

**Challenges and Strategies for Entry Into The Sports Nutrition
Market in Portugal**

A CASE STUDY

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Acknowledgments

In 2010, I had just failed for the third time, and the second consecutive in the 10th grade. I was lost and unaware of what life was. Today I am about to complete my master's degree in one of the best Business School in the country and I cannot forget those who have never given up on me. To you father, mother, brother, grandparents, Inês and without forgetting all my friends and the rest of family, my eternal thank you.

I promise to keep fighting and never give up on my goals, to never let you down, because I know how much you bet on me. Father, mother, you have been my support from the first day I was born, and I am who I am thanks to you. Inês, you were my anchor and haven, I will never forget all the support and motivation you gave me during my academic life. Much of what I have achieved is also due to you. Forevermore.

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Resumo

A entrada de um novo negócio no mercado constitui um desafio e implica a necessidade de um conjunto de recursos para enfrentar pressões de várias ordens: temporais, financeiras, concorrenciais, posicionamento da marca. No entanto, o maior desafio que se coloca ao empreendedor para enfrentar um ambiente empresarial altamente competitivo relaciona-se com o conhecimento do mercado em que irá atuar, dado que isso implica reunir um conjunto de informações acerca do produto ou serviço que se propõe oferecer e da concorrência que deverá enfrentar.

Com esta dissertação pretende-se conhecer os desafios e estratégias de entrada de uma empresa no mercado da nutrição desportiva em Portugal, tomando como estudo de caso a Prozis, uma empresa online portuguesa que opera na área do retalho de produtos de nutrição desportiva e que constitui atualmente um caso de sucesso e uma referência a nível europeu.

Assim, o objetivo principal deste trabalho é tentar identificar as principais barreiras enfrentadas por uma empresa que pretenda implementar um negócio de retalho de suplementos para nutrição desportiva, com capacidade de resposta imediata para todos os desafios que surgem na gestão deste tipo de negócio.

Adicionalmente pretende-se definir quais são as estratégias de marketing mais adequadas para este segmento de mercado, que possam contribuir para gerar o maior número possível de vendas e fidelizar os consumidores deste tipo de produtos.

Palavras-Chave: Nutrição desportiva; Empreendedorismo; E-Commerce; Marketing Digital; Estratégia

Abstract

Entering a new business into the market is a challenge and requires a set of resources to cope with pressures of various kinds: temporal, financial, competitive, brand positioning. However, the biggest challenge for entrepreneurs facing a highly competitive business environment is the knowledge of the market in which they will operate, as this implies gathering a set of information about the product or service they are offering and the competition it must face.

This dissertation intends to know the challenges and strategies of entry of a sport nutrition company in the Portuguese market, taking as a case study Prozis, a Portuguese online company that operates in the retail area of sports nutrition products and that constitutes currently a success story and a reference at European level.

Thus, the main objective of this dissertation is to try to identify the main barriers faced by a company wishing to implement a sports nutrition supplement in the retail business, with immediate responsiveness to all the challenges that arise in the management of this type of business.

Additionally, it is intended to define which are the most appropriate marketing strategies for this market segment, which can contribute to generate as many sales as possible and retain the loyalty of consumers of this type of products.

Keywords: Sports Nutrition; Entrepreneurship; E-commerce; Digital marketing; Strategy

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1. Introduction

1.1. Background and justification of the theme

Entering a new business into the market is a challenge and requires a set of resources to cope with pressures of various kinds: temporal, financial, competitive, brand positioning. However, the biggest challenge for entrepreneurs facing a highly competitive business environment is the knowledge of the market in which they will operate.

Knowing the market implies gathering a wealth of information about the product or service you are proposing to offer and the competition you face. Thus, whether through online research, trade show participation, as a visitor or exhibitor, or through business contacts in the area, this information forms the basis for designing a strategy to position your product or service competitively. It is also important to know the social, cultural and political climate of the market to enter, the regulation of the product to market, such as packaging and labeling requirements, and the different distribution channels.

The entrepreneur should also be prepared to face consumer ignorance about their business and invest in promoting, in order to reach a certain product or service to their target audience, who knows it and essentially seeks it.

This long process requires persistence and determination but can be facilitated by using a well-designed marketing strategy.

1.2. Objectives

This dissertation intends to know the challenges and strategies of a sports nutrition company entering on the Portuguese market, taking as a case study Prozis, a Portuguese online company that operates in the retail area of sports nutrition products, with a small presence in hypermarkets and is currently a success story and a reference at European level.

Thus, the main objective of this thesis is to try to identify the main barriers faced by a company wishing to implement a sports nutrition supplement in the retail business, with immediate responsiveness to all the challenges that arise in the management of this type of business.

Additionally, it is intended to define which are the most appropriate marketing strategies for this market segment, which can contribute to generate as many sales as possible and retain the loyalty of consumers of this type of products.

2. Theoretical Framework

2.1. The global market of Sports Nutrition

In 2016, the global market of sports nutrition was valued at about \$10.6 billion and predicted to grow by 5% to 6% a year by 2020. The U.S. is the largest market for this type of products, with 66% of global consumption of sports nutrition products, followed by Europe, the Middle East, Africa, Latin America and Australia. In countries such as China or India, this consumption is negligible and statistics point to an annual expenditure per person of around \$ 0.1 or even less (McLoughlin & Ryan, 2017).

Overall, sports nutrition products aim to provide protein and energy to their consumers and their target market segments are three: sports nutrition, active nutrition, health, and well-being (Kreider et al., 2009).

Typical consumers of sports nutrition are professional athletes, bodybuilders and gym enthusiasts who undertake rigorous training plans with a disciplined and scientific approach to their diets. These plans include consuming specific amounts of protein and other nutrients based on body weight to improve endurance, physical or overall athletic performance. Products for this market segment are divided based on nutrition time: pre-training, during training and post-workout recovery (Loucks, 2004).

Active nutrition consumers exercise in a wide range of athletic activities and use supplements as part of their nutrition. The behavior of this market segment is influenced by the price, taste and convenience of nutritional products.

Consumers who want to lead a healthy lifestyle and have a balanced diet characterize the health and wellness segment. Products intended for this market segment are expected to improve the general health of consumers, control weight and increase energy levels, concentration and make the immune system stronger (Rawson et al, 2018).

Generally, sports nutrition products come in four main formats: powder, drinks, bars and tablets. Globally, powdered supplements are the largest product category and accounted for approximately 64% of sports nutrition sales in 2016, while bars and beverages had a share of around 10% and 9%, respectively. Non-protein powder, tablet

or even beverages form sports nutrition products accounted for about 18% of sales in this market in 2016 and were most popular with bodybuilders and professional athletes (McLoughlin & Ryan, 2017).

2.2. E-commerce

E-commerce or electronic commerce, is the purchase and sale of goods and services through an electronic network, especially the internet. According to Shukairy (2016) these business transactions can occur between companies, business to consumer, consumer to consumer or consumer to business.

During the 90's, the rise of eBay and Amazon revolutionized the e-commerce industry. Typical e-commerce transactions include buying books online (such as Amazon, for example) and music (downloading music in the form of digital distribution, such as the iTunes Store) (Sumanjeet, 2009). Today consumers can buy an infinite amount of items online, both from physical stores that also sell online, and from other consumers who transact them (Coppel, 2000).

The term e-commerce is also used to characterize the application of information and communication technology from its point of origin to its end, along the entire value chain of electronically conducted business processes designed to enable realization of a business. These processes may be partial or complete and may encompass business-to-business (B2B), business-to-consumer (B2C), consumer-to-business (C2B), consumer-to-consumer (C2C), business-to-government (B2G) and mcommerce (mobile commerce) (Chou & Chou, 2000).

Chou and Chou (2000) refer to e-commerce as the website of a supplier that trades products or services directly to the customer from the portal. The portal uses a digital shopping cart system and allows payment by credit card, debit card or EFT (electronic funds transfer) payments.

Nisha and Sangeeta (2012), in its turn, provide a more complete definition of e-commerce. For these authors, it is the use of electronic communications technology and digital information processing in business transactions to create, transform, and redefine value-creating relationships between organizations, and between organizations and individuals.

The terms e-commerce and e-business are often used interchangeably. Considering that e-business refers to all aspects related to operating an online business, e-commerce refers specifically to the transaction of goods and services (Shukairy, 2016).

E-commerce can be performed using a variety of applications, such as email, online catalogs, EDI (Electronic Data Interchange), file transfer protocol, and websites (Crede, 1995). The promotion and dissemination of products marketed through e-commerce uses unsolicited emails (generally considered spam) to potential consumers, as well as e-newsletters for subscribers (Fung et al., 2014). As a type of commerce, companies tend to be more proactive trying to captivate potential customers through tools such as digital coupons, social network marketing, and targeted advertising (Shukairy, 2016).

E-commerce has several consumer benefits, including 24-hour availability, speed of access, wide availability of goods and services, easy accessibility and international reach. Its disadvantages include the fact that customer support is often limited, because consumers cannot see or touch the product before purchase and are often disappointed when they realize that it does not meet their expectations, as well as the lead time required for the product to be shipped by the supplier and received by its recipient (Kalakota & Whinston, 1996).

2.3. Digital Marketing

According to Chaffey and Ellis-Chadwick (2019), digital marketing encompasses all marketing strategies that use an electronic device or the internet, using digital channels such as search engines, social media, email and websites to connect with current and potential customers. Some marketing experts consider digital marketing as an entirely new field, which requires a new way of approaching customers and new ways of understanding how customers behave compared to traditional marketing (Parsons, Zeisser & Waitman, 1996). .

Digital marketing targets a specific segment of the customer base and is interactive. According to Munshi (2012), digital marketing is rising and can incorporate customer feedback or a two-way interaction between the company and the customer, using various tactics and digital channels to connect with customers where they spend most of their time: online. From the website itself to a company's online brand assets - digital advertising, email marketing, online brochures, and more - there are a spectrum of tactics that fit into “digital marketing”.

For Koiso-Kanttila (2004), the best digital marketers have a clear view of how each digital marketing campaign sponsors their overarching goals. In addition, depending on your campaign goals, digital marketers develop strategies to ensure that resources are allocated to take advantage of the marketing opportunities offered by the internet, using the web and other digital media such as email and mobile media to interact with your target audience and achieve your marketing goals.

Thus, a content marketer, for example, can create a series of blog posts that serve to generate leads for, for example, a newly created business. On the other hand, the social media marketer can help promote these publications through paid ads on company social media accounts, while the email marketer creates an email campaign to send to whom ask for more information about the company (Chaffey & Ellis-Chadwick, 2019).

For Munshi (2014), digital marketing presents special challenges, as digital channels are expanding and digital marketers need to keep up with that in order to understand how these channels work, how users use them and how to use these channels to effectively market things. In addition, it is becoming harder to capture consumers'

attention, as consumers are increasingly flooded with competing ads. The huge volumes of data also make it difficult to analyze all this information so that digital marketers can exploit it in new marketing campaigns. For Chaffey and Ellis-Chadwick (2019) these challenges can only overcome with a new approach to marketing based on understanding consumer behavior.

According to Chaffey and Ellis-Chadwick (2019), digital marketing channels include:

- Website Marketing;
- Pay-Per-Click Advertising (PPC);
- Content Marketing;
- Email Marketing;
- Social Media Marketing;
- Affiliate Marketing
- Video marketing;
- SMS (messaging).

2.3.1. Digital Branding

Digital branding is a term used to describe the different practices marketers use to attract online customers. This term can cover many aspects of marketing, including online advertising, content marketing, social media, and influence marketing (Edelman, 2010).

Digital branding has emerged in the last decade, with its origins rooted in direct branding. With the proliferation of personal devices, smartphones, tablets, and personal computers, branding professionals have opened up before them a vast number of possibilities to communicate directly and interactively with their target consumers or customers. This finding, led to the concepts of branding applying to digital media and technology to develop brands through direct interaction with consumers (Labrecque, Markos & Milne, 2011).

While the terms digital marketing and digital branding are interchangeable, these are different concepts. While digital marketing focuses on promoting a particular product or service, digital branding is a bit more subtle and highlights the underlying values of the business. This strategy allows brand values to remain even after the product has been replaced or discontinued. This is what stays in the customer's mind after making a purchase and is the first thing they think about when they need this service again (Edelman, 2010). Therefore, while digital marketing lets buyers win over, branding makes it possible to build lasting relationships between businesses and customers.

The advantages of digital branding for brand capital are numerous, including its ability to promote the brand across multiple online platforms, including channels such as online ads, blogs and social media. The possibility of using different platforms is an asset for any business as it allows the same message to be sent to multiple clients, but seems to be personalized for all (Kaplan & Haenlein, 2010).

2.3.2. Inbound marketing

Inbound marketing is a concept of marketing on the Internet, based on permission marketing and content marketing. With a holistic approach, this strategy incorporates other online marketing techniques such as search engine optimization (SEO), social media marketing, email marketing, CRM, web automation etc. (Fishkin & Hogenhaven, 2013).

The main idea behind inbound marketing is to attract visitors to a website designed to distribute useful content, convert those visitors into leads, earn their trust, and then turn them into loyal customers. This approach focuses on attraction marketing techniques rather than push techniques that interrupt Internet users with advertising messages. (Pulizzi, 2011). Thus, for this strategy to work it is essential to develop high quality and targeted content, make it available on a search engine site and share the information on social networks and other effective media. To convert incoming visitors into leads, the site must exchange free useful content (eBooks, videos, data, software, etc.) and get visitor contact information, including their email (HubSpot, 2014). The marketing effort is then reinforced by using email marketing to gain their trust, increase brand awareness, make initial sales and convert buyers into lifelong loyal customers by following them through every critical phase of the purchase cycle.

Companies today cannot ignore the importance of the internet, and owning a corporate website is a gateway to their internet business. Companies that do not have it become invisible, as if they did not exist.

A well-designed and eye-catching website is essential to being able to implement a digital marketing strategy, as it allows, among others, to attract customers through inbound marketing, in order to build rapport with them.

Similarly, by using different On Page and Off Page SEO strategies, you can optimize your website to appear on the first page of Google. Therefore, as long as there is a concern in producing quality content, it is possible to get good positions on the main pages of search engines.

The corporate website is also an excellent tool for increasing the company's sales volume through e-commerce, which enables automatic sales at any time of day or night (Hoffman & Novak, 1997). Thus, investing in a website allows you to take advantage of all that the digital world has to offer, which allows you to leverage any business.

2.3.3. Email marketing

The term email marketing is used to refer to a marketing strategy that uses sending emails to promote products and/ or services. For Jenkins (2009), it is all about using e-mail to develop customer relationships, whether they are actual customers or potential customers.

Email marketing is a segment of internet marketing that integrates online marketing via websites, social media, blogs, etc. Email marketing allows companies to follow up on their customers, keeping them informed about promotions, new product launches, etc, and customize the marketing messages they want to send to these customers.

Indeed, one of the characteristics of email marketing is that it can be personalized by creating specific groups of customers, which can be segmented or even individualized. Email marketing personalization enables individual customers to get special promotions of goods and/ or services on a customer's birthday, for example. This way, a restaurant, for instance, can send to customers an email on their birthday offering 50% off a meal. The customer interprets this message as a nice gesture from the restaurant and may even choose to have his birthday dinner there. This is an example of how email marketing can help a company develop and maintain a customer relationship over time, resulting in increased sales and customer loyalty (Fariborzi & Zahedifard). , 2012).

Cunningham (2011) further states that the best practices of email marketing develops a mailing list of your own instead of using long lists, and using permission-based email marketing. Email should also be optimized for mobile use because, according to statistics, more than half of emails are currently open on mobile devices.

For Fariborzi and Zahedifard (2012), the two major advantages of email marketing are price and ease. This is an inexpensive way to advertise the company and its products and / or services compared to many other types of marketing. It's also extremely easy to set up and track an email marketing campaign, making a very affordable type of marketing for small businesses. Newsletters may be sent to email lists created from data provided by site visitors, which may provide potential customers with

company updates, upcoming events and / or special offers, reminding them that company exists and it may be time for another visit.

Another advantage of email marketing is that messages can be customized for different customers and provide them with content and promotions that are consistent with their profile. When the customer makes a purchase, the company gets a better view of their preferences and can adjust the content of upcoming emails to match the customer's profile (Jenkins, 2009). Email marketing also allows you to measure the reach of promotions by the number of emails sent and the number of those opened, as well as the number of people who are not registered and clickthrough rate (which includes the actual link and who clicked on it) (White, 2011).

It also offers the advantage of being fast and efficient. Offering promotions via email and with a clear call to action can have a significant impact on sales. Email marketing allows you to target demographics (age, income, etc.) and email messages have more formatting possibilities than social media messages. In addition, potential customers are more likely to see an email than the message shared on social media. However, it still allows you to have the best of both worlds, that is, to combine the two ways of communication by adding “like” or “share in marketing emails” so that customers connect with the brand and / or company (Cunningham, (2011).

However, this strategy also has disadvantages. Fariborzi and Zahedifard (2012) point out some of these disadvantages, namely the percentage of undeliverable email. Many internet providers now use spam filters, so there is no guarantee that marketing emails will even get into their audience's mailbox. In addition, many people delete emails they receive from people not on their contact list. Added to this is the email overload. The amount of information received by email is such that it is difficult for anyone to find time to read all the messages they receive, so many marketing emails are never read. The authors also refer to the possibility that marketing emails can transmit computer viruses, which makes customers look at them with suspicion (Fariborzi & Zahedifard, 2012).

2.3.4. Search engine marketing

Today, the Internet is increasingly the first - and often unique - tool that consumers use to research products, services and suppliers before buying. This makes Search Engine Marketing (SEM) a vital component of any business marketing plan. The goal of (SEM) is to drive traffic to the site with the intention of converting these visitors into customers. With SEM, it is important to have the corporate website listed near the top of the search engine rankings, as few users go beyond the first few pages. SEM can be divided into two categories: organic and paid. Both are important (Xing & Zhangxi, [s.d.]

"Organic" SEM is a "natural" way to improve search engine rankings and drive traffic to your site. The most common form of organic SEM is search engine optimization (SEO) (Zwick et al, 2003), which we will talk about in the next section.

In addition to SEO, there are some other strategies for organic SEM that may or may not drive the customer directly to the company website, but may still help promote the company and / or the product or service. These strategies include SEO videos, social media, online customer review sites, and tools like Google Places (Zwick et al., 2003).

The second category of SEM is Sponsored Links, that is, the positions paid on the search engine response pages. Sponsored links are paid advertisements served on the Internet, both on search engine response pages and on associated sites that rent their spaces in exchange for a share of the revenue generated by these ads. Sponsored link results are most often the first results listed on the SERP - Search Engine Result Page, but have a very different click through rate than organic results. This is not because sponsored links are a worse strategy than SEO, but because it is a different positioning in terms of marketing on SERPs (Sen, 2005).

2.4.3.1. Search engine optimization

Search engine optimization (SEO) is the process of optimizing the visibility of a website or web page on the search engine results, thereby gaining higher positions in search results (Wu et al., 2010).

According to Chengling (2009), companies operating in an online environment often promote their products and services on search engines, so they should design and develop their website so that they can rank well on these search engines and thus improve the volume and the quality of traffic to your site. To do this you should know how search algorithms work and what users can search for.

For Sen (2005) SEO is a subset of search engine marketing whose techniques are used to promote websites on these search engines in order to increase their traffic.

Search Engine Optimization (SEO) aims to capture as much traffic as possible to a website, bringing it to the top of a search engine's results. SEO is used by businesses and individuals to maximize the visibility of their websites and their content in order to drive traffic and hence business (Xing & Zhangxi, [s.d.]

This type of digital marketing focuses specifically on propelling a website into the top position of search results on pages like Google, Yahoo, and Bing. Search engines are the most common vehicle for driving organic (unpaid) traffic to a website, which makes SEO highly competitive and makes it a successful strategy that can bring the company a high level of exposure (Yalçin & Köse, 2010).

According to Gandou and Regolini (2011), the first search engines were relatively ineffective, limited to pages that included specific keywords. Over time these search engines have evolved, and are now complex enough to use hundreds of factors in their search algorithms.

Neumann and colleagues (2005) report that Search Engine Optimization, when successfully implemented, uses a combination of hundreds of methods and strategies to attract users to a site. Among these methods is the use of widely used keywords or phrases related to the purpose of the site. When a user types a phrase into a search engine, the search engine searches sites containing that phrase. In addition, sites have to be constantly updated, as sites that remain for a while without producing new content are considered

less relevant. Similarly, any broken links or similar failures may compromise the ranking of this site in the search rankings. The authors also stress the importance that should be given to the basic usability and design of the site, as search engines also take into account the hierarchical structure and navigability of the site, as well as the quality of the information and content that it contains. Simpler sites with clear, concise and useful language tend to rank higher in search results (Neumann et al., 2005).

Evans (2007) suggests the use of linkbacks, that is, having other pages linked to the site to be optimized. According to the author, the search engine considers this as an indication that the site is relevant enough to be referenced by other people. Optimizing a website to maximize organic traffic to it is a complex task that requires in-depth study of trends and algorithms used by search engines, which are constantly changing. For this, an SEO expert should do such work, especially as the site becomes more complex and its popularity increases.

2.4.3.2. Search engine advertising

Search engine advertising (SEA), often referred as "Pay Per Click" or PPC advertising, is a set of marketing strategies that turns visitors into customers. At its core, SEA is a targeted online marketing tool that uses keywords or keyword phrases. The goal is to highlight individual sites and pages on the response pages of major search engines (Dewan, Freimer & Zhang, 2002)

According to Telang, Rajan and Mukhopadhyaya (2004) SEA is a highly targeted form of marketing that advertises online businesses so that people can find a product / service that they provide when they are actively looking for these services or products online. This is a highly effective and targeted marketing strategy and unlike other forms of traditional media, you can accurately track the success of a campaign by the number of clicks and sales it receives. The more clicks, the more opportunities to make money.

The domain of this digital marketing technique is essential to properly place your company and / or brand in the strategic planning of your campaigns, to gain maximum exposure in online media.

Several online companies or corporate websites use search engine advertising to generate traffic to their websites, to promote them or to promote products or services. Google Adwords and Bing Clicksor are currently the leading SEA merchants on the Internet (Caufield, 2005).

According to Johnson and co-workers (2004), when a webmaster, blogger or company signs up with one of these online marketers, they pay you to place specific ads on the web to promote their websites, blogs, products and services. In contrast, both Google AdWords and other ad marketers pay publishers to run ads on websites or blogs.

Sen (2005) states that there are three types of search engine advertising: Pay Per Click (PPC), Pay Per Impression (PPI) also known as Cost Per Mille (CPM) and Pay Per Sale or Action (PPS / PPA). All of these programs have been around for many years and have proven to be very profitable in generating money for advertisers.

Pay per click is a very effective form of online marketing that is very popular and widely used by website or blog owners to advertise their businesses or websites online.

With SEA, the company or website pays for every time someone clicks on your website, so that is where the meaning of “Pay Per Click” (PPC) or Sponsored Links resides. Search engine advertising is based on keywords and if an ad is rich in SEO keywords, it will be selected for the first few pages in search engines (Sen, 2005).

For Dewan et al. (2002), advertisers favor SEA to maximize exposure to their online products and services. The search engine advertising is a great method to drive website traffic or promote a business. To get effective conversion rates, you need to create leads to generate business, so you are more likely to produce higher conversion rates. More and more people around the world are using search engines like Google and Bing to search and buy products and various services.

2. Research Methodology

Having the premises and the object of the study defined, it is important to explain what the chosen methodological approach was. For this study, an exploratory case study and a qualitative methodological strategy were chosen, using the inductive method, which starts from the particular to the general.

The case study is a social science research method that uses the analysis of a specific context of a social phenomenon. It is a methodological approach that allows for in-depth analysis of a phenomenon, situation or problem. This approach facilitates understanding of social phenomena because it answers the “why” and “how” research questions by analyzing a particular case in its situational context (Stake, 1978).

Case studies can be exploratory, descriptive or analytical. According to Yin (1984) when the objective is to obtain preliminary information about the object of study, an exploratory approach is used. On the other hand, when it is intended to describe the “how” typology most indicated is the descriptive one, while when one intends to problematize, construct or develop a new theory, confronting it with existing ones, an analytical case study is used. All presuppose the interpretation of reality by the researcher, are not reduced to the interpretation and description of situations, and can be based on methodically constructed hypotheses.

The choice of the methodology that will be applied to the study takes into account the objectives, type of observation made, the approach, resources used for data collection, type of analysis that will be done with the data collected and even reflected in the type of readings that will be made throughout it.

This study will have a pragmatist approach, as the approach will eventually reflect the practicality of this study through different perspectives to help collect and interpret data that help corroborate the hypotheses raised during data analysis. An inductive approach will be used, based on practical observation for theoretical conclusions about the study (Saunders et al.2007).

The case study involves an empirical investigation of a contemporary phenomenon in a practical context by collecting data from multiple sources. Data collection will be done through in-depth semi-structured interviews; the interviews will be archived and further analyzed in order to obtain a holistic view of the subject. The big goal of this type of study is to achieve through the analysis of interviews to determine the relevance of respondents' responses to the study (Yin, 2010).

It was expected that the data collection would be done through semi-structured interviews addressed to the company's management, namely its marketing director, Rui Cunha. However, despite all efforts to be able to interview a responsible person who was available to answer the questions in the interview guide (Annex I), either in person or by emailing the answers, it was never possible to obtain information from the requests.

Even the advisor also made contact to the company in order to help, but also without success, having the company replied that it was not its policy to provide any kind of information.

3. Case Study: PROZIS

4.1. Presentation of the Organization

Prozis, the organization selected as a case study for this dissertation, is a Portuguese company, an European reference, belonging to the OSIT group, and operates in the area of sports nutrition retail.

Miguel Milhão created Prozis after investing the money he raised from the sale of his car. Previously, he had been a federated swimming athlete and the failure of his three previous businesses gave him the experience to build a business with future, as he was aware that he wanted to create a wide range of high quality products at a price much smaller than what is practiced in the market (Nunes, 2015).

The company has headquarters in Esposende and is one of Europe's largest online sports nutrition stores, with over 800,000 registered and active customers spread by more than 100 markets, including Brazil.

In 2015, it had more than 230 workers, having invoiced around 45 million euros (DNoticias.pt, 2015). The company was founded in 2007, and its current chief marketing officer is Rui Cunha, who is also CMO (Chief Manager Officer) of the OSIT Group.

Prozis not only sells sports supplements online, but also produces them on a large scale, notably through its factory located in Póvoa de Lanhoso, where five million euros were invested (DNunes, 2015).

Prozis is a partner of ATRP - Trail Running Association of Portugal, and started sponsoring the national championships of this sport, starting in 2016, having become a "naming partner" of these events, with the participation of about 100 thousand athletes, in which it invested around one million euros (Run Portugal, 2015).

In 2017 and 2018, Prozis was one of the brands awarded with the Consumer Choice seal in the Health and Wellness area in the "Sports Supplements" category. Note

that this is a way to help consumers to make more thoughtful purchases.
(Consumertrends, 2019).

In 2016, the company was distinguished with the "Revelation Export Award", an award designed to reward and promote the success of companies that invest in the exportation and internationalization of their activity (Cofina Eventos, 2016).

The company is constantly developing and is seeking to create 1,600 jobs by 2019, specifically 1,200 in Maia, creating a research and development center, called Prozis Tech, and the remaining 400 jobs after the construction of a new factory in Póvoa de Lanhoso.

Prozis presents an affiliate program for those who have an account on their website, who have a taste for a healthy lifestyle, who are fitness enthusiasts, who like to share to their social media followers some training plans, healthy recipes, etc. By joining this program, the affiliate will receive 8 to 15% commissions on all purchases that their followers make from a single link that will direct them to the online store and whenever they make purchases from that same link, the affiliate will receive a commission on the purchase price (Prozis, 2019)

Research and development is evident in the brand's DNA, because the constant commitment to technology is understood as an integral part of a supplanting against the competition, being able to operate in the most diverse markets and have a wide variety of products that meet the customer's needs.

4.1.1. Vision and Mission

Prozis's vision is evident in its website and is based above a vertical philosophy 4.0, that is, a model of constant innovation, where every day new products are manufactured. This is only possible because the company develops its own technology, which guarantees high quality and competitively priced products. This adopted model has become a case study at global level, as it is one of the few companies looking to follow vertical structure 4.0 with a strong technological component.

In fact, Prozis has its own manufacture, producing on their facilities the products it markets. As stated on their website: “We breathe technology, drink design and fuel our desire to excel, producing the best products in the world” (Prozis, 2019).

Indeed, the entire production, promotion and marketing process for Prozis products comes from the company itself, where everything is done: initial idea, concept, design, manufacturing, quality control, marketing, sales, logistics, printing, distribution, support, customer, software development, photos, video, 3D and philosophy, and they deliver products wherever the customer is, whenever they want.

In addition, that is their mission: to nurture your customers' bodies and minds with whatever they need to excel.

4.1.2. Economic performance

As previously mentioned, Prozis started with an investment of 25 thousand euros in 2007 and in 2018 closed the year with revenues of around 120 million euros, according to what was found in a news article published by Jornal Económico. If we take into account that this global market is currently estimated at between 55 and 60 billion euros (Jornal Económico, 2019), it turns out to be a small slice with a large margin of progression, as one of the main goals of Prozis is to becoming a global company.



Table 1 - Global sales of Prozis. Source: Own production

According to the data that was possible to verify against the reports obtained by Informa D&B, the global growth is also notorious in the Portuguese market where Prozis is leader as well.

Prozis	2018	vs. 2017
Business		
Sales and services	1 876 000,00 €	57,65%
EBITDA	10 518 267,04 €	183,13%
Net Results	10 164 889,39 €	194,17%
Financial Situation		
Total Assets	32 893 973,58 €	34,55%
Liabilities	11 805 482,23 €	33,61%
Equity	21 099 491,35 €	35,08%
Financial autonomy	0,64 €	0,39 p.p.
Solvability	1,79 €	1,10 p.p.

Table II - Prozis financial summary between 2017 and 2018 in Portugal. Source: Informa D&B

The steady increase in the company's flow in recent years is mainly supported by an increase in equity leading to the belief that the company has self-financing capacity, as shown in the following table:

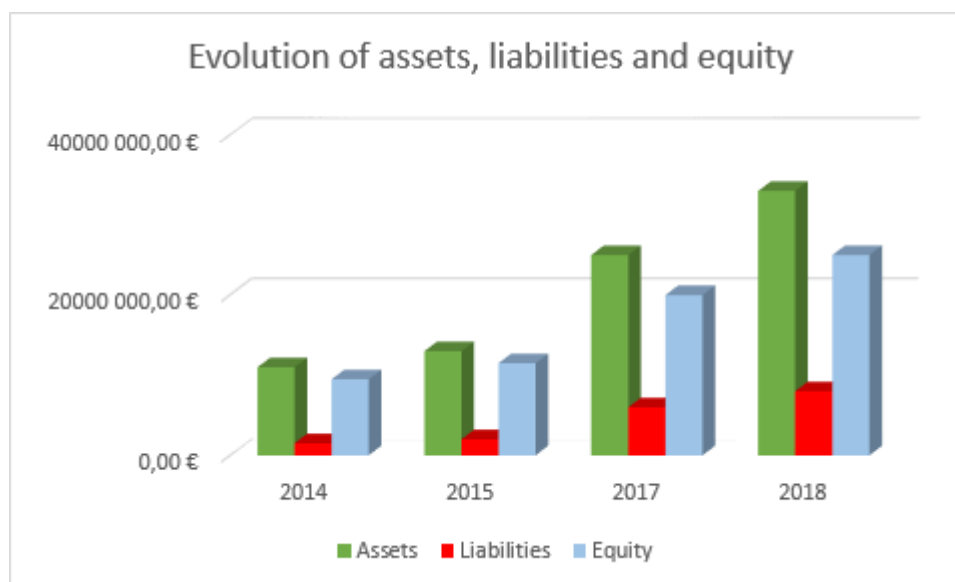


Table III - Evolution of Prozis assets, liabilities and equity. Source: Informa D&B

The sales volume in Portugal had a very strong growth from 2017, and this increase is due to the fact that the company has made a strong investment in its

technology, logistics, direct and indirect marketing. This increase can also be reflected in the fact that in the same year, the brand was chosen consumer choice in the category Health and Wellness - Food Supplements for Sportsmen.

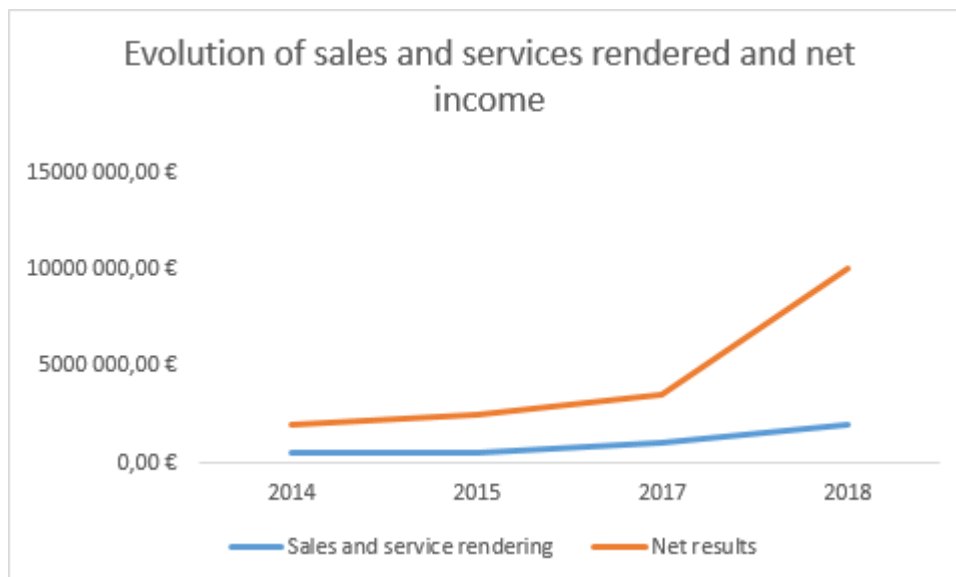


Table IV - Evolution of Prozis sales and services rendered and net income. Source: Informa D&B

4.1.3. International Strategy Marketing

Prozis is one of the largest sports nutrition brands in Europe, present in over 100 international markets and sponsor big names on the football industry, namely Inter Milan - Italy, Valencia - Spain, Monaco - France, the Portuguese Benfica, Sporting and FC Porto and many others, which attests to the transversal form that the administration wants for the company.

According to Rui Cunha, Prozis Marketing Director, in an interview with Markedu, when asked about the differences of consumers in the different countries where the company exports, he replied that each market has its own specificity. However, he finds the biggest difference in countries where competition is much higher, such as Germany and the United Kingdom, as these are two very mature markets. International expansion has been made through franchising to countries such as Russia, the Middle East or the U.S., as they understand that this is the most appropriate model because they can access local partners who have a greater knowledge of the market without Prozis having to spend costs and time on market analysis and thus reduce investment costs.

Prozis currently exports to over a hundred markets and accounts for about 80% of total turnover (Jornal Económico, 2019).

If it was not for the heavy investment in technology, Prozis could not have more than 1300 private label products on its website, with 25% of its products being exported to Italy. Portugal, Spain and France represent 40% and the other 100 markets 35% (Milhão, 2015)

4.2. SWOT analysis

SWOT analysis is a simple tool that helps us to analyze four components: Strengths, Weaknesses, Opportunities and Threats. This analysis allows the company to perform strategic planning and organizational problem solving.

We can divide these four components into two factors: internal and external to the business. Strengths and Weaknesses are internal factors, which means that the company controls them, while Opportunities and Threats are external factors, which means that are out of their control.

The following table collects all available information regarding Prozis:

Strengths	Weaknesses
<ul style="list-style-type: none">• Quality products at reduced prices;• Strong focus on online communication;• Largest online sports nutrition retailer in Europe;• Deliveries in less than 24 hours;• Environmental protection;• Brand popularity.	<ul style="list-style-type: none">• Limited presence in super and hypermarkets;• Consumers have difficulty to buy products immediately.
Opportunities	Threats
<ul style="list-style-type: none">• Fast growth in the sector with increasing demand;• Portuguese population is more aware of the importance of exercise and healthy eating;• Physical points of sale;• Production of foods more functional in relation to the athlete's goals.	<ul style="list-style-type: none">• High competition;• Quality of some products may be lower than some of their international competitors.

Table V – SWOT analysis. Source: Own production

4.2.1. Internal Environment

4.2.1.1. Company's objectives

Since its foundation, Prozis has sought to approach a new market segment, which consisted of producing and selling quality products at a low cost price. Whey protein is the most common type of protein nowadays and was not for sale in Portugal, and buying online and abroad cost about 80€ for 2kg. Prozis was able to produce and create the same type of protein at around 30€ for the same amount (Milhão, 2015).

Strong investment in production, logistics and technology aims to maximize responsiveness to customer needs, which is why Prozis can deliver in less than 24 hours and at the best price, providing a quality product at home. (Prozis Website, 2019)

Another objective is to expand nationally to meet the needs of the company and the choice went to the north of the country, where two new production units are being built in the industrial park of Fontarcarda, in Póvoa de Lanhoso, with around 18 million investment.

For Miguel Milhão, the Prozis project is very long term, not conditioning the future with the present, producing value for all stakeholders, customers, community, shareholders and employees.

4.2.1.2 Internal Organization and Human Resources

Prozis is a Portuguese online company and is part of the OSIT group, which specializes in e-Commerce, sports and sports nutrition, information technology, information systems, logistics and transport. In 2015, the company had more than 250 employees, and with the latest investments, Prozis will create about 1600 jobs.

4.1.2.1.3 Prozis products

Prozis today produces over 1600 products that can be divided into five categories: Healthy Eating, Sports Nutrition, Health & Weight Loss, Men's and Women's Clothing, Sports Accessories, and Technology and Home.

In the healthy eating category we can find bars and snacks, functional and protein drinks, breakfast, flour, grains and derivatives, full meals for lunch and dinner, bakery, nuts and seeds, protein rich food, meat and fish, sauces, syrups, jams and a section for people with dietary restrictions.

In the second category referred to, sports nutrition, we can find a wide range of sports supplements and muscle development products, such as protein, casein, gainers, carbohydrates, pre/ intra and post workout, workout recoveries, creatine, BCAA, essential amino acids, glutamine, and testosterone enhancers. For those looking for energy and endurance, there are energy bars and drinks, isotonic and electrolyte drinks, energy gels and workout recuperators. For people aiming to lose fat there are thermogenic, non-stimulant fat burners, reducing creams, CLA, L-Carnitine, hydrate blockers, appetite controllers, diuretics and detox and sugar free products. There are also products for the athlete's health and well-being, such as vitamins and minerals, joint products, cartilage and bones, antioxidants and herbs, omega 3 and other prohormone and fatty acids.

In the third Health and Weight Loss category, we find some products from the previous areas, as well as fiber-rich foods, vegetable proteins, sugar-free sweets and protein chocolates. Regarding health, products for the heart and blood circulation, immune system, anti-aging, hair, nails and skin, products for the liver, sleep, stress and anxiety, brain and memory, eye health, digestion and intestinal transit, products for women's menopause, for the prostate in the case of men, in the urinary tract and sexual health.

In men's and women's clothing, you can find sportswear such as tops, t-shirts, polos, hoodies, shirts, leggings, shorts, sports bras, socks, swimsuits, shoes, suitcases, sports equipment such as shakers, bottles, towels, boxes for supplements, sports gloves, belts and supports, training equipment, caps and caps, cuffs and leggings.

As Prozis is very keen on technology, they have started to produce their own product line such as air purifiers and fans, flavor diffusers, humidifiers, small appliances, headsets, headphones and speakers, powerbanks, wireless chargers, fingerprint padlocks, ultrasonic toothbrushes, smart scales, smart bands and muscle stimulators and relaxation.

4.2.2. External Environment

4.2.2.1 PEST analysis

This kind of analysis will help us understand which environment the business is in, as it is extremely helpful for strategic planning and a good way to help to spot opportunities, understand key threats, and will make us to make certain kind of decisions. It is equally important for possible expansion as it helps to have a more precise view of the environment in which you will be inserted.

This analysis will focus on political, economic, socio-cultural and technological factors.

4.2.2.2 Economic factors

According to PORDATA, the unemployment rate in Portugal has been decreasing since 2013, when it registered 16.2% with a decrease of 9.2% until 2018. Companies like Prozis, managed to contribute to this decrease, but it was undoubtedly in the hotel sector, the difference was most felt in the main cities. The tourism landscape in Portugal has changed, as there was a national record in 2018, according to TravelBI statistics.

Since the 1960s, GDP (Gross Domestic Product) in Portugal has been growing steadily, except for a short period between 2008 and 2012 where there were some fluctuations due to the worldwide crisis that was felt. GDP increased again after the crisis and in 2016 grew by 2%, above the 1.9% estimate, although the highlight goes to 2017, with the highest growth ever with 3.5%, plus 0.7% compared to what had been calculated. In 2018, growth was also noticeable with a record of 2.1%. (Jornal de Negócios, 2019).

According to Nielsen, the Portuguese confidence levels reached a point never seen before in 2017, where it reached 82 points, 12 more than the year before and thus recorded the highest value ever in Portugal that brings it closer to the European average after a noticeable increase since 2014.

This optimism has been reflected in national consumption with very positive growth, and a Marktest TGI study shows that the number of Portuguese consuming vitamins and other dietary supplements has increased, estimating the universe of consumers by almost two million, representing 23,2% of the population, which means that one in four Portuguese consume this type of products. Prozis was one of the brands that revolutionized the market and in twelve years became the largest player at European level (Silva, 2016).

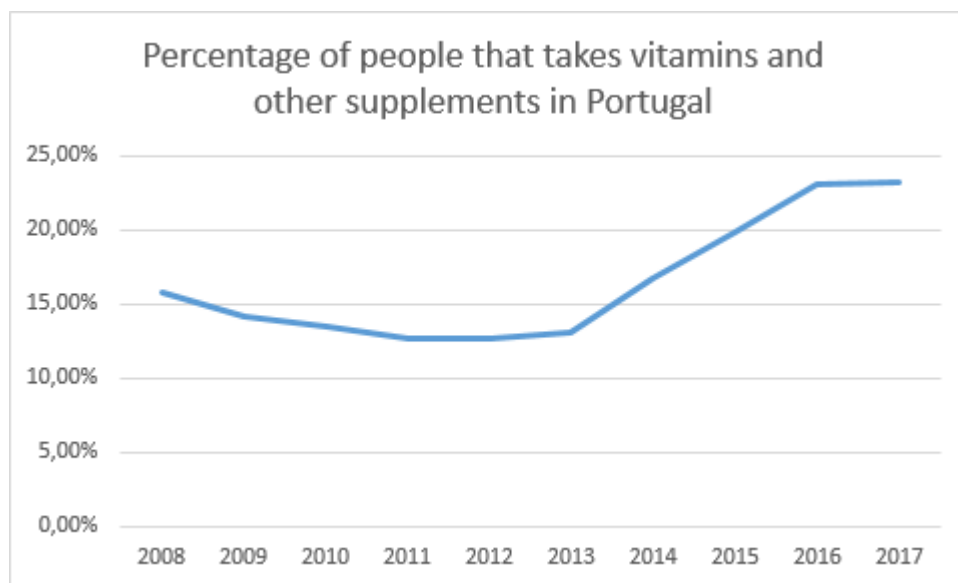


Table VI - Percentage of people taking vitamins and other supplements in Portugal. Source: Marktest, TGI

4.2.2.3 Political factors

According to Marsh, the world leader in risk management and insurance brokerage, Portugal has been found to be one of the 27 countries in the world with the lowest political risk and together with the improvement of confidence indices and reduction of glazing make the country a good opportunity for investors.

The Portuguese VAT value in 2019 will remain unchanged compared to 2018 and the rates are mentioned in article 18 of the VAT Code. Since to date it is not predicted that sports nutrition products and food supplements will be on the list of goods and services subject to reduced rates, although the VAT Directive allows this same

application to products intended to complement or substitute food products (Portal das Finanças, 2019).

In Portugal, PAN (Partido das Pessoas, dos Animais e da Natureza) has grown in recent years and in the 2019 Legislative, managed to elect four deputies in the Assembly of the Republic. It should be noted that PAN in its electoral program defends the Physical Education subject as mandatory from preschool to 12th grade. They want to implement a link between school sports and sport outside this context, creating conditions for any child and young people to have access to a sports program throughout their school career, which in turn may encourage interest in continuing physical activity after school (PAN, 2019).

Also PS (Partido Socialista), party elected without an absolute majority in 2019, electing 106 deputies, states in its electoral program that it is necessary to raise the levels of physical and sports activity in all age groups (PS, 2019). They also argue that the program created in 2016 for basic and highschool education called High Income Support Units at School (UAARE's), in which dual career sports is supported, should be extended to university education (PS, 2019).

The biggest opposition force in the 2019 Legislature is the PSD (Partido Social Democrata), electing 77 deputies. Its electoral program seeks to increase the accessibility of sport, not only for all age groups, but also for all sectors of society (people with disabilities, children, young people, senior practitioners, immigrants) in order to promote their inclusion (PSD, 2019).

4.2.2.4 Social factors

According to the last Census held in 2011, it was found that Portugal has a population of 10 562 178 people, of which 52% are female and 48% male.

Regarding the Portuguese lifestyle, Portugal is still below what is the European average (Madeira, 2017), although there has been a slight increase in the population practicing physical activities as well as a search of a healthier lifestyle in terms of food (Cetelem, 2018).

Even so, Portugal has one of the worst indicators at European level, with about one third of the population admitting to regular exercise (Eurobarómetro, 2017), with 5.4% enrolled in gyms, which is equivalent to about 540 thousand people (José Carlos Reis, 2017). This paradigm opens a big window of opportunity, as the growth margin is very large because the sector itself has set a target until 2025 to increase the number of gymnasts to one million.

Regarding eating habits, the study also conducted by Cetelem in 2018, found that 69% of Portuguese admits to eat healthy, and 78% of this same group buys their products in supermarket chains to the detriment of specialty stores.

It should be noted that the number of athletes in Portugal has been steadily increasing and the vast majority complements physical exercise with a diet suitable to their needs. In 1996 the number of athletes did not reach 280 thousand and in 2017 were already registered about 624 thousand (Pordata, 2019).

In the last three decades, Portugal has registered an improvement in social, urban and working conditions, followed by sedentary lifestyle. This rise eventually led to a better overall quality of life for the Portuguese population (Medina, 2012).

As we have already seen, Prozis has invested heavily in its logistics network, creating its own technology, programming and digital marketing, and one of its great strategies was to focus on influencers on social media (Facebook, Instagram and Youtube) in order for them to become brand ambassadors.

Nowadays, social media are an indispensable tool for brand marketing and communication and to understand better the relationship between the main apps and the Portuguese, Markttest Consulting conducted a study in 2019. They found that Instagram is the application that has grown most to follow companies/ brands, that 58% of respondents watch television while accessing their social media page, that YouTube surpasses Facebook and Instagram as the best way to watch videos, and that “stories” are one of the top types of content on celebrities’ pages.

Influential marketing has gained a great level of notoriety, as brands want to sponsor those who have the most visibility on their social media, whether it is by the number of followers or likes in their publications. After, they will share with their audience, advertising content for the brands they represent, whose main goal is direct marketing, which is made from people to people, contrary to what has been conventional advertising (Pinto, 2018).

4.2.2.5 Technological Factors

What is new today, tomorrow becomes obsolete and Portugal is characterized by being a country that bets on technology, a sector that is constantly changing, which always makes monitoring difficult and companies understand that they should pay special attention to changes in the market.

Portugal has sought to keep up to date and a study by the Associação do Comércio Eletrónico e da Publicidade Interactiva (ACEPI), produced in 2009, showed that only 49% of Portuguese people used the internet, and that same percentage rose in 2017 to 73%. The forecast by 2025 is that more than 90% of the population is expected to use the internet.

In this same study, it was revealed that regarding to online shopping, in 2008, only 13% of the Portuguese population used it, having increased to 36% in 2017, predicting that in 2025 the percentage will be close to 60%, resulting in a volume 8.9 billion euros.

Atomic, a venture capital firm in partnership with Slush and Orrick, in its most recent report produced in 2018, says Portuguese technology has prompted the investment of over 400 million dollars, contrary to the 15 million of last year.

The technological sector in Portugal helped to reduce the percentage of unemployment, as it was a sector that grew 6.4% against the European trend of 1.1%, and among the most diverse professions, the programmers stand out, and Portugal once again grows compared to the previous year with 16.2% (Jornal Económico, 2018).

Porto is in third place in Europe's ten fastest-growing annual technological centers and shows a certain maturity for the Portuguese reality, as it is a clear sign that technology is expanding beyond the capital (Jornal Económico, 2018).

The two most common mobile operating systems in our society are Android and iOS with a market share of 76.24% and 22.48% worldwide. These two systems feature applications developed by their own brands and are available from the first time when customers turn on the equipment. Samsung, Huawei and Xiaomi represent the largest share of mobile devices using Android as operating system with 31.18%, 10.02% and 8.26% respectively and Apple has 22.48% using iOS (Statcounter) system. , 2019).

In Portugal, there are over 9 million mobile phone users, representing 96.5% of people over 10 years old (Marktest, 2019). If we take a closer look at this data and cross-check the information available on the Statcounter website, we can see that Samsung is the market leader with 28.59%, followed by Huawei with 24.79%, then Apple with 23.51% and finally to Xiaomi with 8.62%. In total, these four brands represent 85.5% of the total market share in Portugal with almost 9 million users.

Each of these brands has its own health tool where you can monitor your steps, heart rate, sleep quality, weight control and physical activity records.

4.2.2.2 Competitor Analysis

Competitive analysis can be performed in two ways: direct and indirect. This is a very important analysis when a company wants to enter a certain market and understand the main players, checking what their weaknesses and strengths are and what prices are practiced in order to act competitively.

Direct Competition - Prozis	
NutriBody	The company was founded in Portugal at the end of 2002. Nutribody was a pioneer in the online shopping market and its business model is the importation of sports nutrition products from various brands (American and European), offering its audience a wide range of

	products. Despite having only one physical store in Aveiro, the company seeks to explore the online market, showing growth and positive results.
MyProtein	Myprotein was founded in 2004 in the United Kingdom and is Prozis' main competitor at European level. The brand is part of The Hut Group and aims to explore new markets on new continents (Andy Bott, 2015). The company seeks to develop new products with an average of 10 launches per month to be the industry benchmark (Myprotein website, 2019).
Gold Nutrition	The company was founded in 2000 by nutritionist Custódio César after 12 years of experience in the nutrition and wellness market. The company operates mainly online, although its products can be found on major retail outlets and has a wide variety of proprietary products such as Prozis. Gold Nutrition also has an ambassador program. (Gold Nutrition website, 2019).
Indirect Competition - Prozis	
Celeiro	The Portuguese company opened its first physical store in 1974 to provide an innovative and pioneering concept in Portugal, offering teas, food supplements, diabetic products or natural cosmetics. The company founded in 2014 its online store and today has 44 physical stores. The business model is different from Prozis, as it operates mainly in the local commerce market, although it can offer a wide range of organic products, healthy meals, gluten free products, food supplements and offers aesthetic, nutrition, osteopathy, physical counseling, and massages (Celeiro website, 2019).
Natiris	Portuguese company created in 1971 in the health area that sells food supplements. Natiris creates these supplements to meet the needs of consumers, constantly having a scientific update and respecting nature. Like Prozis, has a vertical integration strategy, R&D, production, promotion and distribution. It is present in various markets in Europe, South America, Africa, the Middle East and Canada.

Table VII - Analysis of Prozis direct and indirect competitors – Source: Own production

CONCLUSION

This dissertation was intended to meet the challenges and strategies of a Sport Nutrition Company entering in the Portuguese market, that in 2016 was valued at about US \$ 10.6 billion and whose growth forecast annual rate is around 5% to 6% by 2020.

For this study we chose the methodological strategy of the case study that privileges a qualitative approach. To this end, Prozis was selected as a case study, a Portuguese online company that operates in the area of sports nutrition retail, which has one of the largest online sports nutrition stores in Europe, with over 800,000 registered and active customers, which is currently a success story and a reference at European level.

The aim of this study was to try to identify the main barriers faced by a company wishing to implement a sports nutrition supplement retail business and, in addition, to define the most appropriate marketing strategies for this market segment, in order to generate as many sales as possible and build customer loyalty for these types of products.

Prozis focused on digital campaigns from the outset, focusing on customer acquisition and conversions, using SEO, SEM, email marketing and a customer loyalty strategy, which at the time was innovative. More recently, he has focused on offline branding, particularly at sporting events or fitness fairs, but always using customer acquisition metrics to measure the impact of these actions (Silva, 2016).

This is a company that focused very early on international markets, as its main market is not even Portugal. As it bets heavily on performance marketing, this is, customer acquisition, leads or conversions, in more mature markets such as Germany and the United Kingdom, where competition is much more aggressive and competition is much higher, the acquisition costs of clients are very high (Silva, 2016).

However, as Rui Cunha, Prozis chief marketing officer, said in an interview with Markedu in 2016, that if you look only at the cost of acquisition, you could be missing out on great opportunities. He recommends any company that wants to get into this business segment, to experiment with various markets and analyze which ones have the

best return on investment for each euro invested. Thus, depending on the country, there are several cultural factors that influence consumer decisions and choices, so it is important to make a study prior to the entry of each market (Silva, 2016).

Regarding to e-commerce, special attention should be paid to payment methods, shipping methods, most commonly used devices (mobile or desktop) and, among others, preferred social medias.

This study was, however, strongly limited by the fact that the author could not use his main research tool - the semi-structured interview - as it was not possible to obtain a response to his requests for collaboration from Prozis, so that the integral questions interview script could be answered directly by a company manager.

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Attachments

Attachment A - Prozis Interview Guide

1. What motivations led to the creation of Prozis?
2. What were the biggest challenges you faced with Prozis entering the domestic market?
3. Did you carry out a prior market analysis? How was this analysis done?
4. Have you analyzed the risk scenarios? How did they do it?
5. Have you analyzed the competitive advantages related to the market? If so, how did you proceed with this analysis?
5. What were the strategies adopted to position the company in the market?
6. What is the current national market share for Prozis for each product?
7. How many countries do you currently export or operate to?
8. What motivations led to the internationalization of Prozis?
9. Did you carry out a prior market analysis where you intended to export? How was this analysis done?
10. What are the modes of entry in these countries? (direct, indirect, collaborative or cooperative).
11. Did you have to adapt to the international market?
12. Do you consider that obtaining competitive advantage positively influences the performance of internationalization? In what way?
13. Do you consider that the internationalization of Prozis allowed the company to grow economically?
14. How do you face the challenge of international competitiveness?
15. How do you see the impact of the growing digital transformation on company activity?
16. Any other things you would like to mention about Prozis?

Attachment B – Prozis balance sheet

Prozis	2018	2017	Var. 2018/2017
Assets			
Non current asset			
Tangible fixed assets	1 148 140,29	738 637,42	55%
Investment properties	0,00	0,00	-
Goodwill	1 601 379,17	1 830 147,63	-13%
Intangible assets	6 320,32	0,00	-
Biological assets	0,00	0,00	-
Financial participation - equity method	20 793 503,64	11 237 407,94	85%
Financial participation - other methods	6 629 940,17	7 906 028,10	-16%
Shareholders / Partners	0,00	0,00	-
Other financial assets	0,00	0,00	-
Deferred Tax Assets	0,00	0,00	-
Financial investments	0,00	0,00	-
Total non current assets	301 792 823,59	21 712 221,09	39%
Current Asset			
Inventory	0,00	0,00	-
Biological assets	0,00	0,00	-
Customers	1 384 424,85	814 122,45	70%
Advance to suppliers	0,00	0,00	-
State and other public entities	14 362,76	0,00	-
Shareholder / Partners	0,00	0,00	-
Other accounts receivable	334 367,70	798 266,11	-58%
Deferrals	75 200,56	15 289,65	392%
Financial assets held for trading	0,00	0,00	-
Other financial assets	0,00	0,00	-
Non current assets held for sale	0,00	0,00	-
Other current assets	0,00	0,00	-
Cash and bank deposits	906 334,12	1 107 740,20	-18%
Total Current Assets	2 714 689,99	2 735 418,41	-1%
Total Asset	32 893 973,58	24 447 639,50	35%
Equity and liabilities			
Equity			
Realized capital	200 000,00	200 000,00	0%
Own shares	-209 589,00	-226 398,00	7%
Other equity instruments	0,00	0,00	-
Issuance Awards	0,00	0,00	-
Legal reserves	287 908,31	304 708,31	-6%
Other reservations	0,00	0,00	-
Transited results	1 442 021,87	6 583 926,71	-78%
Adjustments in financial assets	0,00	0,00	-
Revaluation surpluses	0,00	0,00	-
Other changes in equity	9 203 269,78	5 293 999,55	74%
Sum	10 923 601,96	12 156 236,57	-10%
Net income for the period	10 164 889,39	3 455 473,77	194%
Early dividends	0,00	0,00	-
Total equity	21 088 491,35	15 611 710,34	35%
Liabilities			
Non current liabilities			
Provisions	313 055,99	257 547,56	22%
Financing obtained	0,00	0,00	-
Responsibilities for post-employment benefits	0,00	0,00	-
Deferred tax liabilities	0,00	0,00	-
Other bills to pay	0,00	0,00	-
Total non-current liabilities	313 055,99	257 547,56	22%

Current liabilities			
Providers	11 424,70	47 892,31	-76%
Customer Advances	0,00	0,00	
State and other public entities	837 501,22	184 649,73	354%
Shareholders / Partners	9 914 183,08	7 824 561,63	27%
Financing obtained	116 311,93	71 256,21	63%
Other bills to pay	613 005,31	450 021,72	36%
Deferrals	0,00	0,00	
Financial liabilities held for trading	0,00	0,00	
Other financial liabilities	0,00	0,00	
Non current liabilities held for sale	0,00	0,00	
Other current liabilities	0,00	0,00	
Total Current Liabilities	11 492 426,24	8 578 381,60	34%
Total Current Liabilities	11 492 426,24	8 578 381,60	34%
Total equity and liabilities	32 893 973,58	24 447 639,50	35%

Attachment C – Prozis ratios

Prozis	2018	2017	Var. 2018/2017
Structure / Indebtedness			
Financial autonomy (%)	64,11	63,86	0,25%
Solvency (%)	178,63	176,68	1,95%
Indebtedness (%)	35,89	36,14	-0,25%
Sales and services rendered / Equity (%)	8,90	7,62	1,28%
Non current assets / Equity (%)	143,11	139,08	4,03%
Current Debts / Equity	54,50	54,95	-0,45%
Current debts / Inventories and biological assets (%)	-	-	-
Non-current Assets / (Equity + Non-current Liabilities) (%)	141,01	136,82	4,19%
Medium and long term debt capacity (%)	98,54	98,38	0,16%
EBITDA (Net Liabilities) (%)	96,51	48,07	48,44%
Medium Long Term Debt / Fixed Assets (%)	27,27	34,87	-7,60%
Liabilities / Equity (%)	55,98	56,60	-0,62%
Structure / Indebtedness (%)	97,35	97,09	0,26%
Operation			
Inventory Rotation	-	-	-
Average Receipt Time (days)	269,36	249,71	7,87%
Average payment term (days)	28,49	100,37	-71,62%
Asset Rotation (%)	5,70	4,87	0,83%
Liquidity			
Reduced liquidity	0,24	0,32	-25,00%
Overall Liquidity	0,24	0,32	-25,00%
Immediate liquidity	0,08	0,13	-38,46%
Working capital	-8 777 736,25	-5 842 963,19	-50,23%
Economic profitability			
Return on Asset (%)	30,90	14,13	16,77%
Earnings Before Tax / Assets (%)	30,96	14,13	16,73%
Sales and services provided by employee	38 285,71	38 387,10	-0,26%
Period net income per employee	207 446,72	111 466,90	86,11%
Assets / Sales and services rendered (%)	1 753,41	2 054,42	-301,01%
Gross value added (GVA)	1 496 055,85	1 023 686,39	46,14%
Sales Value (%)	79,75	86,02	-6,27%
Economic profitability (%)	30,58	13,60	16,98%
Return on investment (%)	47,58	21,93	26,65%
Net return on assets (%)	41,58	19,18	22,40%
Personnel expenses / Sales and services rendered (%)	63,73	63,05	0,68%
Average expenses per employee	24 398,74	24 203,62	0,81%
Personnel expenses / EBIT (%)	11,89	22,57	-10,68%
Net cost of financing	-125 900,72	-155 353,20	18,96%
EBITDA	10 518 267,04	3 715 028,92	183,13%
EBIT	10 057 714,50	3 323 476,14	202,54%
EBIT Margin (%)	536,13	279,37	256,76%

Financial profitability			
Profitability of sales and services rendered (%)	541,84	290,38	251,46%
Return on equity (%)	48,20	22,13	26,07%
Return on permanent capital (%)	47,50	21,77	25,73%
Liabilities / Sales and services rendered (%)	629,29	742,52	-113,23%
Liabilities / Cost of sales (%)	-	-	-
Sales / Current Assets (%)	69,11	42,50	25,61%
Interest and similar expenses incurred / Sales and services rendered (%)	0,21	0,12	0,09%
Working capital / Sales and services rendered (%)	-467,90	-491,01	23,11%
Interest and similar expenses supported / EBITDA (%)	0,04	0,04	0,00%
EBITDA Margin (%)	560,68	321,19	248,49%
Non-current Asset Coverage (%)	70,91	73,09	-2,18%