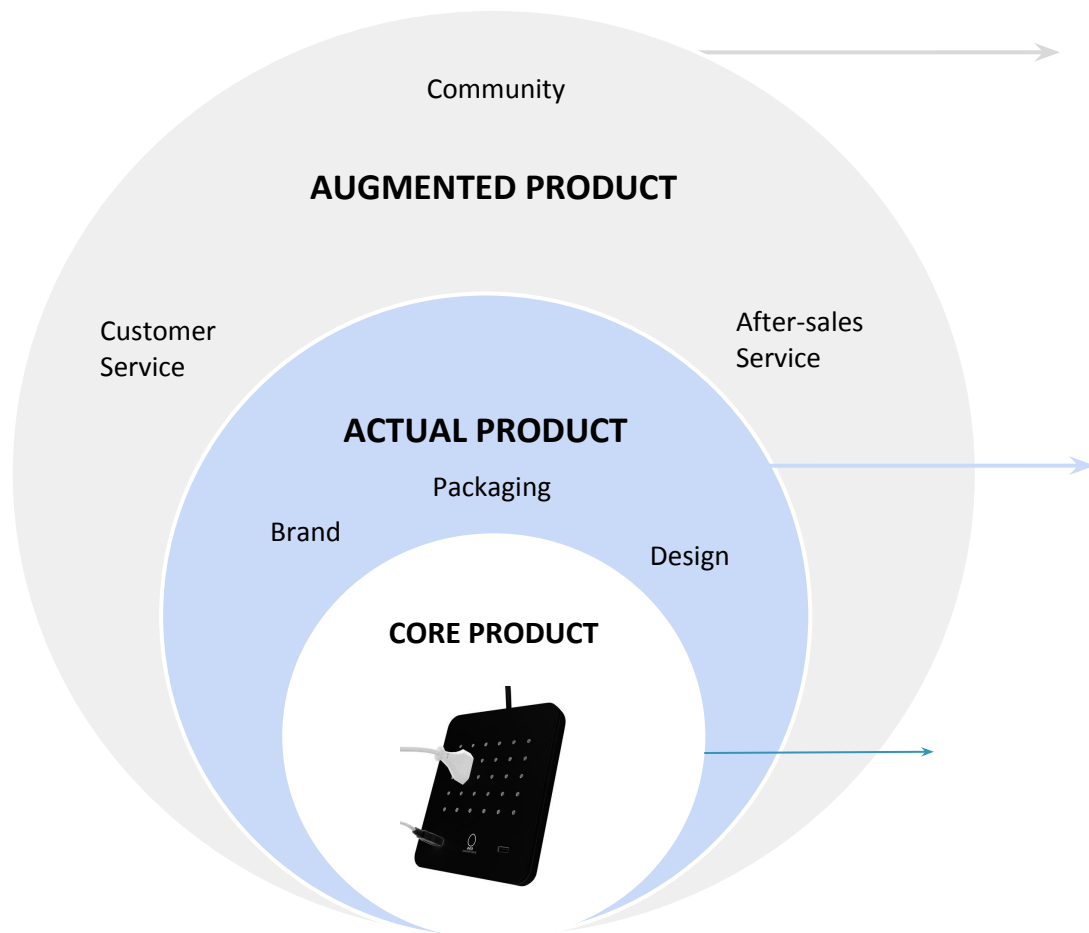
*“Powering Your Lifestyle”*

\* Generation Z, which encloses population from 7 to 22 years old, represents **27.69%** (90.55 million people) of the total U.S population. Given that 10.4% are aged from 10 - 18 years old and considering that only people over 18 have enough purchasing power to be willing to acquire EGG, only 17.29% of the Generation Z will be considered, 56.5 million people.

Graphic 4 - Segment Attractiveness

## 4. Marketing Mix | PRODUCT

**“The core function of a product is not what makes the sale in most situations. That is why, when defining a product or service, marketers need to think of the full set of ways in which value can be created for customers.”**  
Robert J. Dolan, Framework for Marketing Strategy Formation (2014)



The **Augmented Product** are the extra features a brand can give to their customers, by offering other functionalities that increase the perceived value of the core product. Some extras that EGG should offer can be:

- An after-sales service through their website, including a chat bot
- Include tutorials and “How-to” videos so that customers understand the product
- Allow for a 2-year warranty period so that customers trust the product
- Actively share social media content created by the customer

The **Actual Product** are the features that differentiate the core product from competition. This is the level in which EGG should focus more efforts on, since power strips per se are not devices that require much thought in the customer’s purchasing journey. EGG is already strong in these type of attributes:

- User-friendly Design that differentiates EGG from simple power strips
- Customizable covers that change according to social movements and trends
- An attractive packaging to capture the attention of customers in a store

EGG’s **Core Product** in the US will be its **PowerStation Pro**, with a type B plug which is adapted to the country. Product features include:

- Possibility to charge up to 4 USB
- Wireless charging
- Surge protection
- On/Off button
- LED lights

Figure 17 - Three Product Levels Framework

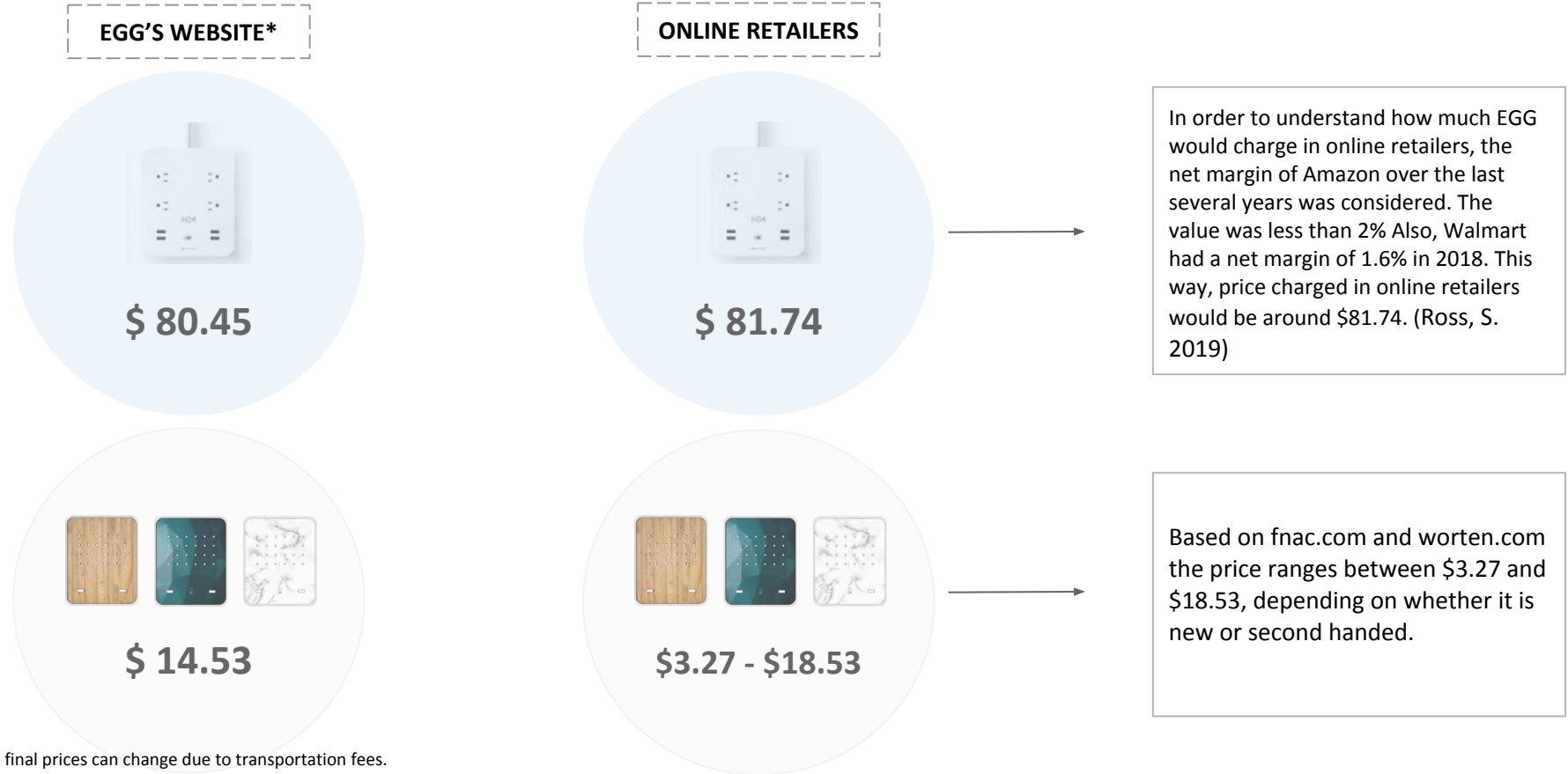
Price charged by EGG varies depending on the channel, with a higher price charged by retailers. Also, EGG sells additional products that complement the main one, gathering more revenue without having to increase the main product's price.

## 4. Marketing Mix | PRICE

### Literature Review

EGG PowerStation Pro and EGG Traveler have a price stipulated by the company for the B2C segment when selling through their own website. Production costs reach a value of \$33 and \$29.42 and in order to reach a contribution margin of 28% and 32% for PowerStation Pro and Traveler, respectively. Considering the production costs and contribution margins, the final price charged is high which makes EGG a premium price brand.

Additionally, based on "Principles of Marketing, 4th European Edition, Prentice Hall" by Philip Kotler, Gary Armstrong, Veronica Wong and John Saunders, in regards to **product-mix pricing strategies**, EGG takes advantage of the **optional-product strategy**: the pricing of optional or accessory products along with the main product. EGG sells its PowerStations and also offers various covers developed by EGG designers. Customers who care about these extras will pay a higher price.



\* EGG's website prices are the same for all countries, but final prices can change due to transportation fees.



Given that Egg is entering a new market, the customer base will be small in the beginning, which makes a short channel a better option for EGG in the first years. With time, physical retailers are expected to enter the distribution channel.

## 4. Marketing Mix | PLACE

### Literature Review

A marketing channel (or distribution channel) is a set of interdependent organisations involved in the process of making a product or service available for use or consumption by the consumer or business user. Referring to the **vertical dimension**, channels will be short and the amount of control of the company over the product is high. Regarding **horizontal distribution** (“type of intermediary and distribution format at each step”), EGG will consider **selective distributors**: as the product is premium positioned makes more sense to make it available in certain places that are coherent with its positioning, delivering the same values. EGG sells through its website, however, to be more efficient, makes more sense to have distributors in order to allow your product to reach a broader market easily. It is safer for EGG to sell to retailers once it enables to control demand fluctuations. Also, warehousing would come as a cost for EGG if it used only the direct channel, this way the distributor takes part of that cost.

For the **first 5 years** EGG will target a small part of the market, once it will be gaining brand awareness throughout time. The first one is a direct channel where EGG sells directly from its **own website** to the end consumer (figure 1). The second channels is concerned with sales throughout **online retailers** (figure 2).



Figure 1



Figure 2

- Amazon.com
- Walmart.com
- Target.com

**After the first 5 years** the company will gain market share. Given this rise of demand for the product, it is expected that the company starts introducing physical retailers in its distribution channel. However, EGG doesn't have interest in establishing its own store.



Figure 1

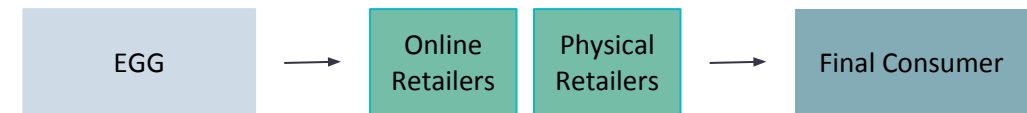


Figure 2

- Amazon.com
- Bestbuy.com
- Walmart.com
- HomeDepot.com
- Target.com

- Walmart Retail Store
- Target Retail Store

On a final note, it is important to mention the importance of the value of experience. Even though EGG cannot control how the retailers operate the shopping experience in their websites, it should ensure that its own website communicates the value of the product effectively and that the website experience contributes to the willingness of purchasing the products.

EGG should start by developing a strong digital presence in the US, through both Social Media and Digital Advertising. Once there is a larger budget, it can also be present in certain offline channels.

## 4. Marketing Mix | PROMOTION PART I



Promotion is an extremely important part of the Marketing Mix as it is usually through it that customers have a first contact with the brand. Plus, if the promotion plan is well achieved, it stimulates demand for products and builds a positive brand image for the company. In the case of EGG for the B2C segment, we recommend that the firm focuses on a **Digital Promotion plan**, since it is online that its target audience makes most of their purchases.

SOCIAL MEDIA ADVERTISING	
	<ul style="list-style-type: none"> <li>- Creating an Instagram &amp; Facebook page specific for the US</li> <li>- Send the PowerStation to powerful US influencers (especially those related to technology) and allow them to create content</li> <li>- Develop posts related to current social movements and trends</li> <li>- Actively listening and participating in discussions from customers</li> <li>- Allow for direct purchases on the Instagram platform</li> </ul>
KPI's	<ul style="list-style-type: none"> <li>● Number of Followers</li> <li>● Post's Reach</li> <li>● Average Interactions Per Post</li> <li>● Total Post Engagement (#views, #likes)</li> <li>● Support for Social Commerce</li> <li>● Hashtag engagement</li> </ul>

Table 18

DIGITAL ADVERTISING	
	<ul style="list-style-type: none"> <li>- Search Ads such as Google Ad Words</li> <li>- Display Ads (such as banners)</li> <li>- Native Ads (positioned in the middle of a website's content)</li> <li>- Social Media Ads (through IG stories and FB banners)</li> <li>- Newsletters of specific magazines/websites that should be sent via e-mail</li> </ul>
KPI's	<ul style="list-style-type: none"> <li>● Desktop and Video Display Ad Impressions</li> <li>● Share of Voice within the Category</li> <li>● EGG's website traffic</li> <li>● Number of newsletter readers</li> <li>● Organic search</li> </ul> <p style="text-align: center;">Graphic 4 -</p>

Table 19

TRADITIONAL MEDIA ADVERTISING	
	<p>Although with less expression, traditional media should not be forgotten and EGG can invest on this segment later on. Within the available options, we recommend that the company focuses on:</p> <ul style="list-style-type: none"> <li>- Articles of Journals/Magazines that are Tech-specific + Home Decor + Start-up</li> <li>- Appearing in catalogues of Tech retailers such as Walmart and CostCo</li> </ul>
KPI's	<ul style="list-style-type: none"> <li>● Number of Magazine subscribers</li> <li>● Click rate on Retailer's website after the Catalogue is released</li> </ul>

Table 20

Throughout the year, EGG must develop several online promotional activities, while constantly monitoring them through the most important KPIs.

## 4. Marketing Mix | PROMOTION PART II



For their entrance in the US, the group has developed a timeline of a 1 year Promotion campaign that EGG can use for the first year of operations.

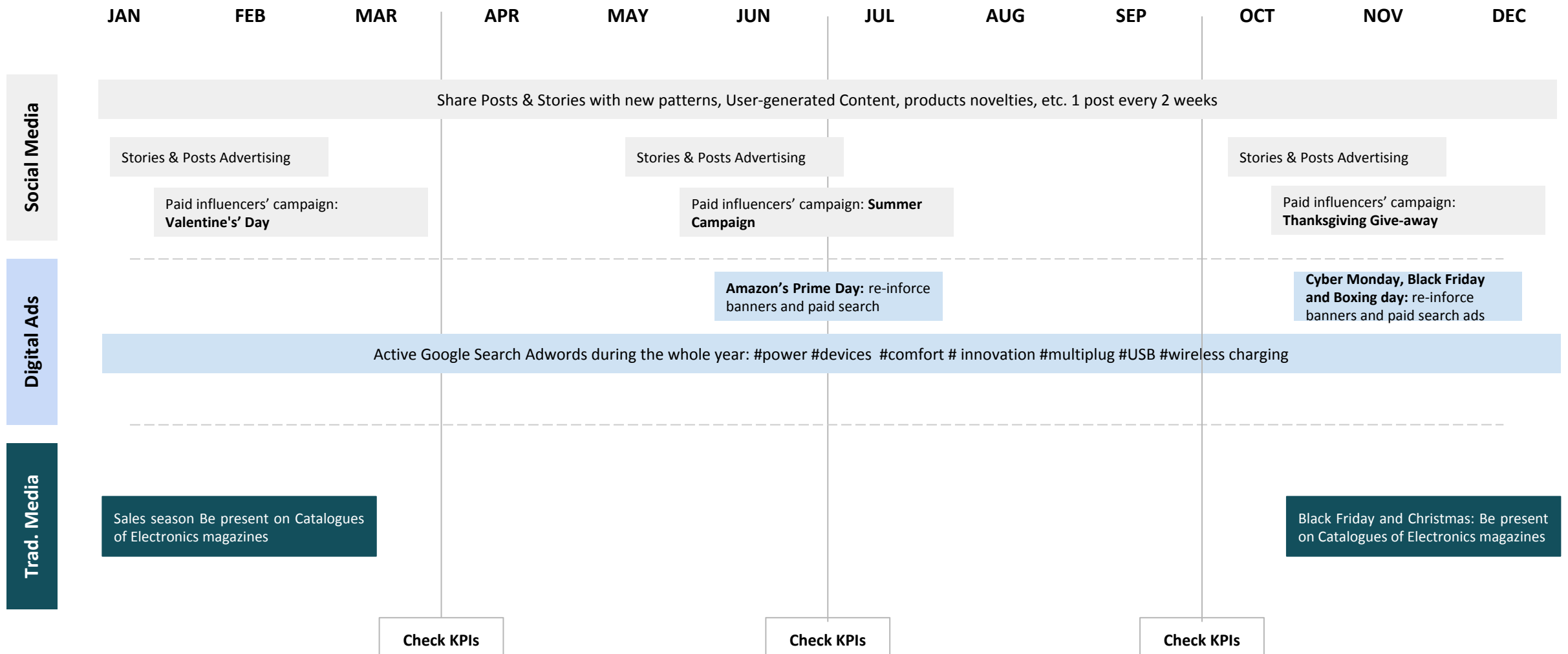


Figure 18 - EGG's yearly promotional activities

# B2B Marketing

Addressing the B2B segment through a sound Marketing Plan.

Checking that there is a fit between the Corporate Gift Market, EGG and the PowerStation Pro was the first step of the marketing plan to this segment.

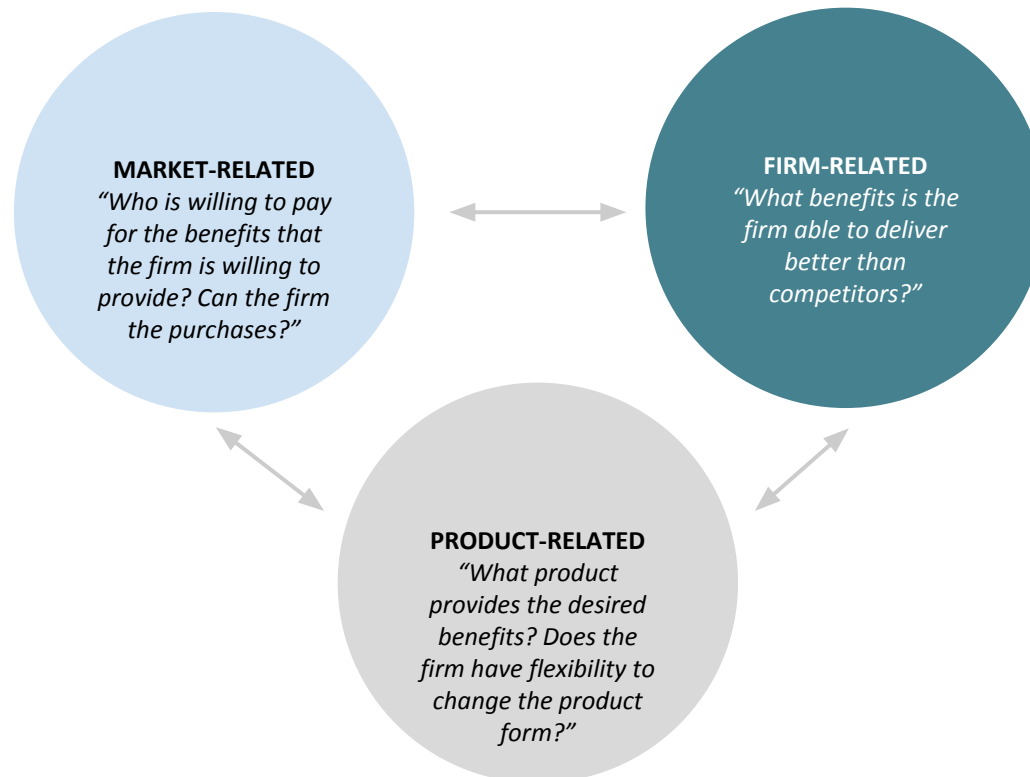
## 5. Market Selection | FIT BETWEEN MARKET, FIRM AND PRODUCT



According to the Reading from the Harvard Business Publishing authors, the first step of a B2B marketing strategy is the Market Selection. To make a thoughtful decision on which market to address, the focal company must evaluate the fit between the firm itself (and its capabilities), the market it operates in (meaning, the opportunities it encompasses), and the product (direct benefits). After justifying that there is indeed a fit between the 3 segments, the company can later segment the market and focus on specific buyer needs.

### Understanding the Fit

✓ As previously said, research shows that there is definitely a large portion of US companies interested in offering premium corporate gifts. Results from the survey showed that gifts which are personalized and useful are becoming more attractive to firms and that they are willing to pay more for it. In regards to purchases, we expect that there orders will be large-sized, since American companies usually have a higher budget to spend on Corporate gifts.



✓ EGG definitely has the necessary capabilities to deliver a high-quality solution when it comes to corporate gifts, by offering superior benefits than competitors. While competitors usually offer simple corporate gifts like a USB drives or a pen with the firm's symbol, EGG offers a technological product that clients will find extremely useful.

✓ The PowerStation is a great way to incorporate the clients' desires when offering a corporate gift: not only because it allows for a large customization space of the product but also due to the high-quality and functionality of the product, which will be seen as a useful gift to the end-user.

The market was segmented according to company demographics, purchasing situation and buyer's needs. As a result, the target for EGG will be large firms in the west region, which search for innovative gifts and quality, and give corporate gifts to most clients.

## 5. Market Selection | SEGMENTATION & TARGET



The second step of Market Selection is to segment the market. In B2C marketing, segmenting the market means partitioning it into smaller groups of homogenous needs. However, in the B2B segment, the clients' needs are usually extremely specific to the firm, which makes segmentation of this market a tougher decision. The criteria used to segment the Corporate Gift Clients' market is based on the Harvard Reading that is being used as a framework, coupled with information retrieved from other websites.

### SEGMENTATION CRITERIA FOR THE B2B SECTOR

<b>COMPANY DEMOGRAPHICS</b>	<p><b>Size:</b></p> <ul style="list-style-type: none"> <li>- Small-firms</li> <li>- Medium-firms</li> <li>- Large firms &amp; Multinationals</li> </ul> <p><b>Location:</b></p> <ul style="list-style-type: none"> <li>- West</li> <li>- South</li> <li>- Midwest</li> <li>- Northeast</li> </ul>
<b>PURCHASING SITUATION</b>	<p><b>Quantity:</b></p> <ul style="list-style-type: none"> <li>- For VIP Clients and C-suite Employees (up to 100 units)</li> <li>- For most Clients and Manager-level Employees (up to 250 units)</li> <li>- For the whole company (250-5000 units)</li> </ul> <p><b>Budget:</b></p> <ul style="list-style-type: none"> <li>- Price-sensitive (up to \$50)</li> <li>- Quality-sensitive (\$50-\$100)</li> <li>- Premium (\$100-\$180)</li> </ul>
<b>BUYER'S NEEDS</b>	<p><b>Corporate Gifts preferences:</b></p> <ul style="list-style-type: none"> <li>- Tradicional gifts</li> <li>- Gourmet gifts</li> <li>- Innovative gifts</li> </ul>

Table 21

### KNOWING THE BUYER

When addressing the US market, EGG should focus their efforts in marketing for a specific type of companies, instead of trying to reach all firms. EGG should address clients which are aligned with the firm's values and capabilities, so that there is the fit between product offered and company's desires. We believe EGG should target a specific niche of companies, which are:



### B2B CLIENT EXAMPLE:

"Company X is a **Multinational corporation**, with HQ located in the Pacific Region, in **San Francisco, California**. It is a creative firm, up to the latest market trends and constantly looking to new opportunities to innovate its business.

As Christmas approaches, the company wants to give its **150 Business Partners** a corporate gift, reminding them of their importance to the business. They want the C.G to be aligned with the company's values: it need to be innovative, technology-driven and give back to the client in some way. For this, the company would be available to spend **up to \$ 80.**"

\*Please consult **Explanatory Appendix 3**, to understand region selection.

## 6. Pricing



The next step developing the marketing strategy is concerned with pricing. To maximize price it is crucial to understand benefits for the buyers and their value proposition. Customers are willing to pay premium if the offered product is perceived as delivering superior performance on meaningful dimensions. The challenge for the B2B marketers is to identify the optimal pricing zone. This zone varies according to customer, product, order, location and time.

PRICES CHARGED BY EGG TO CORPORATES	
Minimum Order Quantities	Unit Price with Client Customized Cover
50	\$ 70.50
250	\$ 66.09
500	\$ 62.78
1.000	\$ 59.84
2.000	\$57.28
5.000	\$55.07

PRICES CHARGED BY EGG TO DISTRIBUTORS	
Minimum Order Quantities	Unit Price with Client Customized Cover
50 -999	\$ 53.19
1.000 - 4.999	\$ 50.97
More than 5.000	\$ 48.76

MARKET EXPECTED PRICE				
According to a report on Corporate Gifts, recipients don't expect to receive gifts that cost over 150 U.S Dollars. Additionally, interesting differences were found between demographic groups and regions in the U.S. Also, a basic formula was developed for general-purpose guideline in a "one-size-fits-most" approach:		Junior-level	Manager/Director-level and Most Clients	C-suit & VP's and Most Valuable Clients
	Important Business Milestone	\$140 - \$160	\$140 - \$160	\$140 - \$160
	Promotion	\$75 - \$100	\$140 - \$160	\$140 - \$160
	Holiday	\$50 - \$65	\$75 - \$100	\$75 - \$100
	Work Anniversary	\$50 - \$65	\$75 - \$100	\$75 - \$100
	Birthday	\$50 - \$65	\$50 - \$65	\$50 - \$65

\*Price for client customized **packaging sleeve: + \$2.75/unit** (MOQ 100 uni)

Table 22

Table 23

Table 24

**F  
I  
T**

Both clients and employees expect to receive business gifts valued between \$50 and \$160. Given that EGG's product, either bought on the company's website or through distributors, is placed within the interval and close to the lower bound, EGG's price will be attractive for the market of corporate gifts.

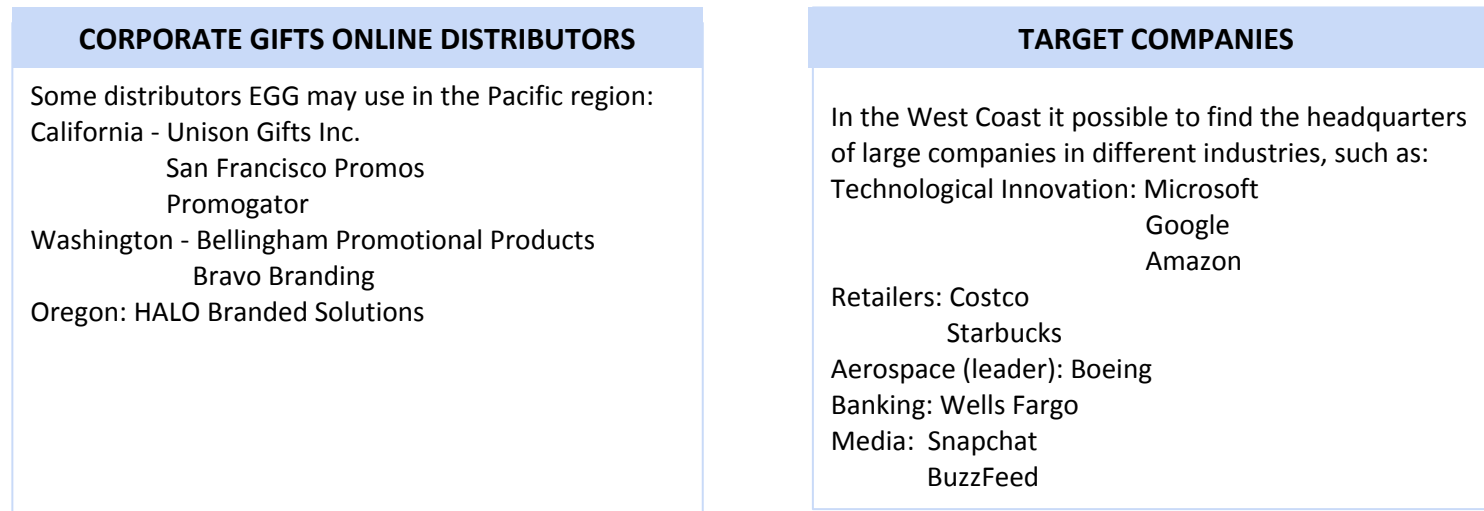


Distribution for the B2B segment is also expected to be done is short channels. However, in this segment a sales agent will be considered, which introduces a new distribution channel.

## 7. Distribution



Following the framework, the next step is to focus on distribution. Most commonly, marketers use direct sales personnel, distributors, manufacturers' representatives or agents and brokers. To maximize supervision and control, the most effective option is for a firm to choose direct sales personnel. Sales personnel is concerned with the employees of the firm who are geographically present in buyer concentrated areas. Sale price needs to be high enough to cover the cost of personal selling effort. It is important to mention that channels are based in complex, long-term relationships which take time to develop and once established, can be hard to change in many B2B markets.



### DISTRIBUTION CHANNELS:



Figure 19 - Distribution Channels

## 8. Communication | WHERE TO SAY IT?



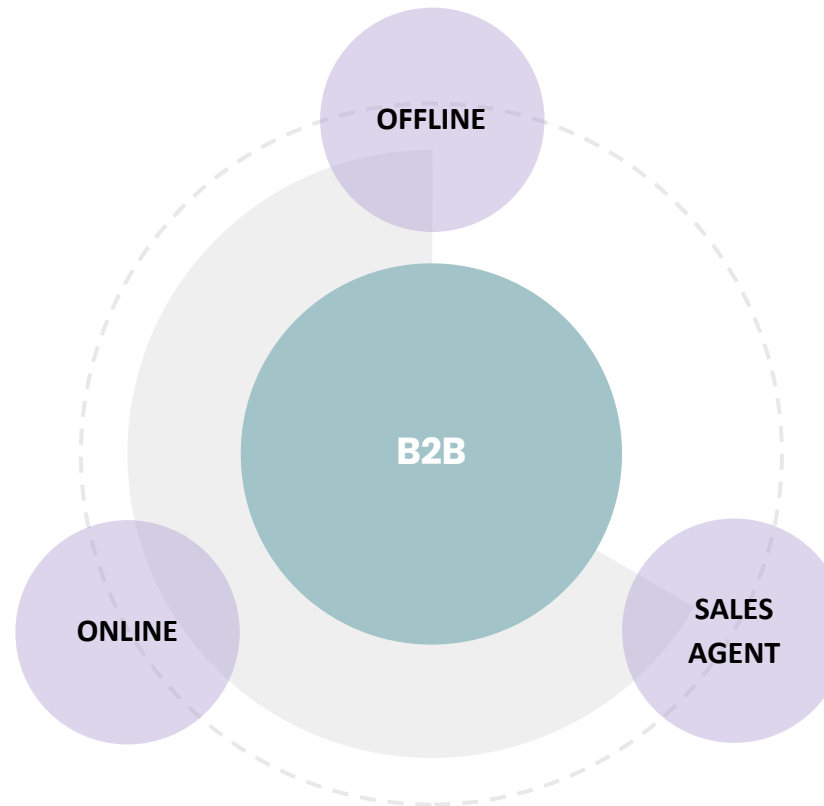
In Communication, it is not only important to know what to say but also how to say it. B2B communications vary from B2C communications to a large extent, given that B2B Clients usually demand larger quantities, specific requirements and a strong service throughout the whole purchasing process. For that reason, we recommend that the communication for this type of clients is based on both online and offline channels, but includes an extra channel: a sales agent.

The “offline” promotion still stands as one of the most important parts of an effective communication plan. As buyers usually require a demonstration before purchase, being available at the right place and at the right time is crucial. To reach B2B customers at this level, EGG should consider being present in the following channels:

1. **Promotional Products Trade Shows:** Important trade shows must be considered if EGG wants to create a strong customer basis in the Pacific Region. Some examples: ASI (Advertising Specialty) Trade Show, TechSpo
2. **Advertising in printed catalogues:** Companies who are looking for corporate gifts are more likely to consider those which are on catalogues <sup>1</sup>. For that reason, EGG should make an effort to include its PS in the most popular ones.

Although still without large expression, Online advertising is gaining importance for the B2B market as well. For this reason, EGG should not forgo the following channels as tools for advertising to potential B2B clients:

1. **EGG’s Website:** having an option on the website that includes reviews from previous B2B customers and a chatbox where companies can contact EGG.
2. **Direct e-mailing:** Contacting interested customers in October with Gifts proposals.
3. **Social Media:** keeping in mind that B2B clients can also check the social media channels to see what individual consumers think of the product



Notwithstanding the relevance of online and offline promotion in B2B marketing, **the strongest element a company can have in its B2B communication strategy is a Sales Agent.** B2B marketing requires strong relationships between client and supplier, and personal selling plays a crucial role in this type of segment.

The firms that EGG is targeting are paying a higher value for a Corporate Gift such as EGG’s PowerStation because they want to invest in an innovative and differentiated gift. However, they are also expecting a sales support that keeps up with the gift quality.

**For that reason, a Sales Agent must be available in the Pacific Region to meet the needs of customers in person (if needed), talk directly to distributors and be present at important events.**

## 8. Communication | WHAT TO SAY?



Communication is a crucial part of a thoroughly built Marketing Plan. According to the reading, a company selling in the B2B segment must choose the **type of benefits** it will communicate to the B2B client, and build its value proposition around it. As EGG is still on the phase of acquiring customers, the firm should focus on communicating firstly its Economic, Tangible benefits while later showcasing Non-economic, Tangible benefits that differentiate the company from competition.

### 1. Economic, Tangible Benefits

EGG will be a new player in the Corporate Gifts market, and for that it needs to establish itself in terms of Economic, Tangible benefits. This means it needs to show potential customers that the gifts it sells are as good (or even better) than any other, in terms of price performance. This is mentioned in the reading as “competitive parity”, which is the first step for a company acquiring customers.



The PowerStation’s price varies between \$70- \$55. There is a **great price-performance trade-off** when comparing EGG’s powerstation with other corporate gifts of the same cost.



The fact that **EGG holds a patent** for the PowerStation’s design removes the risk of replication, making it an even more valuable gift - no company will offer the same.



EGG’s PowerStation is not a simple corporate gift: **it gives back to those who receive it.** Companies looking to offer a memorable gift to their clients will be more willing to buy a useful product that lasts.



The **large space for personalization** is also a great feature of EGG’s PowerStation. This way, the Client has space to imprint more than just the company logo, making it more appealing to the receiver.



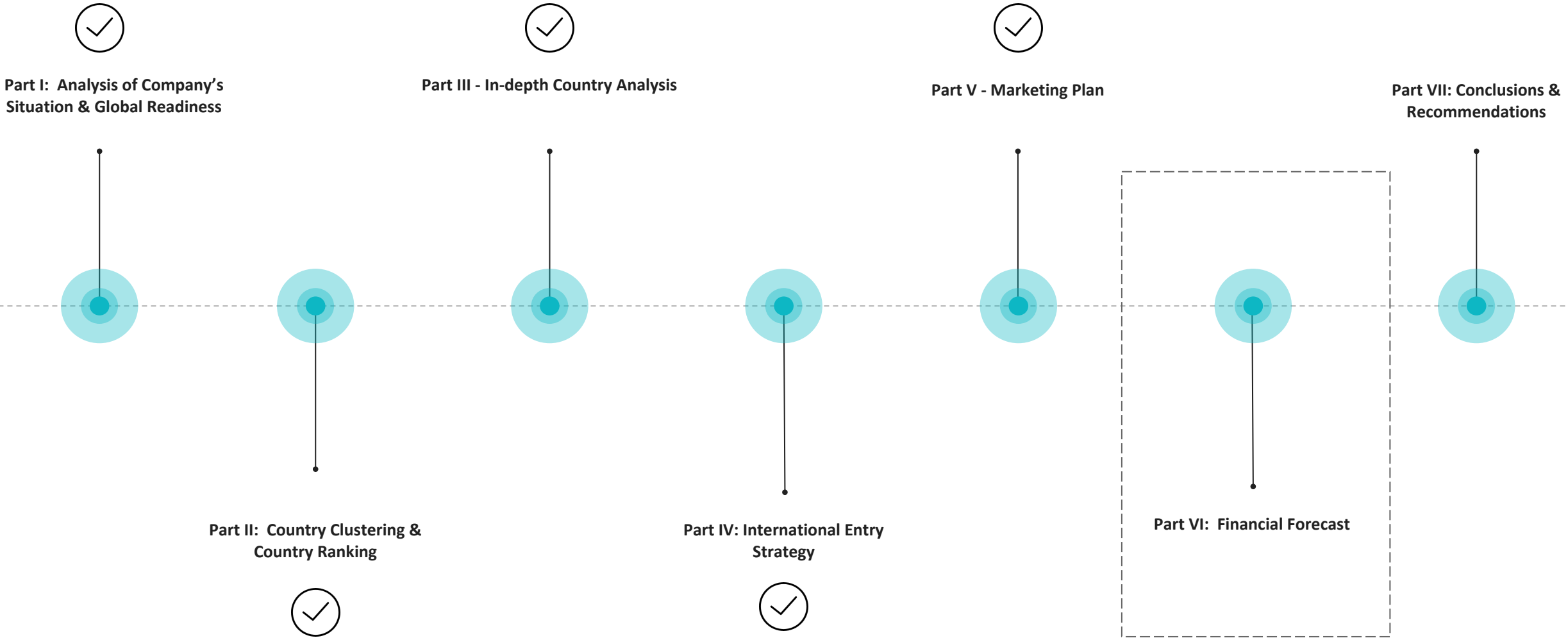
The fact that **EGG is a small business** may be an attractive attribute for Corporates choosing a gift, as Americans are usually supporters of smaller businesses (**source: Survey**).

### 2. Non-economic, Tangible Benefits

These type of benefits are the ones which can raise the perceived value of the customer with regards to the Corporate Gift. Benefits such as brand or vendor reputation do make a difference when comparing different options; however, it is both costly and time-consuming to invest in these type of benefits on a first stage: the company has to reach them through time.



The **value proposition** for EGG should be built having as basis the aforementioned benefits.



## TABLE OF CONTENTS - PART VI

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## 1. Assumptions



For this forecast, we decided to apply the **FCF Model**. The Cash-Flows represent the cash a company generates after the cash outflows to support operations and maintain the capital assets.

The FCF, discounted to the present, allow to calculate the project NPV, Payback Period and Profitability Index.

Since EGG has no debt,  $WACC = R_u$ , because  $R_D = 0$  (A. Brealey, Richard, and C. Myers, Stewart, and Allen, Franklin, 2011). Hence, to discount the CF's, we used the unlevered cost of capital, calculated through the following equation:

$$R_f + \beta_u * (E_m - R_f) = R_u$$

Equation 4 - Cost of Capital



### SALES

- a. We are planning for EGG to start selling on November 2020 - before, the company will only create awareness and prepare to enter the market.
- b. Since we are initiating a new export process, we compared the units sold in Germany in 2018 with the market sales potential (calculated using the process described in Part III - In Depth Analysis). We did this separately for B2C and B2B, obtaining different market attained rates for each segment. Then, we applied this percentage to the market sales potential in USA, extracting the company sales potential for the country.
- c. Based on the revenues for the total consumer electronics industry (found on Statista), we were able to calculate the annual growth rate. We then applied it to sales value to calculate the following years sale.
- d. On the B2C segment, we will target no specific geography, since we will sell mainly through marketplaces that will be responsible for the logistics. On B2B, however, we will begin by targeting the Pacific region (as explained in Part IV - Marketing), proceeding to the Northeast Region in 2023.
- e. We are assuming EGG's market share does not change throughout the five years. It remains steady for both B2C and B2B.
- f. For the sales increase, we are only assuming market expansion, not market share increase.

## 1. Assumptions



**COGS:** We are assuming **COGS** are steady through the whole process.



**VAT:** Regarding VAT, we are considering an average value, since it changes from state to state, which would be nearly impossible to take into account for this evaluation.



### INVESTMENTS

- a. Regarding certifications, we considered the FCC and UL, essential for the industry.
- b. For the influencers campaigns, we planned to do 3 (5 influencers with 1 post each) per year (before Valentine's Day, before Summer and before Black Friday/Christmas). We estimated an average cost/post of €180.
- c. For the sponsored instagram stories, we estimated a €15 daily budget (Instagram allows to define the budget and programmes the reach accordingly). We will do 3 campaigns, each one during 2 months.
- d. Finally, for Google Adwords, we are planning to invest in a 2 month campaign in 2020, to create awareness, plus a 6 month campaign in 2021. Each month costs, on average, €10 000.
- e. For the roadshows and fairs, we estimated the total costs: flights, overnight expenses, fair related costs and meals.



## 2. Financial Forecast | BASE SCENARIO

In order to understand the viability of this Internationalization Plan to the United States, the team performed a financial forecast that comprises all the important aspects.

The sales from both B2C and B2B segment were calculated based on EGG's attained market, on both segments, in Germany, after its first year of operations (presented on slide 46). The attained market for B2C is 0.01% and for B2B is 0.3%. Sales forecast for subsequent years were based on Consumer Electronics Industry growth (Statista, 2019)

Regarding Costs, a €30 unit production cost was considered. Cost of Sales were also taken into account, including commissions of roughly 30% paid to Amazon (B2C), and 8% to a Sales Agent (B2B). Moreover, transportation costs, that usually account for 10% of the COGS, according to the book "The Geography of Transport Systems" (Rodrigue, Jean-Paul. 2017).

On Investment CF were included expenses such as marketing campaigns, certification costs and net working capital.

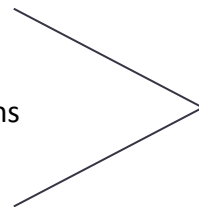
After deducting all values from the total sales, the cost of capital was found in order to get the Discounted Cash Flows.

In the end, this project got the following results:

**€ 944,070** NPV

**Payback Period: 2** Years **3** Months

**Profitability Index: 14.9**



Since this project presents a positive NPV of €944,070, EGG should go forward with this Internationalization Plan. Also the 2 year and 3 month of payback period and the profitability index of 14.9 help to support the initial recommendation. Nevertheless, this kind of projects always come with a certain level of uncertainty. To account for possible deviations from the base scenario, some variable will be tested to understand their final impact on project's value.

### FINANCIAL FORECAST - BASE SCENARIO

	2020	2021	2022	2023	2024	2025	2026
Sales B2C	€ 273 472	€ 665 497	€ 775 403	€ 871 030	€ 953 116	€ 1 021 756	-
Sales B2B	€ 164 606	€ 400 571	€ 466 725	€ 974 792	€ 1 066 657	€ 1 143 473	-
<b>Total Sales</b>	<b>€ 438 079</b>	<b>€ 1 066 068</b>	<b>€ 1 242 128</b>	<b>€ 1 845 822</b>	<b>€ 2 019 773</b>	<b>€ 2 165 229</b>	-
COGS	(€ 205 752)	(€ 500 699)	(€ 583 389)	(€ 911 413)	(€ 997 306)	(€ 1 069 127)	-
Cost of Sales	(€ 115 785)	(€ 281 765)	(€ 328 298)	(€ 430 434)	(€ 470 998)	(€ 504 917)	-
<b>Operating CF</b>	<b>€ 116 541</b>	<b>€ 283 605</b>	<b>€ 330 442</b>	<b>€ 503 975</b>	<b>€ 551 470</b>	<b>€ 591 184</b>	-
Investment CF	(€ 184 690)	(€ 252 654)	(€ 146 683)	(€ 252 253)	(€ 146 688)	(€ 139 924)	€ 34 524
Free Cash Flow	(€ 68 148)	€ 30 951	€ 183 758	€ 251 722	€ 404 782	€ 451 260	€ 34 524
<b>Discounted FCF</b>	<b>(€ 68 148)</b>	<b>€ 28 657</b>	<b>€ 157 526</b>	<b>€ 199 792</b>	<b>€ 297 460</b>	<b>€ 307 034</b>	<b>€ 21 749</b>

$R_u = 8,01\%$

Table 25

### 3. Sensitivity Analysis



According to Investopedia, “(...)sensitivity analysis determines how different values of an independent variable affect a particular dependent variable under a given set of assumptions.” Given the potential economic fluctuations to which any company is exposed, the team decided to conduct this analysis. Each board shows the impact on the NPV that the variation of a variable has. However, it is crucial to understand that a green colour does not necessarily translate a positive scenario - it just means the NPV would be above €0.

Sensitivity to Price B2B and B2C						
		B2B Price				
		€ 47	€ 50	€ 53	€ 55	€ 57
B2C Price	€ 35	(€ 615 475)	(€ 453 694)	(€ 303 896)	(€ 184 058)	(€ 76 204)
	€ 45	(€ 288 183)	(€ 126 401)	€ 23 396	€ 143 234	€ 251 089
	€ 50	(€ 124 537)	€ 37 245	€ 187 043	€ 306 881	€ 414 735
	€ 65	€ 366 402	€ 528 183	€ 677 981	€ 797 819	€ 905 674
	€ 73	€ 632 491	€ 794 272	<b>€ 944 070</b>	€ 1 063 908	€ 1 171 762

Table 26

According to basic economic rationale, price variations result in demand changes that can highly affect companies. The demand curve shows us that, with price variations, producer surplus also changes. In that sense, we decided to evaluate the impact of price changes on the project’s NPV.

Sensitivity to COGS	
€ 24	€ 1 639 690
€ 27	€ 1 291 880
€ 30	<b>€ 944 070</b>
€ 33	€ 596 259
€ 36	€ 248 449

Table 27

COGS are as important as a company’s exposure to them. Understanding the ratio between COGS and sales is an important step, as there are industries (such as oil) where having the lower costs might provide you with competitive advantage. Here, we vary COGS due to their importance for EGG’s bottom line.

Sensitivity to Commissions B2C	
10%	€ 998 764
20%	€ 971 417
30%	<b>€ 944 070</b>
40%	€ 916 723
50%	€ 889 375

Table 28

Although they are not the most important part of the cost structure, commissions are still an expense EGG might have to negotiate and change according to to whoever they hire. Therefore, we decided to evaluate the impact if they change.

From the tested variables, selling prices, COGS and attained market percentages are the ones that affect the most the viability of this project.

### 3. Sensitivity Analysis

Sensitivity to Attained Market (B2C & B2B)						
		B2B				
		0.10%	0.20%	0.30%	0.40%	0.40%
B2C	0.003%	(€ 45 248)	€ 199 883	€ 448 578	€ 690 143	€ 690 143
	0.005%	€ 96 321	€ 341 452	€ 590 147	€ 831 713	€ 831 713
	0.010%	€ 450 244	€ 695 375	<b>€ 944 070</b>	€ 1 185 636	€ 1 185 636
	0.020%	€ 1 158 090	€ 1 403 221	€ 1 651 916	€ 1 893 481	€ 1 893 481
	0.030%	€ 1 865 936	€ 2 111 066	€ 2 359 761	€ 2 601 327	€ 2 601 327

Table 29

The attained market is based on a previous internationalization project that EGG did. Since company is entering a new market, demand for EGG's product can either be higher or lower than expected, given consumers interests. Therefore, we decided to vary it in order to evaluate the impact of miscalculating this detail, and how it would impact the project's NPV.

Sensitivity to Transportation	
6%	€ 1 078 196
8%	€ 1 011 133
10%	<b>€ 944 070</b>
12%	€ 877 007
15%	€ 776 412

Table 30

Transportation costs are quite variable as well, since EGG has never exported using ships. Knowing we are considering transportation costs to be 10% of producing costs, we evaluated the potential changes and concluded a 5pp increase can decrease NPV by, approximately, €170k.



Sensitivity Analysis provides good information about cash flows after estimating different values for the key variables. Nevertheless, this kind of approach has some limitations since “the underlying variables are likely to be interrelated.” (Brealey, Myers and Allen, 2011). Thus, makes sense to test high impact variables at the same time to achieve a better estimate. Other limitation of this approach is the ambiguity results that arise from “optimistic” and “pessimistic” definitions.

After testing the previous five variables, it was seen that three of them have a considerable impact on the final project's valuation - **Prices (B2C & B2B), COGS and Attained Markets (B2B & B2C)**. Since these variables are also interrelated - increase or decrease in prices can also affect attained market; variations in COGS may affect pricing - makes sense to test them simultaneously. On the next slide, a Scenario Analysis will be performed to offset the aforementioned limitations.

## 4. Scenario Analysis



A Scenario Analysis is an important tool to estimate a project's value under certain conditions. As said in the previous slide, there is an interrelationship between the tested variables, so "it may help to consider some alternative plausible scenarios." (Brealey, Myers and Allen, 2011). Moreover, these approach offsets the ambiguity generated by the terms "optimistic" and "pessimistic", since particular scenarios are taken into consideration to achieve project's NPV.

### Deloitte's United States Economic Forecast

- For the purpose of this project, different economic scenarios were taken into consideration, based on Economic Forecasted performed by Deloitte's Senior Manager, Dr. Daniel Bachman (December, 2019). This report analyses the possible consequences of the administration policies over the American economy, assigning probabilities to each event.

### Deloitte's Scenarios

Scenario	Description	Impact	Why the impact?
<b>BASELINE SCENARIO (55%)</b> <p>The trade war with China is decreasing investment, while employment and consumer spending are slow but strong. Despite not falling, government spending does not contribute to accelerate growth.</p>	<b>RECESSION(25%)</b> <p>The impact of tariffs and the reduction of investment spending weakens the economy. The rise of a financial crisis pushes it into recession, while the Fed and the ECB act to solve the situation. The GDP falls in the first three quarters of 2020 and then recovers. This scenario will:</p> <ul style="list-style-type: none"> <li>Decrease the attained market</li> <li>Increase COGS</li> <li>Decrease price</li> </ul>	<p>The recession will result in lower demand, since consumers will have lower disposable income. Hence, the attained market will be lower than predicted, forcing EGG to decrease their prices.</p>	
<b>SLOWER GROWTH (10%)</b> <p>Tariffs raise costs and disrupt supply chains. Investment stops, mostly due to low returns on investment and uncertainty about trade policy. Foreign growth lowers the demand for US exports, making GDP growth slow and unemployment rise. This scenario will:</p> <ul style="list-style-type: none"> <li>Attained market remains equal</li> <li>Increase COGS</li> <li>Price remains equal</li> </ul>	<p>The attained market remains the same while, due to a slight growth, COGS increase. However, it is not enough to increase demand, so price remains equal.</p>		
<b>PRODUCTIVITY BONANZA (10%)</b> <p>Technological advances lower corporate costs. Trade agreements reduce uncertainty and tariffs' impact contradicts what most economist believed. Business investment increases, while inflation remains subdued. This scenario will:</p> <ul style="list-style-type: none"> <li>Increase attained market</li> <li>Decrease COGS</li> <li>Price remains equal</li> </ul>	<p>With the productivity boost, COGS will decrease, due to optimization. Business investment increases, leading to an increase in attained market (disposable income increases).</p>		

## 4. Scenario Analysis

This analysis intends to give a broader and consistent look at Financial Forecast of this project by looking at the previous mentioned scenarios and imposed some variations to the variables below.

### SCENARIO ANALYSIS

Scenario (Probability)	Recession (25%)	Slower Growth (10%)	Baseline (55%)	Productivity Bonanza (10%)
B2C Price	€ 45	€ 73	€ 73	€ 73
B2B Distributor Price	€ 50	€ 5€	€ 53	€ 53
Attained Market B2C Germany (1st year)	0.005%	0.01%	0.01%	0.02%
Attained Market B2B Germany (1st year)	0.15%	0.30%	0.30%	0.60%
COGS PS Pro	€ 33	€ 33	€ 30	€ 27
<b>NPV</b>	<b>(€ 489 427)</b>	<b>€ 596 259</b>	<b>€ 944 070</b>	<b>€ 3 077 500</b>

Note: The magnitude of the variation considered in this analysis is based on the group's sensibility.

Table 31



The board above shows four different scenarios, based on what Deloitte expects to happen to the US economy. Each of the three considered variables varies accordingly to the defined scenario. This helps EGG understand what would the NPV be if the economy differs from the actual scenario, impacting some of the variables.

After applying the probabilities defined by Deloitte to each of the scenarios, the weighted NPV is the following: **Weighted NPV = €747 570.**

This shows that the project has consistent results unless a recession periods hits the country. Nevertheless, since EGG Electronics is only expected to export, it can exit market without major impact on company's financials.

✓  
**Part I: Analysis of Company's  
Situation & Global Readiness**

✓  
**Part III - In-depth Country Analysis**

✓  
**Part V - Marketing Plan**

**Part VII: Conclusions &  
Recommendations**

**Part II: Country Clustering &  
Country Ranking**

**Part IV: International Entry  
Strategy**

**Part VI: Financial Forecast**



Based on current company and market situations, EGG Electronics should start a new internationalization process. In this case, USA is the country that has the best conditions. Following the proposed Marketing Plan, EGG could achieve a positive NPV in 5 years time.

## Conclusions & Recommendations

### EGG IS READY TO FURTHER EXPAND ITSELF

From the conducted research, it was possible to conclude that EGG was already capable of internationalizing itself, given its previous experience of addressing countries of the European market. Along with its acquired tacit know-how, EGG holds a source of competitive advantage: the possibility for **Customization and Design**, which is expandable, allowing the firm to hold this advantage across new markets. Moreover, with a stable financial situation and no debt holding, EGG also showed to have the financial capabilities to invest and further expand its business. Last but not least, the Global Readiness test indicated that EGG is ready to establish a foreign market presence (score of 78%). All these events point to the fact that the company is indeed set to further expand.

### FIVE COUNTRIES EMERGED AS THE MOST INTERESTING FOR EGG. THE CHOSEN COUNTRY WAS THE UNITED STATES OF AMERICA

So as to choose the most interesting countries for EGG to expand to, country clustering and country ranking techniques were used, considering important variables for the firm's success abroad. As result of this, 5 countries emerged as the most attractive ones: Australia, Canada, Luxembourg, Norway and the USA. After conducting an in-depth analysis of this set of countries, the conclusion was that the US would be the most relevant market for EGG, given the country's high potential demand, favourable business environment and population characteristics. Nevertheless, in case of new a further internationalization plan, it is recommended to look at the four countries that were left behind, since they were also highly ranked and belong to the same cluster.

### CHOOSING A LOW CONTROL STRATEGY AS THE WAY TO ENTER: DIRECT EXPORTING TO THE US

After concluding that the US would be the country to go to, the next challenge was understanding which would be the best way to enter the country. Considering that EGG can be seen as a Born Global firm and given its resources and capabilities, the choice that made more sense for EGG was to enter the United States through direct exporting: a low control strategy with minimum resources implemented. This way, the risk associated would be low and controllable.

Besides defining that Direct Exporting would be the way to go, there was the need to further explore which would be the necessary requirements to fulfil: contacting Amazon, Walmart and offline distributors; defining the INCOTER; transportation specifications; customs clearance; methods of payments and other details. As a pilot plan and to study the success of EGG in the new market, we propose to enter the country exclusively with the "PowerStation Pro". Once the company starts being profitable and acceptance can be measured, EGG may continue to introduce the "Traveler" to diversify the risk and increase customer base and actual sales.

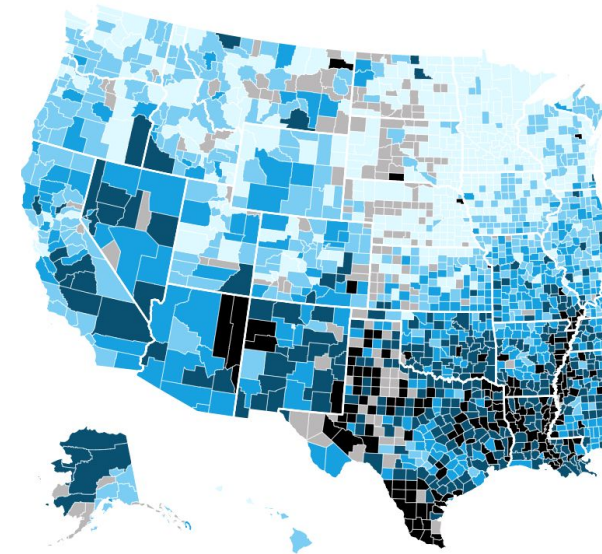
### TARGETING THE "ME MYSELF AND I" PERSONA AND WEST-SIDE COMPANIES

The US market dimension is tough to address all at once. For that reason, a marketing research was conducted to understand which would be the most interesting segments for EGG to target. After building a survey which was answered by 43 US residents, we could better understand the B2C segment preferences concerning power strips and finally reach that the "Me, Myself and I" persona would be the most interesting one to target, with the positioning statement: *"For Millennials who are passionate about the tech-world, EGG is a tech startup that offers the most innovative PowerStations because of its sharp design combined with an advanced technology."* A marketing strategy was built accordingly.

Regarding the B2B segment, the conclusion was that companies in the West Coast would be the most interesting ones to target given the nature of their business. For that, a sales agent will be necessary in that area to visit Corporate Gifts Fair and raise awareness for EGG as a good option for the firms. Additionally we recommend for the firm to focus efforts in developing the B2B segment. This mainly because ratio and financial analysis show how commissions paid to online marketplaces (channel for B2C) are the major contributors to a negative EBITDA. Nevertheless, continuing with the B2C as it has represented a constant cash flow historically.

### INVESTING IN THE FIRST TWO YEARS AND REACHING A 5 YEAR NPV OF €945,000

The breakeven point of the project will be achieved after 2 years and 3 months. The NPV of the project is of around €945,000, which indicates that it is indeed a viable plan. Our recommendation is that 2 years after entering the US, the company moves towards a different region (specifically, the Northeast Coast), so as to win new B2B clients.





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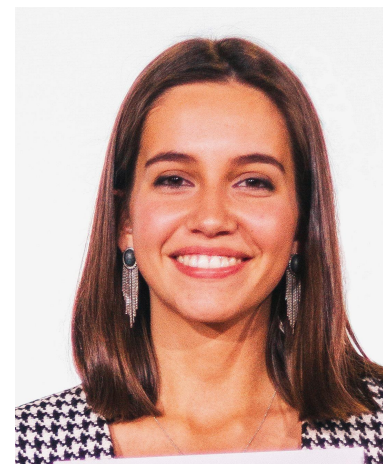
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## EXPLANATORY APPENDICES

The following appendices **are essential for the full comprehension and appreciation of the Work Project**. They explain reasonings, researches and other information that was retrieved during the project but was not included so as to not overload the work.

Explanatory Appendix 1 | COMPETITORS' ANALYSIS

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	Low-Cost sellers	APC	Belkin	Hama	Allocacoc	EGG	LeGrand	Smart PowerStrips
								
<b>Power Strip</b>								
<b>Price</b>	€ 1,99 - € 9,99	€ 14,99 - € 22	€ 32 - € 40	€ 22 - € 47	€ 13,99 - € 45	€ 40 - € 50	€ 82 - € 90	€ 50-€ 120
<b>Features</b>	<ul style="list-style-type: none"> <li>- Max. 6 outlets</li> <li>- On/Off button</li> <li>- USB chargers</li> <li>- Made in China</li> </ul>	<ul style="list-style-type: none"> <li>- 7 outlets</li> <li>- 120V inputs</li> <li>- Surge protection</li> </ul>	<ul style="list-style-type: none"> <li>- 6 outlets</li> <li>- 120V inputs</li> <li>- Surge protection</li> </ul>	<ul style="list-style-type: none"> <li>- 6 outlets</li> <li>- 120V inputs</li> <li>- Surge protection</li> </ul>	<ul style="list-style-type: none"> <li>- 5 outlets</li> <li>- USB ports</li> <li>- Compact design</li> <li>- Ideal for Offices</li> </ul>	<ul style="list-style-type: none"> <li>- 16 outlets</li> <li>- 2 USB ports</li> <li>- Wireless charger</li> <li>- Personalizable</li> <li>- Ideal for Offices</li> </ul>	<ul style="list-style-type: none"> <li>- 4 outlets</li> <li>- 2 USB ports</li> <li>- Wireless charger</li> <li>- Ideal for Offices</li> </ul>	<ul style="list-style-type: none"> <li>- 4 outlets</li> <li>- Smart charging</li> <li>- App controlled</li> </ul>
<b>Design</b>								

Table 35

## Explanatory Appendix 2 | EVALUATING CRITERIA: CONTACTS

In terms of Contacts, the larger their number and the higher their quality the better for EGG. A level 5 in Contacts would mean the country has all the necessary Agents, Government Agencies and Distributors to successfully enter the country, while a level 1 would be the most basic Contacts needed to operate in certain countries.

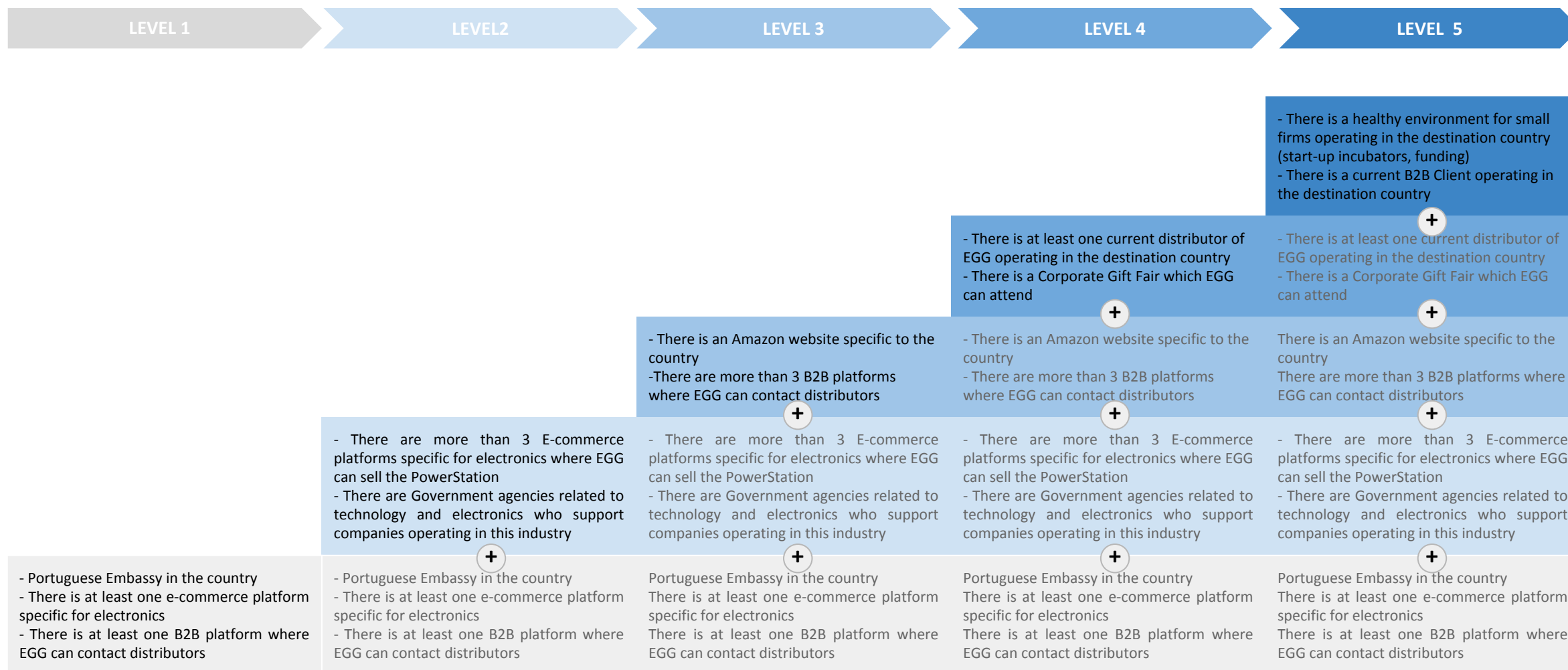


Figure 20 - Evaluating Criteria: Contacts

## Explanatory Appendix 2 | EVALUATING CRITERIA: COMPETITIVE ENVIRONMENT

Concerning Competitive Environment, the lower the amount the competitors and their market share, the better for EGG. In this case, a level 5 in Competitive Environment would mean the country has a lower level of competition that EGG faces already in its operating markets, while a level 1 would be the worst case for EGG, meaning that it would face really strong competition.

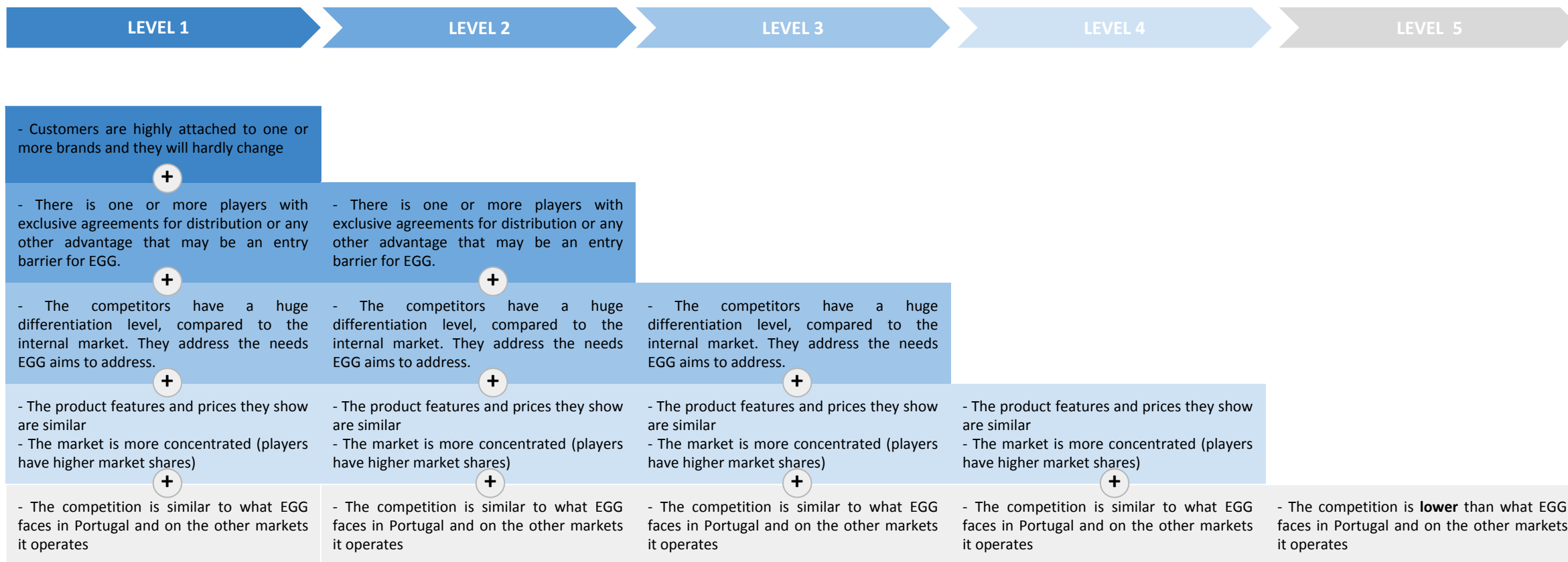


Figure 21 - Evaluating Criteria: Competitive Environment

## Explanatory Appendix 2 | EVALUATING CRITERIA: COMPANY SALES POTENTIAL

In terms of Company Sales Potential, a ranking of the 5 countries was developed according to each country's sales potential. This way, Norway ended up in last place while the United States of America stands in first place with a huge gap between the the two values.

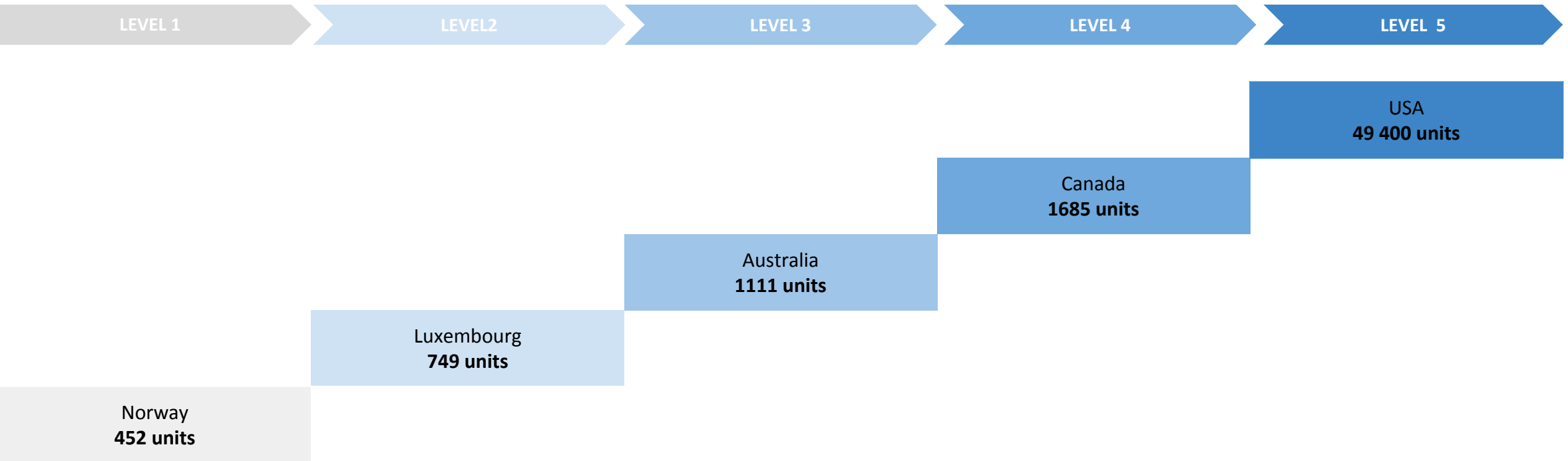


Figure 22 - Evaluating Criteria: Company Sales Potential

## Explanatory Appendix 2 | EVALUATING CRITERIA: ENTRY CONDITIONS

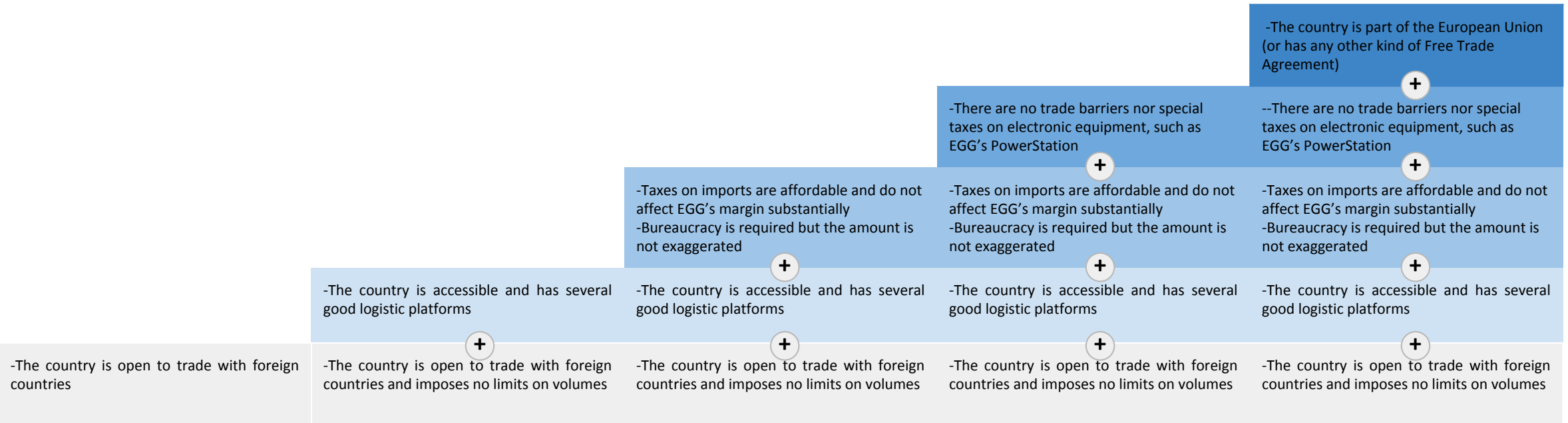
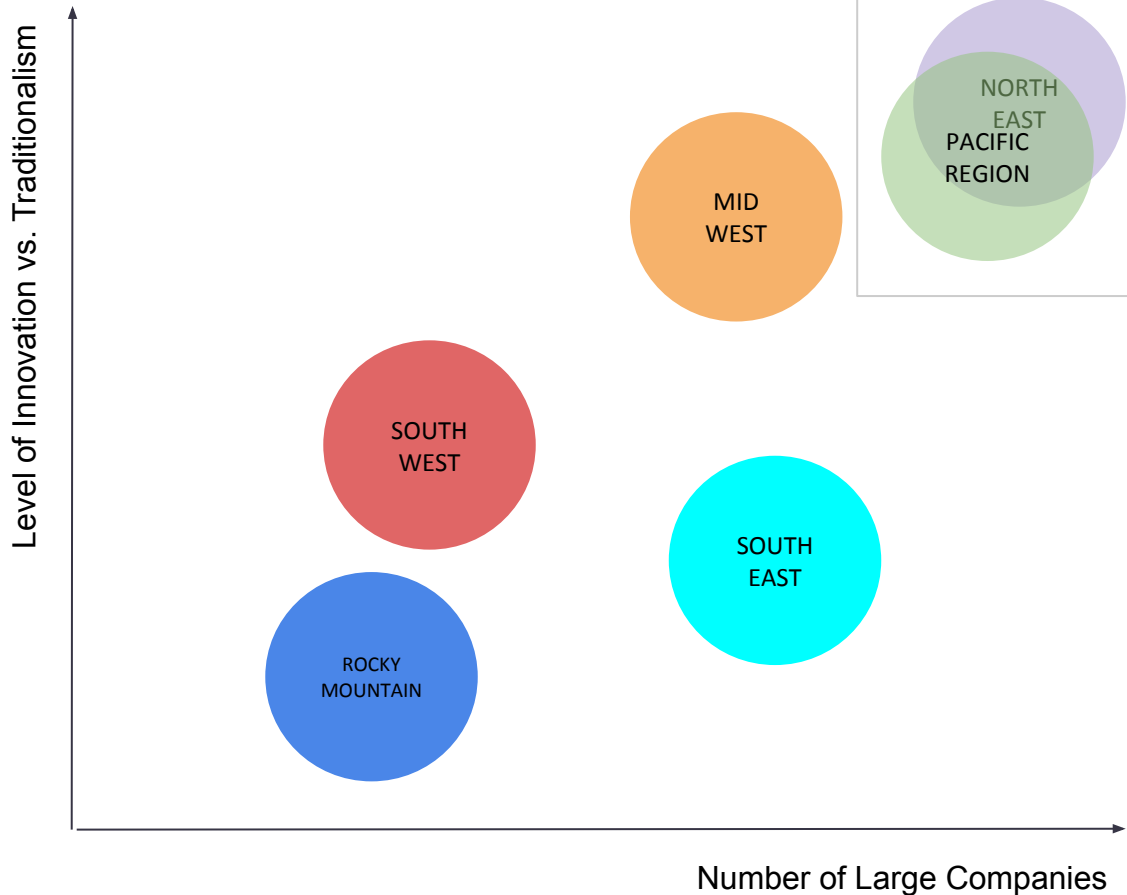


Figure 23 - Evaluating Criteria: Entry Conditions

In order to understand the target region, a research of towards the level of innovation and number of large companies in each of them was performed, leading to the conclusion that the best fit would be the Pacific Region.

**Explanatory Appendix 3 | WHY THE WEST REGION**



Graphic 5 - Regions attractiveness

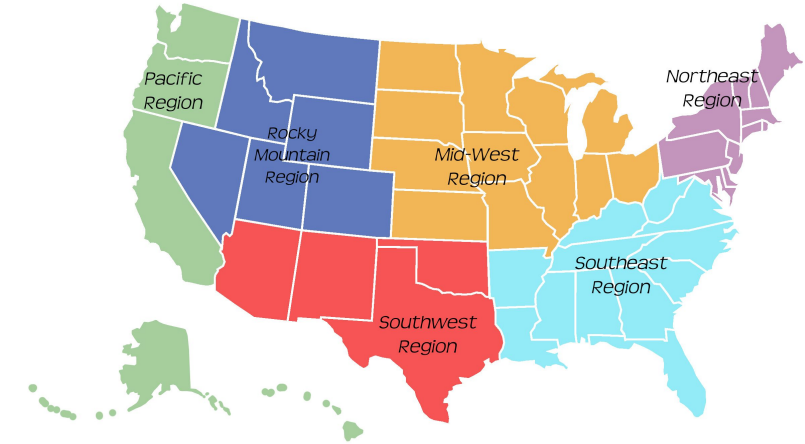


Image source: [https://consulter-voyant.com/wear\\_rm.php](https://consulter-voyant.com/wear_rm.php)

Data regarding level of innovation (CNBC, 2018) and companies size (Brookings.edu, 2018) places the North East region as the most promising segment. However, the Pacific Region also demonstrated to be extremely attractive, with the California ranking number 1 for Technology and Innovation indexes. For that same reason, a closer look was taken to both regions to understand which would be more attractive for EGG, considering the Corporate Gifts segment potential.

**Expectations regarding Corporate Gifts in both regions:**

It was understood that people from the Pacific region expect business gifts to more useful rather than trendy or popular, while the Northeast prefer trendy and popular gifts.

This way, it was concluded that EGG would have more success in the Pacific Region (West) than if it target the Northeast companies.



## Explanatory Appendix 4 | FINANCIAL FORECAST: CALCULATIONS

### NET WORKING CAPITAL CALCULATIONS

Days Sales Outstanding	45	45	45	45	45	45	
Days Inventories Outstanding	60	60	60	60	60	60	
Days Payable Outstanding	30	30	30	30	30	30	
Days (per year) considered	252	252	252	252	252	252	
<b>Working Capital Level</b>							
Account Receivables	78 228 €	190 369 €	221 809 €	329 611 €	360 674 €	386 648 €	0 €
Average Inventories	48 989 €	119 214 €	138 902 €	217 003 €	237 454 €	254 554 €	0 €
Account Payables	24 494 €	59 607 €	69 451 €	108 502 €	118 727 €	127 277 €	0 €
Working Capital	102 723 €	249 976 €	291 260 €	438 113 €	479 401 €	513 925 €	0 €
<b>Net Working Capital (<math>\Delta</math>)</b>	<b>-102 723 €</b>	<b>-147 254 €</b>	<b>-41 283 €</b>	<b>-146 853 €</b>	<b>-41 288 €</b>	<b>-34 524 €</b>	<b>34 524 €</b>
<b>Units Produced</b>							
B2C	3740	9100	10603	11911	13033	13972	
B2B	3119	7590	8843	18470	20210	21666	
<b>Total</b>	<b>6 858</b>	<b>16 690</b>	<b>19 446</b>	<b>30 380</b>	<b>33 244</b>	<b>35 638</b>	

Table 32

### Discount Rate

MRP USA	5.60%
Rf	1.79%
Bu	1.11
<b>Ru=Re=WACC</b>	<b>8.01%</b>

Table 33

## Explanatory Appendix 4 | FINANCIAL FORECAST: CALCULATIONS

### FINANCIAL FORECAST - COMPLETE BASE SCENARIO

	2020	2021	2022	2023	2024	2025	2026
<b>Sales</b>							
B2C	273 472 €	665 497 €	775 403 €	871 030 €	953 116 €	1 021 756 €	
B2B	164 606 €	400 571 €	466 725 €	974 792 €	1 066 657 €	1 143 473 €	
<b>Total Sales</b>	<b>438 079 €</b>	<b>1 066 068 €</b>	<b>1 242 128 €</b>	<b>1 845 822 €</b>	<b>2 019 773 €</b>	<b>2 165 229 €</b>	
<b>Production Costs</b>							
B2C	112 186 €	273 006 €	318 092 €	357 321 €	390 995 €	419 153 €	
B2B	93 566 €	227 693 €	265 296 €	554 092 €	606 310 €	649 974 €	
<b>Total Costs</b>	<b>205 752 €</b>	<b>500 699 €</b>	<b>583 389 €</b>	<b>911 413 €</b>	<b>997 306 €</b>	<b>1 069 127 €</b>	
<b>Gross Margin</b>							
B2C	161 286 €	392 491 €	457 311 €	513 709 €	562 121 €	602 603 €	
% B2C Revenues	59%	59%	59%	59%	59%	59%	
B2B	71 041 €	172 878 €	201 429 €	420 700 €	460 347 €	493 499 €	
% B2B Revenues	43%	43%	43%	43%	43%	43%	
<b>Gross Profit</b>	<b>232 327 €</b>	<b>565 369 €</b>	<b>658 740 €</b>	<b>934 408 €</b>	<b>1 022 468 €</b>	<b>1 096 101 €</b>	
Gross Margin	53%	53%	53%	51%	51%	51%	
<b>Other Costs</b>							
Comissions	95 210.21 €	231 695 €	269 959 €	339 292 €	371 267 €	398 004.55 €	
Transportation	20 575 €	50 070 €	58 339 €	91 141 €	99 731 €	106 913 €	
<b>Total Cost of Sales</b>	<b>115 785 €</b>	<b>281 765 €</b>	<b>328 298 €</b>	<b>430 434 €</b>	<b>470 998 €</b>	<b>504 917 €</b>	
<b>Operating Cash Flow</b>	<b>116 541 €</b>	<b>283 605 €</b>	<b>330 442 €</b>	<b>503 975 €</b>	<b>551 470 €</b>	<b>591 184 €</b>	
Operating Margin	27%	27%	27%	27%	27%	27%	
<b>Investments</b>							
Certifications	16 567 €						
Influencers Costs	2 700 €	2 700 €	2 700 €	2 700 €	2 700 €	2 700 €	
Google Adwords	20 000 €	60 000 €	60 000 €	60 000 €	60 000 €	60 000 €	
Roadshows and Fairs	3 594 €	7 188 €	7 188 €	7 188 €	7 188 €		
Instagram Stories	2 700 €	2 700 €	2 700 €	2 700 €	2 700 €	2 700 €	
Sales Agent	40 000 €	40 000 €	40 000 €	40 000 €	40 000 €	40 000 €	
Net Working Capital (Δ)	-102 723 €	-147 254 €	-41 283 €	-146 853 €	-41 288 €	-34 524 €	34 524 €
<b>Investment CF</b>	<b>-184 690 €</b>	<b>-252 654 €</b>	<b>-146 683 €</b>	<b>-252 253 €</b>	<b>-146 688 €</b>	<b>-139 924 €</b>	<b>34 524 €</b>
<b>Free Cash Flow</b>	<b>-68 148 €</b>	<b>30 951 €</b>	<b>183 758 €</b>	<b>251 722 €</b>	<b>404 782 €</b>	<b>451 260 €</b>	<b>34 524 €</b>
Ru	8.01%						
<b>Discounted FCF</b>	<b>-68 148 €</b>	<b>28 657 €</b>	<b>157 526 €</b>	<b>199 792 €</b>	<b>297 460 €</b>	<b>307 034 €</b>	<b>21 749 €</b>
<b>Cumulative CF</b>	<b>-68 148 €</b>	<b>-39 491 €</b>	<b>118 034 €</b>	<b>317 826 €</b>	<b>615 286 €</b>	<b>922 321 €</b>	<b>944 070 €</b>

Table 34

## ADDITIONAL APPENDICES

The following appendices are additional appendices, which **although not necessary** to the full appreciation and comprehension of the work, add relevant information which should not be disregarded.

## Appendix 1 | GLOBAL READINESS: CEO RESPONSES

### EGG'S GLOBAL READINESS SCORE

	Score					
	0	1	2	3	4	5
1. Is the foreign market similar to the domestic one? (the more the merrier)						x
2. Is the end user in the Destination Market similar to the end user in the Internal Market? (the more similar the better)						x
3. Is the product successful in the domestic market? (the more the merrier)				x		
4. Is the product unique? (if yes, better)						x
5. Does the product perform the same function in the foreign market as it does in the domestic market? (if yes, better)						x
6. Are the conditions of use of the product the same on the destination market and on the domestic market? (if yes, more favorable)					x	
7. Does the product need modification to meet consumer needs in the destination market? (too much modification makes the process less favorable - 5: too little modification)				x		
8. Is the industry highly regulated? (if yes, less favorable - 5: poor regulation)	x					
9. Does the company have an ISO 9000 or other certificate?	x					
10. In what state is the product cycle in the National Market? (Initial state is more favorable - 5: initial state)				x		
11. In what state is the product cycle in the International Market? (Initial state is more favorable - 5: initial state)					x	
12. Is after sales service a product requirement? (If yes, less favorable - 5: No need for after sales service)		x				
13. Does the company have the necessary resources to provide after sales services in the international market? (If yes, very supportive)		x				
14. Will exporting the product hurt domestic sales? (If yes, less favorable - 5: no harm)						x
15. Does the company have the necessary financial resources to export? (If yes, very supportive)				x		
16. Does the company have specialized export human capital? (If yes, very supportive)		x				
17. Is exporting part of the company's current focus? (If yes, very supportive)						x
18. Is Expansion International part of the company's strategic plan? (If yes, very supportive)						x
19. Is the company willing to look for market opportunities? (If yes, very supportive)						x
20. The company is willing to participate in International Business Fairs. (If yes, very supportive)						x
21. Is the company willing to translate all your information into one or more foreign languages? (If yes, very supportive)						x
22. Do the company's competitors operate internationally? (If so, it is less favorable, but may serve as one of the reasons for internationalization - 5: no competitors)						x

Table 36



Appendix 2 | COUNTRY CLUSTERING: VARIABLES

	<b>Variables</b>	<b>Justification</b>
<b>Country Size</b>	<p><b>Total GDP</b> <a href="https://data.worldbank.org/indicator/NY.GDP.MKTP.CD">https://data.worldbank.org/indicator/NY.GDP.MKTP.CD</a></p>	When a country's GDP is high it means that the country is increasing the amount of production that is taking place in the economy and the citizens have a higher income and hence are spending more.
	<p><b>Total Population</b> <a href="https://data.worldbank.org/indicator/SP.POP.TOTL?view=chart">https://data.worldbank.org/indicator/SP.POP.TOTL?view=chart</a></p>	Total population impacts the amount of possible sales a company can do.
<b>Logistics</b>	<p><b>Logistics performance Index (2016)</b> <a href="https://data.worldbank.org/indicator/LP.LPI.OVRL.XQ?view=chart">https://data.worldbank.org/indicator/LP.LPI.OVRL.XQ?view=chart</a></p>	This variable states how developed the infrastructures are. This matter for companies, since support activities can be performed easily, as well as product distribution
	<p><b>Secure Internet Servers (1 million people) 2017</b> <a href="https://data.worldbank.org/indicator/IT.NET.SECR.P6">https://data.worldbank.org/indicator/IT.NET.SECR.P6</a></p>	A secure server is a Web server that guarantees secure online transactions. Secure servers are used by online retailers and any organization with a Web presence. It is important for international expansion once a company sells online.
	<p><b>Airports - with paved runways</b> <a href="https://www.indexmundi.com/map/?v=122">https://www.indexmundi.com/map/?v=122</a></p>	The air transport industry a crucial engine of global socio-economic growth. It creates direct and indirect employment, supporting tourism and local businesses, and stimulating foreign investment and international trade. Economic growth, technological change, market liberalization, the growth of low cost carriers, airport congestion, oil prices and other trends affect commercial aviation throughout the world.
	<p><b>Quality of port infrastructure</b> <a href="https://data.worldbank.org/indicator/iq.wef.port.xq">https://data.worldbank.org/indicator/iq.wef.port.xq</a></p>	The Quality of Port Infrastructure measures business executives' perception of their country's port facilities. Data are from the World Economic Forum's Executive Opinion Survey, conducted for 30 years in collaboration with 150 partner institutes. The 2009 round included more than 13,000 respondents from 133 countries. Sampling follows a dual stratification based on company size and the sector of activity. Data are collected online or through in-person interviews. Responses are aggregated using sector-weighted averaging. The data for the latest year are combined with the data for the previous year to create a two-year moving average. Scores range from 1 (port infrastructure considered extremely underdeveloped) to 7 (port infrastructure considered efficient by international standards). Respondents in landlocked countries were asked how accessible are port facilities (1 = extremely inaccessible; 7 = extremely accessible).

Appendix 2 | COUNTRY CLUSTERING: VARIABLES

	Variables	Justification
Economics	<p><b>GDP per capita (in current USD) 2017</b>  <a href="https://data.worldbank.org/indicator/NY.GDP.PCAP.CD">https://data.worldbank.org/indicator/NY.GDP.PCAP.CD</a></p>	<p>GDP per capita is a measure of a country's economic output that accounts for its number of people. It divides the country's gross domestic product by its total population. A way to measure the country's standard of living. It tells how prosperous a country feels to each of its citizens.</p>
	<p><b>Economic Freedom Index (2018)</b>  <a href="https://www.heritage.org/index/explore">https://www.heritage.org/index/explore</a></p>	<p>EFI Is based on 10 factors (trade policy, tax policy, government consumption of economic output, monetary policy, foreign investment, wage controls, price controls, property rights, regulation, and the size of black market). There is a strong correlation between the index of economic freedom ranking of a country and the income their citizens enjoy. Investors can use the index of economic freedom as a quick way to monitor the changes in economies they have or want to exposure to.</p>
	<p><b>Unemployment (% labor force) 2017</b>  <a href="https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS">https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS</a></p>	<p>Urban population is the total population living in areas termed as urban by that country, determining how developed the country is.</p>
	<p><b>Services Value Added</b>  <a href="https://data.worldbank.org/indicator/NV.SRV.TOTL.ZS">https://data.worldbank.org/indicator/NV.SRV.TOTL.ZS</a></p>	<p>Also known as enhanced service. Services that alter the form, content, or nature of the information, thereby adding value to it. Examples include store-and-forward services such as voice mail, e-mail, and fax mail. Value-added services are believed to benefit both customers and service providers, as they not only add product functionality for the end user, but also can source enhanced data and analytics for business use.</p>
	<p><b>FDI inflow</b>  <a href="https://unctadstat.unctad.org/wds/TableView/tableView.aspx?ReportId=96740">https://unctadstat.unctad.org/wds/TableView/tableView.aspx?ReportId=96740</a></p>	<p>A foreign direct investment (FDI) is an investment made by a firm or individual in one country into business interests located in another country. Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets in a foreign company.</p>

Table 38

## Appendix 2 | COUNTRY CLUSTERING: VARIABLES

	Variables	Justification
Social	<b>Life expectancy at birth (total years) 2016</b> <a href="https://data.worldbank.org/indicator/SP.DYN.LE00.IN">https://data.worldbank.org/indicator/SP.DYN.LE00.IN</a>	The higher the life expectancy, the more developed a country is.
	<b>School enrolment secondary (% gross) 2015</b> <a href="https://data.worldbank.org/indicator/SE.SEC.ENRR">https://data.worldbank.org/indicator/SE.SEC.ENRR</a>	This shows how educated a population of a country is.
	<b>Urban Population (% total population) 2017</b> <a href="https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS">https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS</a>	Urban population is the total population living in areas termed as urban by that country, determining how developed the country is.
Political	<b>Political Freedom Index 2018</b> <a href="https://freedomhouse.org/report/freedom-world/freedom-world-2018">https://freedomhouse.org/report/freedom-world/freedom-world-2018</a>	Political Freedom also indicates how companies must behave when operating in a country. It is not impossible to work on countries with low political freedom, the behaviour and mindset just has to be different
	<b>Openness of country for trade (trade as % of GDP)</b> <a href="https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS">https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS</a>	The more open a country is for trade, the easier it is for a company to enter that market. Countries that are closed to international trade are less appealing when an internationalization process is concerned.

Table 39

## Appendix 3 | COUNTRY CLUSTERING: EXCLUDED COUNTRIES

1 Isle of Man	21 Palau	41 Virgin Islands (U.S.)	61 Azerbaijan	81 Trinidad and Tobago
2 Greenland	22 Korea, Dem. People's Rep.	42 Vanuatu	62 Botswana	82 Uganda
3 Sint Maarten (Dutch part)	23 San Marino	43 Yemen, Rep.	63 Cambodia	83 Sao Tome and Principe
4 Cayman Islands	24 Turks and Caicos Islands	44 Antigua and Barbuda	64 Congo, Dem. Rep.	84 Afghanistan
5 Faroe Islands	25 Tuvalu	45 Grenada	65 Congo, Rep.	85 Bahamas, The
6 Gibraltar	26 Kosovo	St. Vincent and the	66 Equatorial Guinea	86 Belarus
7 Liechtenstein	27 Aruba	46 Grenadines	67 Fiji	87 Comoros
8 St. Martin (French part)	28 Andorra	47 St. Lucia	68 Gabon	88 Central African Republic
9 Monaco	29 Curacao	48 Venezuela, RB	69 Guinea	89 Cuba
10 Nauru	30 Dominica	49 Haiti	70 Guinea-Bissau	90 Djibouti
11 South Sudan	31 Kiribati	50 Libya	71 Guyana	91 Niger
12 British Virgin Islands	32 New Caledonia	51 Papua New Guinea	72 Iraq	92 Puerto Rico
13 American Samoa	33 French Polynesia	52 Samoa	73 Kenya	93 Sudan
14 Bermuda	34 Barbados	53 Solomon Islands	74 Maldives	94 Togo
15 Channel Islands	35 Gambia, The	54 Somalia	75 Mongolia	95 Vietnam
16 Eritrea	36 Guam	55 Turkmenistan	76 Namibia	96 Belize
17 Micronesia, Fed. Sts.	37 Suriname	56 Tanzania	77 Nicaragua	97 Cabo Verde
18 St. Kitts and Nevis	38 Eswatini	57 Puerto Rico	78 Sao Tome and Principe	98 Timor-Leste
19 Marshall Islands	39 Syrian Arab Republic	58 Uzbekistan	79 Tajikistan	99 Sierra Leone
20 Northern Mariana Islands	40 Tonga	59 Zambia	80 Togo	
		60 Zimbabwe		



# Appendix 4 | COUNTRY CLUSTERING: DENDROGRAM

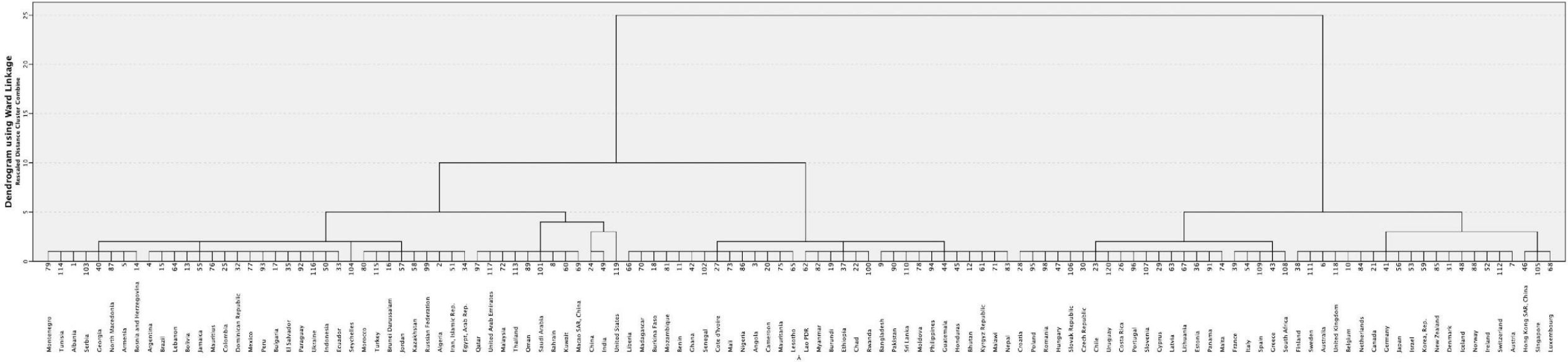


Figure 24 - Country Clustering Result

## Combining Country Clustering and Country Ranking

1. To obtain reliable results regarding which are the best potential markets for EGG to expand its operations to, the mix of these two frameworks is necessary. First, the results of similarities between the countries using country size logistics, economics, political and social variables yielded several clusters. These clusters contain countries that are similar in the analyzed variables. Once having these outcomes the ranking was carried out to test which of the studied countries is the most attractive market considering the specifications of the products to be sold and the potential clients to be addressed.
2. The combination of these frameworks allows us to link the individual rank of each country to the cluster they belong to. Consequently the clusters containing the highest ranked countries are the ones to be considered. First, because it tells us which are the top ranked countries EGG should internationalize to. And then it provides a list of similar countries that should be considered as the next steps for the process of internationalization. As they will be similar enough to reduce many risks and increase the probabilities of operating successfully in the future without the need of making an exhaustive analysis of where to move next. Having the information available of the variables that put the determined countries together gives the managers the advantage of easily studying and analyzing the strongest points of similarity and the biggest differences that these countries may carry. This giving valuable information that can be used to customize or adapt a certain strategy.
3. It's important to mention that depending on the amount of countries present in each cluster ( $\geq 1$ ) it is possible to select more than one group to continue the process instead of focusing exclusively on the best ranked cluster.

### Example:

Cluster 1	
Countries:	Ranking:
Country R	5
Country Y	7
Country W	10

Cluster 2	
Countries:	Ranking:
Country T	3
Country P	6
Country Q	9
Country V	11

Cluster 3	
Countries:	Ranking:
Country X	1
Country C	2
Country B	4

OPTIMAL

## Appendix 6 | SURVEY B2C: DEMOGRAPHICS

### Survey Answers

REGION	NUMBER OF RESPONSES
West	7
Midwest	24
Northeast	7
South	5

Table 40

GENDER	NUMBER OF RESPONSES
Female	28
Male	14
Prefer not to say	1

Table 41

AGE	NUMBER OF RESPONSES
18 - 24	17
25 - 34	5
35 - 44	3
45 - 54	6
55 - 64	11
65 - 70	1

Table 42

EDUCATION	NUMBER OF RESPONSES
High School Degree or equivalent	8
Bachelor's Degree	23
Master's Degree	8
Doctorate	3
Associates Degree	1

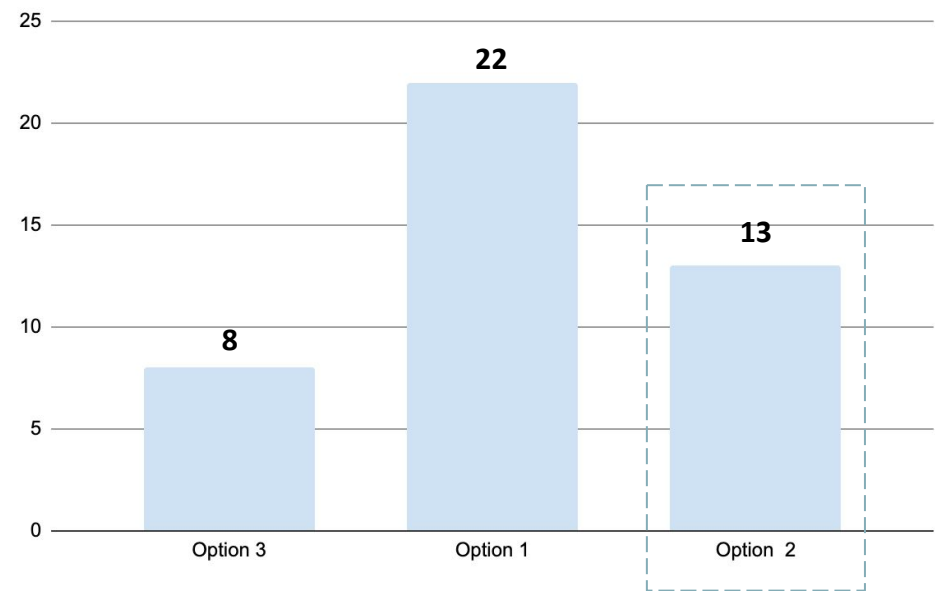
Table 43

HOUSEHOLD INCOME (\$)	NUMBER OF RESPONSES
Less than 20.000	7
20.000 - 44.999	7
45.000 - 139.999	16
140.000 - 149.999	4
150.000 - 199.999	1
More than 200.000	8

Table 44

Appendix 7 | SURVEY B2C: COMPETITION

**WHICH OPTION DO RESPONDENTS LIKE BEST NOT KNOWING BRAND AND PRICE?**



Graphic 5 - WHICH OPTION DO RESPONDENTS LIKE BEST NOT KNOWING BRAND AND PRICE?

**WHAT DO THEY LOOK FOR IN THE PRODUCT?**

**Option 3:** "Looks chic and small"  
Female, 18-24 years

**Option 2:** "I like the design."  
Male, 55-64 years

**Option 1:** "Cord length"  
Male, 18-24 years

**Option 1:** "Has enough USB ports."  
Female, 18-24 years

**Option 3:** "Convenient for multi charging less powerful devices (phone, laptop, etc.)"  
Male, 18-24 years

**Appendix 8 | SURVEY B2C: WILLINGNESS TO PAY FOR EGG POWERSTATION**

In order to understand how much would be the price consumers would be willing to pay for EGG, the promotional video of the product was shown.

**Answers for Willingness to pay for EGG POWERSTATION**

PowerStation	
AGE	AVERAGE PRICE
18 - 24	\$44.1
25 - 34	\$35
35 - 44	\$33.3
45 - 54	\$26.7
55 - 64	\$28.2
65 - 70	\$100

Table 45

**Answers for Willingness to pay for EGG POWERSTATION's Cover**

Cover	
AGE	AVERAGE PRICE
18 - 24	\$23.2
25 - 34	\$13.4
35 - 44	\$30.8
45 - 54	\$7.5
55 - 64	\$2
65 - 70	\$0

Table 46

**Answers for Willingness to pay for EGG POWERSTATION - Sum Up**

Total Price	
AGE	AVERAGE PRICE
18 - 24	\$67.4
25 - 34	\$48.4
35 - 44	\$64.2
45 - 54	\$34.2
55 - 64	\$30.2
65 - 70	\$100

Table 47

Appendix 9 | SEGMENTATION: PERSONAS SUPPORT





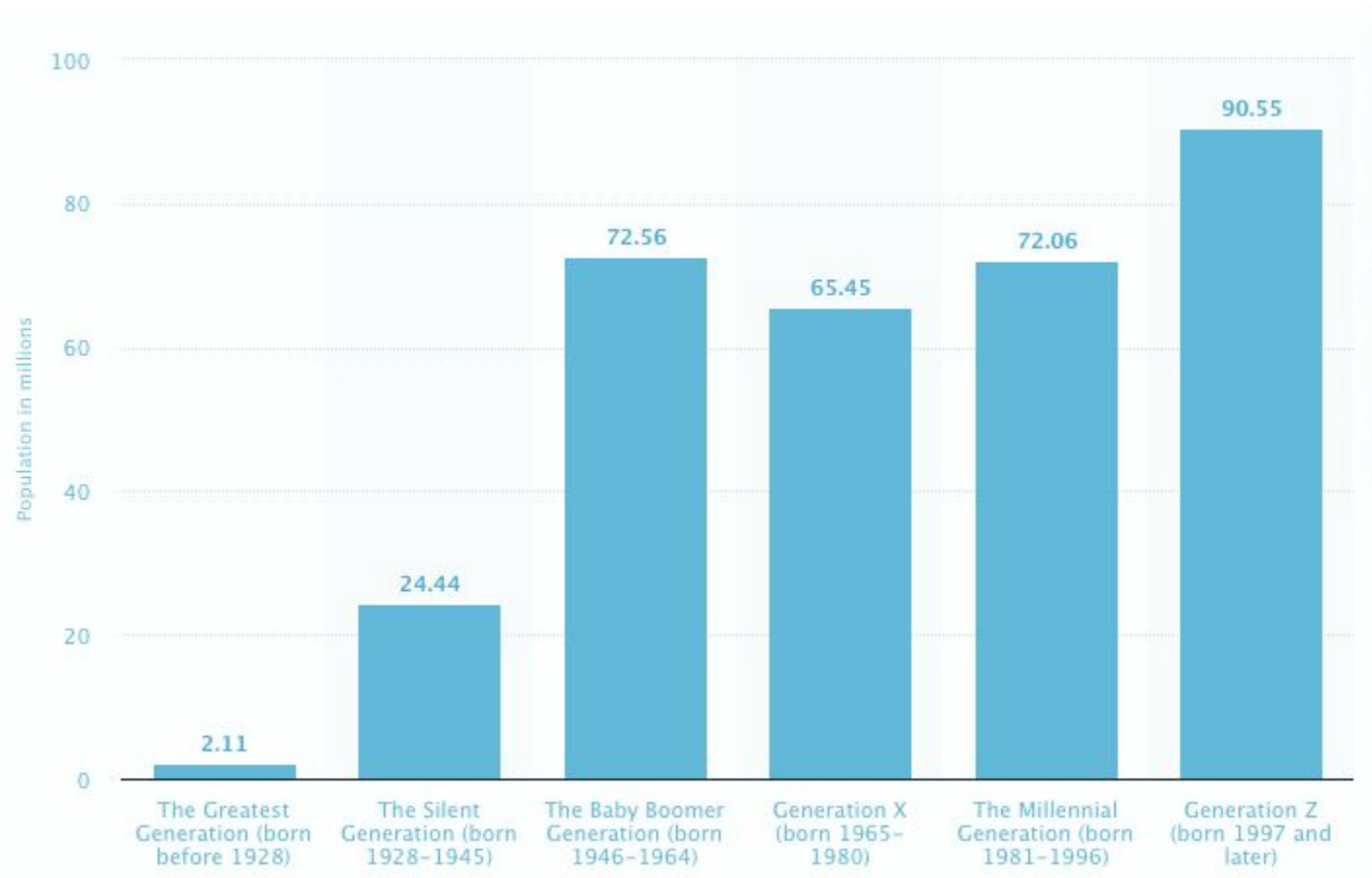
	 <b>B</b> Baby boomer 1940–59	 <b>X</b> Gen X 1960–79	 <b>Y</b> Gen Y (millennial) 1980–94	 <b>Z</b> Gen Z 1995–2010
<b>Context</b>	<ul style="list-style-type: none"> <li>• Postwar</li> <li>• Dictatorship and repression in Brazil</li> </ul>	<ul style="list-style-type: none"> <li>• Political transition</li> <li>• Capitalism and meritocracy dominate</li> </ul>	<ul style="list-style-type: none"> <li>• Globalization</li> <li>• Economic stability</li> <li>• Emergence of internet</li> </ul>	<ul style="list-style-type: none"> <li>• Mobility and multiple realities</li> <li>• Social networks</li> <li>• Digital natives</li> </ul>
<b>Behavior</b>	<ul style="list-style-type: none"> <li>• Idealism</li> <li>• Revolutionary</li> <li>• Collectivist</li> </ul>	<ul style="list-style-type: none"> <li>• Materialistic</li> <li>• Competitive</li> <li>• Individualistic</li> </ul>	<ul style="list-style-type: none"> <li>• Globalist</li> <li>• Questioning</li> <li>• Oriented to self</li> </ul>	<ul style="list-style-type: none"> <li>• Undefined ID</li> <li>• “Communaholic”</li> <li>• “Dialoguer”</li> <li>• Realistic</li> </ul>
<b>Consumption</b>	<ul style="list-style-type: none"> <li>• Ideology</li> <li>• Vinyl and movies</li> </ul>	<ul style="list-style-type: none"> <li>• Status</li> <li>• Brands and cars</li> <li>• Luxury articles</li> </ul>	<ul style="list-style-type: none"> <li>• Experience</li> <li>• Festivals and travel</li> <li>• Flagships</li> </ul>	<ul style="list-style-type: none"> <li>• Uniqueness</li> <li>• Unlimited</li> <li>• Ethical</li> </ul>

Figure 25 -McKinsey’s Segmentation per Generation

Appendix 10 | TARGETING: SUPPORT FOR DECISION



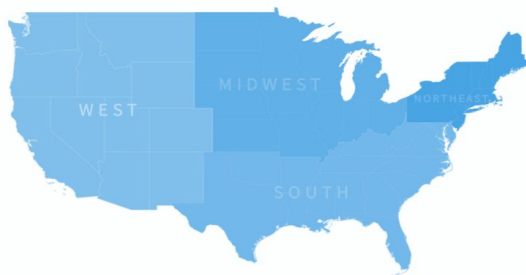
Graphic 6 - Population per generation

## Appendix 11 | CORPORATE GIFTS IN THE USA

The B2B segment represents the biggest share of sales for EGG. This way, an analysis of the Corporate Gifts Market in the USA was conducted in order to deliver an effective marketing strategy. For this, the “Business Gifting - Strategy Report” developed by the company KNACK in 2019 was considered, to gather relevant insights that could be later used by EGG. According to the report, giving gifts to employees results in feelings of appreciation, loyalty and strengthens the connection between workers and the company. There’s a trend of optimism within millennials regarding society which states a desire to give business gifts to more people, leading to the conclusion that the market of corporate gifts will continue to expand. Even though the target for EGG is the company which wishes to gift their employees, the end user will be the worker. Bearing this in mind, it’s important to understand the expectations of employees towards corporate gifts. For that, the demands in the various regions of the USA and the main characteristics of the general working population of were analyzed.

In order to understand the impact of region a survey (Business Gifting Strategy Report) conducted in U.S to understand how employees feel about the gifts they received in 2018 was considered. Collected answers showed various differences between **regions**.

**West:** workers are most likely to feel more connected to the brand after receiving the gift. Also, they prefer useful gifts to popular and trendy ones.



**Midwest:** low expectation for the amount of money business partners will spend on gifts; disregard gifts with company’s logo; experience negative feelings when they understand their partner didn’t put much effort into choosing the gift.

**Northeast:** prefer popular and trendy gifts; most likely to experience negative feelings if the gift “seems cheap”; higher interest than other regions on the value attributes with highlights on gifts that give back in some way and sustainable ones.

**South:** prefer handmade and artisan gifts; less likely than other regions to disregard a gift with a company’s logo; More concerned about giving to other people.

U.S workforce largest demographic group is composed by **millennials**. That way, as they are the recipients of the gifts, their preferences and habits will impact the corporate gifts market. The Millennial generation is in their mid-thirties and already in executive roles, many are entrepreneurs and C-suite executives, with highlights in the industries of technology, media and marketing .

- Regarding the benefits of businesses gifts, millennials are 30% more likely than GenX and 40% more likely than Boomers to say they feel connected to the person gifting them.
- Enjoy personalized gifts with their personal name or initials.
- Value gifts from small businesses and minority-owned businesses.
- Millennials are 9% more likely to rate company-branded items as “Most Preferred” or “Somewhat Preferred” than the overall population.
- As business gifters, Millennials are 33% more likely than Boomers and 6% more likely than the overall population to say that physical gifts counts more than cash or gift cards.
- Millennials look for gifts that fit everyone’s interests despite their gender.