

**Business Plan for a new natural ingredient surf wax**

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## **1. General Company Description**

This business plan is going to be set upon the study and development of a new surf wax to be used in the practice of surf and related sports (with main emphasis on traditional surfing).

This wax will be entirely produced using natural ingredients with the majority of the ingredients being of Portuguese origin (its formula is based on ingredients such as: bees wax; pine resin in conjunction with coconut oil).

This 100% bio-degradable environment friendly wax- notice the environmentally aware business tendency (Afonso, 2010)- will also try to occupy an important place in the surf wax market on two different fronts – satisfy the consumers search for strong attributes such as weight and a shape.

To better determine the best legal form of ownership the company should follow (Sole proprietor, Partnership, Corporation, Limited Liability Corporation) a semi-structured interview with a lawyer was used. Details comprising the methodology can be found in the methodology segment and the format for the interview can be found in attachment 1.

The results indicated that the form to follow should be a limited liability company a specific form of a private limited company which consists of a business structure that combines the pass-through taxation of a partnership or sole proprietorship with the limited liability of a corporation.

In order to best study the market there are two possible methods. Primary and secondary.

Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available in public libraries, industry associations, chambers of commerce, from vendors who sell to the industry, and from government agencies.

Primary research means gathering data by yourself, e.g: use the yellow pages to identify competitors, do surveys or focus-group interviews to learn about consumer preferences. Professional market research can be very costly, but there are many books that show small business owners how to do effective research themselves

Beezwax should perform both types of research starting with secondary research through Literature Review.

## 2. Literature Review

An article from “Revista Intercontinental de Gestão Desportiva”, entitled “Estudo do consumidor de modalidades de ondas na reserva mundial de surf da Ericeira” (Gonçalves, Mascarenhas, Maximiliano & Pereira, 2013) highlights the rising impact of wave sports in Ericeira, the first region in Portugal to obtain the status of “World Surf Reserve”.

Using the patented questionnaire “An analysis of the Mavericks Region” (Coffman & Burnett, 2009) which was adapted to Ericeira characteristics and culture using the recommendations for adapting scientific instruments to different cultures (Vijver & Hambleton, 1996), the authors arrive to the conclusion that the people who practice surf in Ericeira are basically men with an age between 16 and 35 years, who do not reside in the region and that practice surf between 2 and 4 times a week.

They also estimate that these consumers spend a daily value of 70, 55 euros in the region, a value far superior from the value, which was estimated for the Mavericks region.

On a similar note, one other dissertation submitted to Escola Superior de Hotelaria e Turismo do Estoril entitled “Turismo de surf na capital da onda: Ensaio sobre a sustentabilidade de uma rota de surf em Peniche” (Cabeleira, 2011) studies the importance of Peniche as an international surfing destiny and the possibility of establish an accredited surfing route for surf practitioners around the world.

By using mainly qualitative analysis and literature review the author arrives to the conclusion that not only are there sufficient conditions for the creation of a surfing route but also that Peniche as a destination provides excellent natural and state-provided resources (with minor limitations).

These implications are important for this thesis in the sense that they hint at the economic importance of surfing in Portugal, at least for some regions, which provides a healthy environment for the creation of the start-up business at hand.

As can be seen past studies have been concerned with studying the conditions for the existence of new business ventures.

Making the most out of the words in the “Complete Book of Business Plans: Simple Steps to Writing Powerful Business Plans” (Covello and Hazelgren, 2006), “a business plan helps entrepreneurs and managers think through their strategies, balance their enthusiasm with facts, and recognize their limitations.”

An article written for the Journal of Management History entitled “Business plans for new or small businesses: Paving the path to success” (Hormozi, Sutton, McMinn, and Lucio, 2002) reflects upon the important role of planning to achieve conclusions about the success a new or small business can achieve.

Major keys for business success are the identification of goals and consequent development of strategies to meet those goals. A business plan is an effective tool used by businesses to organize these goals and objectives into a coherent format

In fact, as the article “The Relationship between Written Business Plans and the Failure of Small Businesses in the U.S.” (Perry, 2002) written for the Journal of Small Business Management evidences, the apparent statistical relationship the financial success (or at least the inexistence of financial failure) of a business seems to have a great degree of connection to the use of planning prior to establishment. The latter makes the use of a business plan a greater priority.

What makes a good business plan though?

According to the framework built by Sahlman, in his book “How to write a Great Business Plan” there are four interdependent factors critical to every new venture:

- The people – The men and women starting and running the venture, as well as the outside parties providing key services or important resources for it, such as its lawyers, accountants and suppliers.

- The Opportunity- A profile of the business itself, what it will sell and to whom, whether the business can grow and how fast, what its economics are, who and what stands in the way of success.

-The context- The big picture, the regulatory environment, interest rates, demographic trends, inflation – basically, factors that inevitably change but cannot be controlled by the entrepreneur.

And, last but not least,

- Risk and Reward, an assessment of everything that can go wrong and right and a discussion of how the entrepreneurial team can respond.

Referring to the second factor and in order to plan for a product one should first fully understand the necessity which will later be fulfilled by the new business at hand.

An article from the Southeastern Geographer entitled “Representation, Identity, and Environmental Action among Florida Surfers” (Hill & Abbott, 2009) that uses a mixed-method questionnaire as well as analysis of respondents activities arrives to the conclusion that Florida Surfers, their identity and the surfing industry are intimately connected with romantic conceptions of nature linked to the ocean and demonstrates a rising sense of environmental awareness and developed environmental ethics amongst practitioners of the sport which not always matches their lifestyle options.

Such conclusions might be of use, given the link of the product developed in this thesis with ecology and the desired image this company wishes to pursue.

The article entitled “An Exploratory Examination of Serious Surfers: Implications for the Surf Tourism Industry” (Sotomayor & Barbieri, 2015) based on an exploratory examination of serious surfers and their implications for the surf tourism industry which greatly references previous literature from Dolnicar and Fluker (2003) uses snowball sampling and an online survey instrument.



This instrument, which queried participants about their surfing activity, surf travel behavior, preferences for surfing appeal and infrastructure of destination as well as availability of local services/conveniences and other attractions serves to dichotomize a group of surfers into “more serious” and “less serious surfers”.

Using this categorization it elaborates on descriptive analysis as well as a series of independent t-tests and chi-square tests to arrive to the conclusion that different destinations should target different surfers, according to their surfing profile, although it is not yet clear if different profiles attribute a bigger part of their budget to surfing activities.

Furthermore, it identifies, accommodation, health and safety issues as an important factor of choice of surf destinations for all responding surfers and the existence of an ideal surfing season as a pull factor for serious surfers.

Most importantly, this study contributes to my theme of my thesis in the sense that it emphasizes the segmentation of the surf market beyond the sociodemographic profile as no significant difference was found between both types of serious surfers. Instead, serious leisure appeared as suitable to distinct surfers on their surf travel behavior confirming the need to explore market segments based on their commitment to surf (confirming theories from: Butts, 2001; Scarfe et al., 2003; Nourbakhsh, 2008; Buckley,2012).

In fact, as the article “Perspectives on consumer decision making: an integrated approach” (Hansen, 2005) points out by using a framework which integrates several perspectives on consumer decision making and hypothesising possible links between several basic constructs, consumers do not use their cognitive and affective skills independently, rather they affect each other.

This last consideration, might be of special use in the Marketing plan given that this product aims to estimate which is the Niche which best serves this start-up company aim, which is to serve clients (surfers) which would have a special taste for using a product which they feel represents their country as well as environmental sustainability.

A magazine article from “Surfer Magazine” published in 2010 uses a poll of 100 southern California surfers for finding important statistical conclusions such as the most popular wax scents (coconut, rootbeer, bubblegum), the importance for said surfers of wax color (which appears to be unimportant) as well as the importance of buying organic wax which is at least “somewhat important” to 75% of questioned surfers.

This article contributes to the idea that surfers give different levels of importance to surf wax attributes as a product, which should be incorporated into the competitive analysis of the market and to the definition of a specific strategy for the development of a strategic fit.

Still regarding these matters and in a dissertation submitted to the Graduate Faculty in Sociology entitled “The American Surfer: Radical Culture and Capitalism” (Lawler, 2008) uses his own literature review to reflect on the philosophical essence of surfing, which can aid Beezwax in fully perceiving what moves its consumers. (thus giving Beezwax information on how to communicate with them).

Just as important as finding out what consumers desire and need is to understand the best way to acquire the materials that will allow for such venture, this might sometimes imply building relationships with other companies.

The book Purchasing and Supply Chain Management (Benton, 2009) defines some best practices of Purchasing and Supply Chain Management. This information has vital importance since it gives BeezWax the opportunity to gain insight into the importance of building strategic relationships for optimal performance in a competitive market.

Partner organizations can use the co-operative relationships to help gain new competencies, share risks, extend their commercial “reach” and move quickly to take up new commercial opportunities.

In an ever more complex world, competition is not merely based on price anymore. Adding to price there are a series of critical factors such as quality, service, timing,

relationship, long-term sustainability, specialist advice, amongst other that influence the general success of companies.

According to Benton (2009), “buying firms select suppliers based on their capabilities, and not purely on the competitive process. The current trend in sourcing is to reduce the supplier base.” and, “in order to select suppliers who continually outperform the competition, suppliers must be carefully analyzed and evaluated.”

For this he uses the methodology of organizing possible suppliers into different categories according to forces present in the various functions in the buying firm to evaluate which suppliers truly add value.

The company will then categorize the suppliers into one of three categories:

1. strategic,
2. preferred, or
3. transactional.

Strategic suppliers are those that are most important to the buying firm. They supply the buying firm with essential materials and capabilities that are not easily replaced.

Preferred suppliers are those that are important to the buying firm, but alternative suppliers could be found with some effort.

Transactional suppliers are those that can be easily replaced in a short time.

Having the latter into consideration it is easy to conclude that Beezwax should also engage in this scientific effort. The objective in building such a matrix is in Beezwax case to achieve a collaboration or collaborative relationship, usually found with the buying firm strategic/tier-one suppliers.

In collaboration, the two organizations truly realize the benefits of working together to optimize outcomes for both organizations and work together to develop a strategy to deliver a high-quality product or service on time and under budget

On the article “Building Strategic Partnerships” (McLennan & Troutbeck, 2002) written for the Southern Pacific Alliance Network a set of specific guidelines is offered. These can aid in complementing the described analysis.

By using the analysis of a specific business case in the Australian Public Sector and grouping the common ground in every Strategic Partnership the authors arrive to a set of factors a strategic partnership has to fulfill.

They are: Strategic Fit; Readiness; The existence of a Business Plan; Governance (including an organization chart, a Board of Leadership Team composition and role, Roles and accountability for partners); Resourcing; Business Systems; Reporting/Conformance; Review, Audit and Improvement; Relationship Skills Development and Performance Measurement.

In a “Guide to successful corporate-startup collaborations” (Mocker, Bielli, Haley, 2015) written for Nesta (an innovation charity in the UK) authors reflect upon the ever growing possibilities new found companies have to relate with bigger, possibly corporate-level companies:

“For the vast majority of corporations, it is far more valuable to figure out how to leverage the innovation that startups have accomplished through mutually-beneficial partnerships. They can achieve this in a number of ways. First, as a customer, by buying in the solution that the startup offers and leverage those new technologies to improve internal efficiency and service level to their own customers. Second, they can establish a ‘channel partnership’ by providing a joint solution to their customers.”

The fact that such possibilities are recognized by experts has a high degree of importance for the business project at hand since relationships with bigger, already established companies and the corporate world will be a theme which will be visited and re-visited throughout this body of work.

In the book “Green Marketing: Opportunity for Innovation” (Ottman, 1998), the author describes the improved way in which ecological responsible corporations have to build relationships amongst themselves were they are interdependent, describing how corporations join with corporate environmental stakeholders in cooperative, positive alliances, working closely with suppliers and retailers to manage environmental issues throughout the value chain.

This specific approach, were companies not only cooperate from a business perspective but do it in a fashion which has the environment as a common best interest, by promoting the conservation of nature, might be interesting to consider given the specific nature and message Beezwax as a company wants to pursue and transmit.

Another important aspect present in this business plan is an analysis of companies who are already established in the market, especially the companies that directly affect Beezwax. This can be done through competitive analysis.

Competitive marketing strategies are strongest either when they position firm strengths against competitors' weaknesses or choose positions that pose no threat to competitors. As such, they require that the strategist be as knowledgeable about competitors' strengths and weaknesses as about customers' needs or the firm own capabilities (Czepiel & Kerin, n.d)

Both of the aforementioned authors advise to engage in this effort by comparing different businesses, where the latter are defined in terms of a number of key dimensions, which reflect the ways and places in which a company or product has chosen to compete. Primary among these are the products it offers and the types of customers to whom the company chooses to sell to.

With this being said the products a firm offers can be defined along three dimensions: functions, technology, and material.

Adjacent to understanding consumers' necessities and how to provide for them is understanding how to reach them and let them know a solution for their problem has arrived to the market.

For this and once issues from the marketing strategy and situation analysis have been decided, communication objectives will be set and promotional options selected to form a brand-led approach. (Jobber&Ellis-Chadwick, 2013)

This selection then implies the selection of creative agencies (which includes using internal teams and departments) to develop a communication brief and determine the deliverables.

The communication objectives can help to decide which communication tools to include in a campaign.

Obviously, following an implementation one should reflect on the elements of the campaign and assess overall effectiveness in reaching the targeted audience.

Furthermore, in a new digital era, one can make an assessment about what tools should be used. The 7th annual study report on social media marketing (Stelzner, 2005) written for the Social Media Examiner was used throughout this body of work to offer some insight on the matter as will be explained later on.

Moreover, and still regarding the need for promotion an article entitled “Understanding the Customer Buying Cycle and Triggers” (Skok, s.d.) written for ENTREPRENEURS which is #2 website in Forbes list of the 100 Best Websites for Entrepreneurs, highlights the importance of the buying cycle.

Using his own online businesses and through business-case analysis as well as his own literature review the author arrives to a complete representation of what the customer decision process looks like and why it is important to construct the selling strategy and proposition accordingly.

For new products, marketing management must decide on a target market and on the value that people in that segment place on the product (the extent of its differential advantage): only then can a market-based price on the product and a market-based price be set which reflects that value (Jobber&Ellis-Chadwick, 2013)

According to the referred authors, the (only) way around this problem is to recognize that the pricing decision is dependent on other earlier decisions in the marketing planning process. For new products, price will depend on positioning strategy.

The previous issues all need to have a technical foundation regarding the means in which the used inputs are administered, to make the most out of them, in an optimal fashion.

One could also question himself about what are the areas of study and methodologies that have been developed as management procedures evolved that are related to this theme so that in dealing with them a method for the optimization of resources can be found.

Production management deals with decision-making related to production processes so that the resulting goods or services are produced according to specifications, in the amount and by the schedule demanded and out of minimum cost (Buffa&Sarin, 1987)

The operations managers have the main responsibility of processing inputs into outputs. They have to develop a production plan that effectively uses the materials, capacity and knowledge available in the production facility.

Given a demand on the system, work must be scheduled and later controlled to produce goods and/or services necessary.

Control must be exercised over such parameters such as costs, quality and inventory levels.

Operations Management, on the other hand is the process whereby resources, flowing within a defined system, are combined and transformed by a controlled manner to add value in accordance with policies communicated by management. (Monks, 1988)

Could these areas of study be of use in this business plan?

As can be read in the book “Operation Management for Dummies” (Anderson, Anderson and Parker, 2013):

“Because of a start-up inability to afford a large staff, the company founders often have to take on multiple roles. They must handle not only the financials but also the design,

production, and marketing of their product. This requires workers to be flexible and have a wide breadth of knowledge.” which makes for knowledge about these areas increasingly important.

How about role of human labour in the midst of the optimal use of these resources?

A digital booklet licensed under Creative Commons titled Beginning Management of Human Resources accessible as of 29 December 2012 can help in resolving this issue:

“Human resource planning is a process that is part of the strategic plan. It involves addressing specific needs within the organization, based on the company strategic direction. The first step in HR planning is determining current and future human resource needs. Current employees, available employees in the market, and future needs are all analyzed and developed.”

Sequentially one “can begin to determine the best methods for recruiting people.”

“After the recruiting process is finished, the HR manager will begin the selection process. This involves setting up interviews and selecting the right person for the job. HR managers also need to work through compensation plans, including salary, bonus, and other benefits, such as health care. This aspect is important, since most organizations want to use compensation to attract and retain the best employees. The HR manager also develops training programs to ensure the people hired have the tools to be able to do their jobs successfully.”

Nonetheless and being sure that such tools are important, as the article "A model of small business HR growth management" written for the International Journal of Entrepreneurial Behavior & Research (Mazzarol, 2003) suggests small businesses might be missing adequate systems to ensure the efficient management of human resources.

Being aware of this might present itself as very useful for the fact that it makes one necessarily understand that the majority of small businesses are first and foremost the product of their owners, who on their turn are dependent on their personality and personal involvement.



The article goes on to suggest using the information drawn upon evidence from four case studies of small business owners who have experienced growth and how the respective companies responded that by studying successful cases one might become more easily aware of the need for team building and delegation within their own company.

Such information might be useful in understanding the advantages and limitations of the simplistic work role definition which is intended for the context of this business plan.

Finally, how can one evaluate the financial conditions in which this start-up company is going to be born in?

In the article “Valuing Young, Start-up and Growth Companies: Estimation Issues and Valuation Challenges” (Damodaran, 2009) written for the Stern School of Business some problems are pointed out from the start:

“Young companies are difficult to value for a number of reasons. Some are start-up and idea businesses, with little or no revenues and operating losses. Even those young companies that are profitable have short histories and most young firms are dependent upon private capital, initially owner savings and venture capital and private equity later on.”

As a consequence of this some valuations might yield unrealistic numbers.

Furthermore, “Valuing companies early in the life cycle is difficult, partly because of the absence of operating history and partly because most young firms do not make it through these early stages to success.”

In the attempt to imitate the author of said article, and rigorously confront the variables which are behind said valuation, to avoid uncertainty, a concise and recognized model such as the one used by IAPMEI - Agência para a Competitividade e Inovação, I.P could be used.

### 3. Objectives

Bearing in mind the bodies of work that have already been produced in the areas which affect the business project and the set of questions that have been raised for this new company one should look into the objectives for this project:

The objectives present in this project duly phased are:

- a) Studying the best way to legally constitute the new company and brand as well as licensing aspects and criteria related to making way in the market for the new wax;
- b) Studying consumer behavior for surfing wax users (including buying cycle aspects as well as practical aspects of product utilization);
- c) Studying the production and attribute development related to a wax with the ideally desired characteristics;
- d) Studying the possibility for the creation of strategic partnerships/ventures with national beekeepers and tree resin producers;
- e) Performing a competition analysis (both on direct and indirect competitors – the ones that produce non-ecological wax);
- f) Studying the best way for developing the brand and consumer perception of the new product – elaborate on a marketing plan;
- g) Studying the logistical aspects linked to the manufacturing and distribution of the new wax with emphasis on minimizing costs/prices and creating profitability;
- h) Studying the possibility of expanding product portfolio, brand extension and geographical reach.
- i) Make a short but concise financial valuation (appendix) of the business at hand using the model made available by IAPMEI.

Summing up the aforementioned ideas, the main purpose of this business plan is to study the core concepts behind each of the areas necessary to constitute a successful business and apply them to the business at hand, not only as a method of guaranteeing that the necessary process of planning a business is thoroughly met as well as a way of

obtaining the necessary knowledge to inspire the creation of other business ventures in the future.

Concisely, the main research question that arises is: “Is it possible, in the current business environment, to gather the necessary strategic and operational conditions for creating a start-up surf wax company?”

#### **4. Methodology**

These objectives will be answered using a systematic set of procedures.

The aforementioned procedures were of qualitative nature and were based on the following instruments:

a) Updated literature review on the subject

b) Semi-structured interview with a lawyer

A semi-structured interview is a method of research especially used in the social sciences. It differs from a structured interview, which has a rigorous set of questions and does not allow one to divert; a semi-structured interview is open, allowing new ideas to be brought up during the interview as a result of what the interviewee says.

However, the specific topic or topics that the interviewer wants to explore during the interview should usually be thought about well in advance.

In this case the semi-structured interview will allow for setting up the legal issues that Beezwax will have to address. Since the volume of information addressing legal requirements is very extensive in Portugal, this was found to be the perfect scientific manner to retrieve only the necessary data for setting up the start-up company.

c) Closed question questionnaire applied to a sample representative of the surfing population between 18-50 years old (respecting a convenience sampling method)

Closed-ended questions limit the answers of the respondents to response options provided on the questionnaire. Their main advantages are they are time-efficient; and responses are easy to code and interpret. Taking this into account one can say they are ideal for quantitative type of research. However, respondents are required to choose a response that does not exactly reflect their answer and thus the researcher cannot further explore the meaning of the responses.

In Beezwax case this will allow, with some restrictions to understand which are the most important attributes for offering the best surf wax possible taking into

account that the building capacities for the company are limited, which justifies the questionnaire being closed.

Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

The subjects are selected just because they are the easiest to recruit for the study and the researcher did not consider selecting subjects that are representative of the entire population.

It would be ideal to test the entire population, but similarly to most cases the population is just too large that it is impossible to include every individual.

The most obvious flaw of convenience sampling is sampling bias and that the sample is not representative of the entire population.

Systematic bias stems from sampling bias that refers to a constant difference between the results from the sample and the theoretical results from the entire population. Very often the results from a study that uses a convenience sample differ significantly from the results of the entire population. A consequence of the latter is obtaining skewed results.

Other forms of criticism regarding convenience samples include the inference making about the entire population. This makes for low external validity of the study.

When using convenience sampling, it is necessary that one describes how the sample would differ from an ideal sample if it were randomly selected. It is also necessary to describe the individuals who might be left out during the selection process or the individuals who are overrepresented in the sample.

The sample chosen comprised surfers known to the person building the survey for convenience purposes.

The ideal population if the questionnaire used a random sampling method would be a random sample representing the 200 thousand surfers enrolled in the ANS (referred to in the Marketing Plan segment).

Since that for this number, using a normal distribution a 95% confidence level and 5% margin error one would need 384 people randomly interviewed (see attachment 2) it is easy to understand, given the interviewers available resources

why it would be very hard to remain faithful to a random method and to question such an amount of people.

Thus given, a convenient sample containing 50 surfers from Costa da Caparica and 50 surfers from the Cascais area with random gender and aged 18 years or older was used.

This convenient sample majorly differs from the ideal sample in the sense that surfers enrolled in the ANS, practicing the sport in Portugal come from a diversified range of geographical areas both from the country North, South and Center.

Although the waves in which these surfers practice the sport enjoy very similar maritimal and thermal conditions (the total of surf spots, enlisted for this studied in Portugal are beachbreaks or point breaks, and have very similar water temperature, conditions vary abruptly which makes for different surfing styles and wax necessities – more tackifing agents for improved sticikiness and optimal aerial performance, traditional wax use, amongst others).

The latter difference is impossible to estimate given the available conditions. Nonetheless, the surf spots affected to the interviewd sample are very representative of the whole sum of these conditions, since that the surf spots in Costa da Caparica and Cascais combined offer a very big diversity of surf conditions, with the surf spots and surfers comprised in the selection coming in very different ‘shapes and sizes’.

The way the questionnaire was constructed as well as the answers and results, with concern for important doubts which should be resolved throughout the construction of this thesis can be seen in attachment 3.

53% of the people interviewed were male and 47% of the people interviewed were female. This was convenient since the population targeted by BeezWax, as will be explained furher on, is mainly the male population, nonetheless the company wished to take into account the female perception of the product.

Questions such as the importance of different factors that constitute the group of attributes responsible for defining a surf wax (making it different from other surf waxes) were considered.

Other questions, included a matrix measuring the degree of how well each one of Beezwax competitors was known as well as the ideal price for a product such as the one Beezwax offers in the market.

The results regarding the last two questions will be discussed further on in this Business Plan.

d) Detailed competition analysis (including the attributes from the waxes they sell) as well as a SWOT analysis

Using John A. Czepiel and Roger A. Kerin proposed model Beezwax will choose its product (surf wax) most important competitors and use defining industry factors to draw conclusions about its product competitive advantages and disadvantages.

The use of SWOT Analysis allows organizations to maximize their strengths, minimize their weakness, take advantage of their opportunities and overcome their threats. (Fine, 2009)

Before one starts a business they should consider completing a SWOT analysis. In the case were someone is buying a business SWOT analysis can be used to answer various questions one will have regarding the running of the business, and the profitability of the business

## 5. Product

Beezwax surf wax main ingredients are:

- Beeswax
- Coconut oil
- Pine Tree Resin

As said before all of three ingredients will be derived from Portuguese suppliers in an attempt to promote national culture and business roots.

The mixture is four parts beeswax, one-part coconut oil, and one part tree resin. It is made by adding the beeswax, coconut oil, and tree resin together and stirring.

A 100g surfwax bar would contain approximately: 66,6(7) g of beeswax; 16,(6)7g coconut oil and 16(6)7g pine tree resin.

Round ecological plastic cases are used as molds which are later re-used as new batches are made.

Sourcing and operational details will be later described.

The casing is made out of mushroom roots and agricultural waste and is produced by Ecovative Design (a US company).

The so called Mushroom packaging is:

- High performing
- Has a premium, natural aesthetic
- Price competitive with most fabricated plastic foams
- Home-compostable and sustainable
- Non-abrasive
- Not derived from petroleum or food

Adding to the latter, Beezwax irreverent and eco-friendly image is placed on top of the mushroom casing in a sticker made especially for compostable containers. (made by an US company called Compostable Stickers).

Referring to the closed question questionnaire (please see attachment 3) Quantity and Weight were evidenced as being the two main characteristics costumers cared about followed by Price and Ecological related factors having the same importance. Smell



and other factors such as “colour” and “the transition from a melting state to a solid state” were considered less important in the used sample.

Given the latter, and as will be further explored in the competition segment, Beezwax chose to focus on competing on the two most important factors matching competitors shape and weight while still being able to compete on less important (but still relevant factors) such as price and ecological factors, occupying a unique position in the market. Design as well as metrics for the described product can be found in attachment 4.

## **6. Operational Plan**

### **6.1 Production Process Techniques, Equipment and Tools**

Using a production process from SurfSufficient Youtube page and additional references, one should start by describing the production process for organic surf wax:

To produce surf wax one will need batches of bees wax; Coconut Oil; A plastic cup for moulding; A cup for sap collection; A staple gun and a hatchet; Pots and Stoves.

Firstly, and referring to the part of the production process where pine tree resin is extracted:

Using a hatchet and employee cuts upward and downward on a small area of the trunk, using a plastic cup, he then proceeds to staple the cup edge below the tree patch (an important observation is this does not hurt the tree). After waiting for 24-48 hours one will be able to collect enough Sap.

Secondly and referring to the production phase concerning the production of coconut oil:

Coconuts are skinned. The skinned coconut is shredded and sufficient water is added to the shredded pieces. Coconut is then squeezed and the mixture is strained. The latter is the process from where coconut milk is derived. This milk is then boiled. The boiled milk will rise and it should be skimmed.

Thirdly and referring to the production phase concerning the production of beeswax, a video by homeright a Minneapolis based company was used:

Beeswax is a product of a natural chemical segregated by working bee glands and is utilized in the architecture of hexagonal structures. These structures serve as a “residence” for hives. Some serve the purpose of storage (honeycombs) as others, which are closed with more beeswax, serve as a hatchery.

Wax is distributed throughout honeycombs. In order to separate it, it must be first boiled into water, separating the unwanted solids from the wax, wax is wrapped in a

cheesecloth throughout this process. Quantities are added in stages as wax softens up. As it boils the honeycomb breakdown and turns oily and yellow with water.

Once the wax is rendered, and no more wax can be squeezed out of the cheesecloth, the water should be poured into plastic containers to let it solidify. During this process, wax floats to the surface and any other solids come at the bottom of the liquid.

A final step implies further cleaning the wax, the wax part of the liquid, which is already more solidified, is separated from the dirty water and is boiled again, repeating the already described process.

Taking into account the technical complexity of the first three stages of production, Beeswax has chosen to outsource. Outsourcing is correct for the first if the job at hand is a routine where one wastes valuable time and energy, if the job is less expensive to have someone else do it than to do it in-house and also if the skill required is so specialized that it is impractical to have a regular employee do it. (referring to Koszewska, 2004)

One of outsourcing main disadvantages is the dependence on the supplier.

To minimize the latter and using the specific knowledge which had already been considered in the literature review specific strategic suppliers will be chosen.

Following the first three steps one should combine ingredients. This is done by using old bean cans. Beeswax is hatched into small chunks and 4 parts are mixed with one part coconut oil and one part pine resin into a double boiler. The mixture is then heated and stirred until the ingredients are in a liquefied state.

The mixture (wax) is then poured onto old plastic containers/moulds.

After the course of one hour the wax is ready to use on a surfboard.

This later phase of the whole process takes approximately 2 hours and is illustrated below:

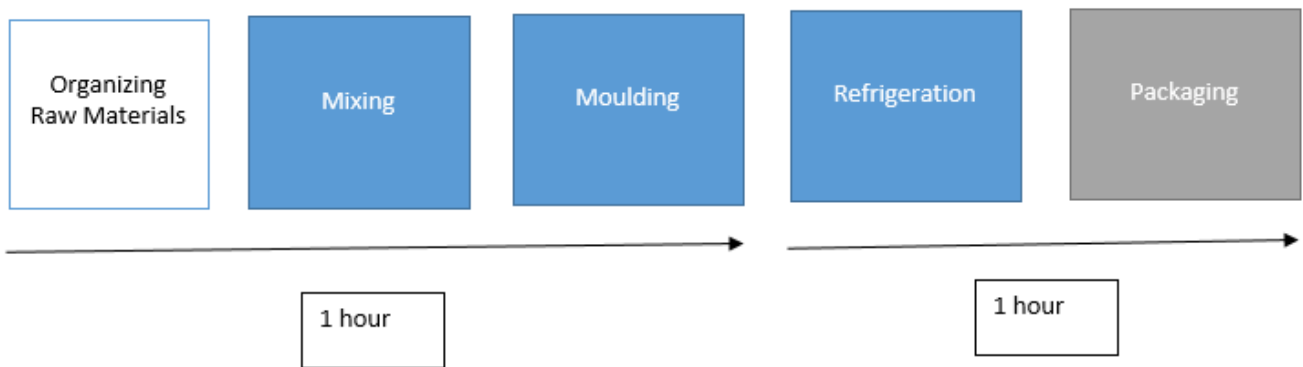


Figure 1- Process Design

The mixture that results from this recipe is super sticky due to natural tackifying agents and has a natural pleasant odor.

This process should be contrasted and compared with the mass production of well-known petroleum based surf waxes.

For this a BoardRidersReview Sticky Bumps Factory Tour video was used:

To describe this process, the Research/ Supply and choice of ingredients will be skipped, since formulas are kept a secret (most of them contain unknown additives.)

The beginning of the process is based on the choice of different waxes, depending on their specific objective and hydrocarbon composition, old well-known experimented formulas are used. Raw materials are then gathered together in a physical place.

Secondly industrial steam boilers are used as a major key to heat and mix the wax in way where that the minimum amount heat or fumes are dispersed into the air. Using different kettles, different mixtures of wax ingredients are combined with low amounts of heat to drive few hydrocarbons into the air.

The different ingredients are brought together in a mixing pot according to different formulas and percentage of ingredients. (These formulas serve different objectives for surfers).

A custom-based filling machine is used to put the surf wax into customized molds.

Every 5 seconds 9 bars of wax are produced; One man in one shift can do about 18000 bars in a day; In 7 hours about 24000 bars can be produced.

From here the surf waxes are transferred into cooling racks with rotational trays, which can rotate up to 3-4 times a day. From the cooling racks they are transferred into a freezer so they can easily be taken out of the mold. To unload 15000 bars, it is necessary to have some people and a couple of hours in the morning, surf wax is put into boxes and go up to the working wrappers.

The wax is boxed, lifted up with a forklift and put up on the mezanine where the wrapping process occurs.

Four or five employees work throughout the day depending on the volume of wax, being that each one of the employees handwraps 6000 bars a day in a very relaxed time span of 8 hours, being that these employees are specifically chosen for being fast.

From the wrapping phase the wax bars are taken to pallettes (aproximately 100 boxes per pallette – the basic shipment unit in a 20-foot container to places such as Japan, Australia and New Zealand.)

After careful analisys one can easily conclude that the two processes are very similar, however and given the size of a company which normally produces organic surf wax (in this case a company of the estimated size of BeezWax which will be a start-up company), the level of technology and amount of employees used in the production process as well as specialization is not used to such a big extent as in the second process.

This must be looked into, in the different stages of company life, and time-span where Beezwax imagines it will produce organic Portuguese surf wax so that, using operational management concepts, the company seizes to make the most out of the inputs it has available.

For this the company will need to specify the way it will deal with aspects such as production costs, quality control, customer service, and inventory control as well as

product development. Furthermore, it will need to define a production location, company legal environment, human resources, and inventory and supplier policies.

Later in this planning effort and entering the financial analysis which is necessary to complete this business plan, credit policies will also be discussed.

## **6.2 Production Costs**

Specific details about how prices for raw materials will be achieved will be further explored in the Suppliers and Strategic Partnerships segment.

### **6.2.1 Raw materials**

Every 1Kg (100g) of finished BeesWax will cost BeezWax 2,05€.

Given the latter, each 66,(6)7 grams of this raw material will cost Beezwax 1,37€.

Every 1 Kg (100g) batch of Pine Tree Resin will cost Beezwax 4,62€.

Given the latter each 16,(6)7 grams of this raw material will cost Beezwax 0,77€.

Every 100 g of wax will be packed in a 122,5 cm<sup>3</sup> box. Every batch of 20 Ecovative specifically designed boxes (ordered by Beezwax) has been contracted to cost 3€, costing Beeswax 0,15€ a unit.

Special Labeling of the boxes (carried out by Compostable Stickers) will cost 0,40€.

Every 16,(6)7 grams of coconut oil needed for a unit of wax bar will cost 0,24€

The latter means that the production of each bar of wax will cost Beezwx 2,93€ which given the price at which each bar is sold to the market, signifies a margin of 15%.

In the case of packs of 10 surf wax bars sold online, bars wont be labelled individually lowering the unit production cost to 2,53€ which given the price at which pack is sold to the market and thus the unitary price of each bar, signifies a margin of 15%.

### **6.2.2 Equipment**

A 20 Quart double boiler costs 100 euros.

20 Quart corresponds to approximately 7 liters which is equivalent to 7000 grams. The latter means 70 units of 100 grams wax will be available at a time.

A 24 plastic mold couvette costs approximately 4 euros.

Since the production rate is 70 units of surf wax for each production cycle, 3 couvettes will be needed which corresponds to a 12 euros total.

An industrial fridge costs 2500 euros and supports the indicated quantity.

### **6.2.3 Labour**

From 2018 onwards, 1 employee will be working in the production of surf wax. This is necessary since that the effort employed by the owner in only one specific task can not be as significative as the one used in the first year. This employee will be responsible for working in the mixture and processing of ingredients with large experience in cooking and related processes. He will also be co-responsible (along with the owner for working in unmolding the wax bars, packing and labelling).

This employee will cost BeezWax a minimum wage, which is 530 € per month in Portugal and will work for 8 hours. (a regular working schedule in Portugal).

Since each batch of 70 wax bars takes 2 hours to produce, the 8 hours supplied by these employees will allow for 4 batches a day – 4 times 70 wax bar batches equals a total of 280 bars being produced each day.

As time progresses BeezWax wishes to increase this salary and deploy interesting human resource strategies, especially concerned with making sure there is one extra employee covering both steps of Beezwax production. This will be further described in the personell segment.

## **7. Marketing Plan**

America's nationwide network of Small Business Development Centers (SBDCs) defines the Marketing Plan as being the most important part of a business plan.

The institution also offers guidelines on the essential values a marketing plan can follow (making clear that is not necessarily true that any plan should follow any rigid structure):

- 1) The business must be aware of its strengths and weaknesses through internal and external analysis and look for market opportunities.
- 2) Products and services should be analyzed from the viewpoint of the customer (by the process of outside-in thinking). The latter means a company must gain knowledge of the marketplace from its customers.
- 3) The business must analyze its target markets. What other additional markets can the business tap into and are there additional products or services the business can add?
- 4) Competition, current and potential should be studied. By identifying competitor strengths and weaknesses the business can improve its position in the marketplace.
- 5) Decisions must be made on how to apply its resources to the target market(s).
- 6) The business must utilize the information it has gathered about itself, its customers, its markets, and its competition by developing a written Marketing Plan that provides measurable goals. The business must select marketing/sales tactics that will allow it to achieve or surpass its goals.

The Marketing Plan is an ongoing tool designed to help the business compete in the market for customers. It should be re-visited, re-worked, and re-created often.



## 7.1. Background

Wax is a highly demanded product in surf shops throughout the country, being an essential item for surf practice, normally with high turnover rates.

According to Francisco Simões Rodrigues, president of the ANS – Associação Nacional de Surfistas - dating back to 2014, the impact of surfing on national economy is already on values next to €400M which includes industry, services and events associated to the sport.

As an example we can use the return on the Moche National Surf League (which occurs year-round) and the WSL- World Surfing League with a fixed venue located in Peniche (Supertubos and Molho Leste beaches) every October.

Another interesting fact, also referred to by Francisco Rodrigues (dating back to 2014) is observing the fact that 37, 5% of the Portuguese population acquires surf related products, even if they do not practice the sport.

Adding to the latter facts, the climate in Portugal is characterized by an unequalled status in Europe, given its geographical location, coastal length and, furthermore, for being a country which has recently been recognized as the “European California”, an excellent alternative to its Sun/ Beach status which is greatly flawed by seasonality, being that surf can be practiced 365 days a year as long as there are waves.

Still referring to ANS data, there are more than 200 thousand people who practice surf in Portugal, being that 99% of these people do it on an amateur level. With the majority of these surfers fitting into a 28 years average age male profile, which possesses an academic degree and is professionally active, practicing the sport on average at least two times a week.

Looking into the ingredients that will compose the surf wax, one can also find interesting tendencies.

Contrary to what is happening throughout the world beekeeping is a sector that registers growth in Portugal.

In 2015, FNAP - Federação Nacional dos Apicultores de Portugal- predicts a rise in production between 10% and 12% meaning almost triple the average for the last years.

The price paid to the producer has been rising, about 15% a year due to the scarcity of this product in the market, which has been incentivizing producers to increase activity.

The production structure in Portugal is also very competitive with a professional beekeeper owning an average of 350 beehives, whilst on a European level this number is 150.

From an economic analysis standpoint although this might be a risk due to the high negotiation power of beekeepers, it can also present a double standard – giving rise to an excellent business opportunity, which might be strengthened by the following fact:

Using information supplied by FNAP (Federação Nacional dos Apicultores de Portugal) one can say producers believe honey and honey related products should not be sold in big quantities but only after being transformed, greatly increasing its value and profitability– which given the urge of producers to enter new markets- seems to present a good opportunity to propose production agreements providing market-specific expertise.

Concerning resin: currently, pine tree represents about 40% of the Portuguese florest area, counting mixed and non-mixed areas. Furthermore, Portuguese producers are re-investing in this industry (for which Portugal was once the second biggest exporter worldwide and the biggest in Europe).

In the present days, past tendencies have been inverted to an extent were Portugal is the second largest importer for this raw material, with syndicates being formed due to poor plantation and extraction conditions.

Again, and presenting itself as a possible difficulty as to including national pine tree resin into this new product due to possible high prices, such situation can also act as an incentive for production agreements with professional who are looking to kick start their activity and reignite the industry sharing a cut in newly created value.

To further extend this analysis it is important to understand various different barriers to entry that one can face when entering this Market with a new company.

## **7.2 Barriers to entry**

“Because the potential for profits is a siren call to investors, a profitable industry invites entry. Barriers to entry allow incumbent firms to earn positive economic profits while making it unprofitable for newcomers to enter the industry.” (Besanko et al; 2013).

Given the latter, six important factors that were taken into account are summarized below.

### **7.2.1 High capital, marketing and production costs**

Taking into account the way the surf wax Market is divided (see Competition, chapter 9) it is easy to understand that existing players have already largely invested in their operations. Thus being, Beezwax will have to take the necessary measures to come around the fact that its main competitors have already spent a considerable amount of money in setting up their business, they already have their own factories and some of them have high costs of production.

Besides this, and as will be further detailed, some of these companies have already spent a considerable amount of money in promotional activities and ongoing marketing activities.

### **7.2.2 Consumer acceptance and brand recognition**

Some brands in the surfwax market are still very recent. Others such as Mrs.Palmers, Mr. Zog's Sex Wax, Famous and BubbleGum wax are already worldwide recognized brands with huge brand equity. BeezWax will have to take this factor into account when building its marketing plan.

The closed question questionnaire produced also offered some insight into this matter by asking interviewees to grade their level of acquaintance with different wax brands.

Mr. Zog's Sex Wax and Sticky Bumps came on top as the brands with the highest brand awareness. (see attachment 3)

### **7.2.3 Training and skills**

As it will later be detailed almost anyone can produce its own surf wax bars at home. Obviously this implies a considerable amount of time and effort.

Regarding Training and Skills brand who are already in the Market possess a huge amount of information regarding wax production techniques that Beezwax still does not possess which definitely has to be taken into account.

Specific measures on how to make the most out of the learning curve experience and surpass the challenge posed by the high technical degree of knowledge in possession of competition will have to be studied in the Operational section, namely by using procedures such as quality control (see chapter 16).

### **7.2.4 Unique technology and patents**

This business plan has to take into account the fact that some wax formulas and specific materials might be patented or might not be allowed in the Portuguese market

due to health issues. Despite the fact it is 100% made of natural ingredients, for the stated reasons and taking into account what has been previously referred to a lawyer is an important part of Surf Wax team to help with any legal issue.

### **7.2.5 Shipping costs and Tariff barriers**

For now, BeezWax will only focus on selling in the Portugal, since this is the country where its target audience resides. Nonetheless, items such as the surf wax packaging imported from the United States has specific costs and might cause inconveniences to the company at any time. The ideal situation would be to not be dependent on any external company. As time goes by and the company breaks even its costs it intends to open up to the international market, and will have to take into account issues such as tariff barriers.

If shipments are sent from countries outside the European Union, they are subject to a verification so that the necessary taxes are applied, calculated according to a series of factors.

There are articles that despite having the necessary characteristics to be taxed do not undergo the verification process and are sent without any tax being applied over their value. Nonetheless, this process is a random process where the probability of being checked is bigger as imports get larger and have bigger volume.

More information on Shipping Costs and Tariff Barriers can be found in attachment 5.

### **7.2.6 Change in technology and Industry**

Wax manufacturers' faced their first big market challenge in the mid-1980s, when Astrodeck and other rubber-based peel-and-stick "traction pads" became popular. (Slip-Check and other spray-on grip products had a brief run in the mid-1960s, but proved to be too abrasive.) Largely in response to traction pads, wax companies developed

stickier, easier-to-apply waxes. Today, about half of all surfers use wax only, while the rest use pads on the tail of the board and wax on the rest. (Warshaw, 2003)

Technology plays an unpredictable role in the life of surf wax, new methods for traction are constantly being developed.

Adding to this surf wax formula is constantly changing according to specific surf wax brands, which obliges any upcoming brand to constantly readapt its strategy.

Waxing has become slightly more complicated, with a base coat of hard wax rubbed on a new (or just cleaned) board, followed by regular applications of softer wax, which can then be crosshatched with a special comb for added grip. (Warshaw, 2003)

## **8. Customers**

As said before it is estimated by ANS- Associação Nacional de Surfistas that there are more than 200 thousand people who practice surf in Portugal, being that 99% of these people do it on an amateur level. With the majority of these surfers fitting into a 28 years average age male profile, which possesses an academic degree and is professionally active, practicing the sport on average at least two times a week.

The above described profile is Beezwax targeted customer.

In the future Beezwax will look into selling its wax product to surfers on an international level.

## **9. Competition**

For enlisting the whole list of companies with which BeezWax will compete using scientific criteria (which can be found in attachment 6) it is important to first reflect on some product characteristics.

Most surf waxes are made from paraffin which is a bi-product of crude oil and the petroleum industry. This is then blended with chemical adhesives, chemical perfumes, chemical colours and even plastisols.

Waxes today are made in three general classifications (according to Jelly Fish Surfshop):

- Classic or traditional waxes, which contain higher paraffin content and are basically harder and less tacky.
- Sticky waxes containing more softeners and tackifying agents.
- The very soft and very sticky that have just entered the market in the last few years.

A big part of the surf wax market is divided between 4 major players (according to Surfer Today):

- Mr. Zog's Sex Wax is a classic pick and one of the surfers' favorite. It was born in the early 1970s, and sells several formulas, from 58°F (14°C) to 78°F (26°C).
- Sticky Bumps offers a large range of surf wax products, from first traction to ultra-sticky surfboard solutions. Family owned and operated since 1972.
- Mrs. Palmers comes from Australia. It was established in 1988, and it promises maximum traction the whole surf in cold, cool and warm water temperatures.
- Bubble Gum Surf Wax was created in the summer of 1984, in California, by Britt and Grant Galland. From packs of 10 units to wax removers, it has since become an instant surf classic.
- Famous surf wax is a San Diego brand founded by surfers. It insures long lasting tackiness, in all maritime conditions

According to BeesKnees Surf Wax website:

“Some brands have introduced soy-based waxes as a "natural" alternative. The soy beans used for this type of wax are almost always chemically grown GMO soy which then goes through an industrial process involving many more chemicals to produce the wax. At the end of this process the soy wax is still very soft and needs to be blended with paraffin to create a solid wax. There is said to be even more petro-chemicals used in producing this type of wax than what is used to produce paraffin. So these waxes are hardly organic, natural or sustainable.”

Havin the latter in consideration and regarding Beeswax specific characteristics we should refer to some companies (information from each company was completed by using company provided information):

- GreenFix Surf Wax is an eco-friendly surf wax made in France to reduce the carbon foot print created by transportation of the product (while other types of wax are made and imported from USA, Brazil, China or South Africa). It was launched on the French market during august (09) and is a petrochemical free product developed from natural and renewable resources
- Matunas is an organic surf wax from their 25-acre farm in Santa Cruz, California, since 1998 made with 100% natural ingredients which makes it non-toxic and biodegradable. Adding to this their wrappers are printed with recycled ink on 100% recycled paper. Their fragrances are from real strawberries, raspberries, and jasmine flowers.
- Surf Organic Surf Wax is made from a blend of renewable and high performance ingredients and is packaged with 100% recycled materials. Unlike traditional surf wax, which is made with petrochemical ingredients, Surf Organic's main ingredient is soy wax which is biodegradable and environmentally friendly.
- Butta is a UK based surfwax weighing 85g for cold-water use (48-F to 70-F) made entirely from Eco friendly ingredients, it is supplied in a biodegradable



cup to keep wax clean. A percentage of company profits is donated to Surfers Against Sewage foundation.

- Stinger surfwax is a handmade mix of beeswax and coconut milk. A percentage of the price for each bar goes to helping conserve the bees and creating a sustainable system for hives.
- Bee Surf Wax is a Brazilian surf wax made of 100% natural non-petroleum based ingredients wrapped in ecological carton.
- Bees Knees Surf Wax is a 100% naturally organic surf wax made of a blend of Australian beeswax, plant oils and plant resins to provide an organic experience
- BeeCool is a Portuguese Surf Wax currently operating in the United States of America made out of bees wax and 100% Portuguese ingredients in Monte Clérigo. This producer used to sell in Aljezur and Sagres but currently only sells in California.

Of the 13 listed brands only BeeCool (that no longer operates in the Portuguese market) shares BeezWax exact characteristics, furthermore it is a small company, matching BeezWax intended volume of operations in the 1<sup>st</sup> year. When referring the remainder of listed companies that share BeezWax broad characteristics, waxes can only be purchased online, Butta wax however, can be easily purchased online with an easy shipment service (through specialized web stores such as Blue Tomato). Although the 4 major players in the surf wax market, do not match BeezWax intended attributes and Niche it would be a very big mistake not to consider them in a competitive analysis. Since competition is very tight and petroleum made surf waxes share very similar characteristics while betting on differentiation according to the style surfers wish to achieve (e.g: better stickiness for aerial surfing, better temperature resistance for the coldest waters) it is also important to consider one of the specified brands for competitive purposes and as proxy to the fact that probably most surfers (out of habit) will still choose a traditional wax over an ecological brand. Thus being, a Competitive

Analysis table is in order to compare BeezWax Company with the two most important competitors.

For this and given the stated informations, the two competitors chosen for analysis are Butta and Mr. Zog Sexwax (chosen based on the amount of exposure in different promotion platforms as well as strong distribution presence). In the first column are key competitive factors. (See attachment 7)

From the performed competitive analysis one can understand that Beezwax competitive advantages are the fact it is a low-cost product in the category and its uniqueness for being the only ecological brand of surf wax phiscally available in the Portuguese market. This is important precisely since BeezWax achieves this position whilst offering a wax which is the same shape and weight as competitors. Regarding Competitive disadvantages is the lack of diversity for having one product only – cool water surf wax- although its target audience is the average Portuguese surfer – that surfs mainly waves in beaches with this water temperature as well as the fact that the surf wax is as expensive as traditional surf wax. The latter is only a temporary competitive disadvantage since that throughout time the company will break even its costs and gain the ability to spend more money in achieving a bigger scale of production.

## **9.1 Niche**

Now that a systematic analysis of the industry, product and customers has been made it is clear that Beezwax occupies a unique position which is to sell 100% ecological and Portuguese ingredient made cool water surf wax to the Portuguese average surfer.

## **9.2 Strategy**

Having identified a Niche one should outline a fitting marketing strategy, based on promotion, image, pricing and proposed location.

## 10. Pricing

Making reference to the closed question questionnaire made using a convenience sample (knowing that the choice of only 3 prices as an option may constitute a big degree of biased answers), it was confirmed that the pool of opinions was more or less equally divided between 3 standard practiced prices in the market, especially between 2 prices – 3€ and 3,45€.

The price Beezwax opted for was the highest one – 3,45 € matching direct competitors price.

According to (Jobber&Ellis-Chadwick, 2013) one important marketing consideration when setting prices is estimating a product value to the customer. The latter means the price should be accurately keyed to the value to the customer. In brief, the more value a product gives compared to that of the competition, the higher the price can be charged.

Continuing on the reasons which account for charging a higher price (even if in this specific case it is only relatively higher) the author reasons about some characteristics, such as:

- The market place should place a high value on the product, based on the customer benefits it provides.

- High-price segments normally lack competition amongst supplying companies.

Although Beezwax is a new company, and it sells in a market which is not exclusively high segment, it does match some of the described situations and does certainly provide a higher value for the customer. This can be seen in the last segment (see Competition segment) where it is made clear that Beezwax offers attributes as advantages which are not sustained (not even) by direct competitors. Based on facts such as the national provenience of ingredients, the durable bio-degradable mushroom foam box or even availability in the Portuguese market at retail shops (while products with the highest degree of similarity are only available for online purchase).

In what online purchase is concerned, packs of 10 bars will cost 30€ per box, which means 3€ per wax bar in order to give incentive to online purchases while at the same time aiding customers support shipping tariffs.

## **11. Promotion**

Beezwax promotional mix will be based on digital promotions, the promotion of products to consumers and businesses through digital media channels and advertising which consists of any paid form of non-personal communication of ideas or products in the prime media.

To reach the young adult male which Beezwax aims to serve and to do it in a low-cost manner while still following up the social media trend of the contemporary world, the company promotion focus will be to divulge brand image and advantages in platforms such as facebook, instagram, twitter, youtube and to do so in an integrated fashion so that posts relating to Beezwax can be linked together.

Advertising will be based in advertisements strategically placed in Portugal most well-known surf magazine, Surf Portugal.

Besides this Beezwax will have its own website that will allow consumers to purchase products online as well as clarify any doubts.

To do it in the most accurate fashion, and since low-cost is an important driver (despite not being the most important driver) in the business, all decisions for promotion will be made internally, being that, only a designer and a web-designer will be hired in the short-run for better graphical representation of the elements necessary for the communication of the start-up company and its products.

According to Michael A. Stelzner in his 7th annual study report on social media marketing (2015) where he surveys over 3700 marketers with the goal of understanding how they are using social media to grow and promote their businesses, a significant 92% of marketers said that social media was important to their businesses.

Adding to this and making the most of this author major findings, Twitter, YouTube and LinkedIn hold the top spots for future plans: a significant 66% of marketers plan on increasing their use of these social networks.

Furthermore, when only allowed to only select one platform, 52% of marketers selected Facebook, followed by LinkedIn at 21%.

However, only 45% of marketers think that their Facebook efforts are effective which supports the idea that Beezwax should also invest in other social media efforts in an integrated fashion.

In the first year of activity (during the month of October) and to increase brand awareness, Beezwax will develop a promotional activity to divulge the new surf wax amongst the attendance of the World Championship Tour in Peniche.

In the long run Beezwax intends to use public relations (in this case well-known Portuguese surfers that support the “green” cause) to educate and inform an organizations public through the media without paying for the time or space directly.

### **11.1. Image**

Beezwax aims to transmit the most “green” image possible following the growing environmental awareness amongst surfers (already referred to in this thesis literature review and in the general company description). For this, the company logo, which will be present in its product, must efficiently communicate to its audience, that the product it is selling is made out of 100% natural ingredients. Another important factor is to facilitate consumer perception in regards to raw material provenience. (all Beezwax products are made with 90% Portuguese raw materials; Beezwax packaging is made out of mycelium and agricultural waste)

Since the 80’s surf as always been linked to high sense of freedom, and is one of the extreme sports that has since been gaining growing social and economic impact. There used to be some social prejudice linked to people who chose to live of surfing due to

their liberal way of life and “radical” spirit. Nowadays surf has been gaining more and more social acceptance, taking pop culture by storm (appearing in Hollywood productions) and maturing in the competitive scene (to an extent where it has even been considered an option for the Olympic Games through the use of technologically controlled wave pools.) Nonetheless, surfing, in its essence is ultimately seen as an act of defiance.

In a world where capitalism is accused of producing numerous forms of waste, Beezwax wishes to capitalize on this idea of defiance and encourage consumers to buy its wax as a conscious and correct way of changing our world for the better.

## **11.2 Repeat Customers**

One of the main advantages of using social media is the fact that these allow a close follow up of social impact and results. Nonetheless, and still referring to Stelzner (2015), only 42% of inquired marketers agreed they are able to measure their social activities.

Normally a wax consumer is in the last stage of the consumer buying cycle (see attachment 8), which makes registering and learning from consumer preferences increasingly difficult. Despite this fact Beezwax will try to incentive clients to register online making the company more and more able to gather data in the future.

## **11.3 Promotional Budget**

One of the biggest advantages of using social platforms is they are free for the level of use Beezwax wishes to give them.

Regarding the designer Beezwax intends to contract the average salary in Portugal for an experienced designer is 1750 €. (see attachment 9)

Beezwax will only require a designer for the first three years since this amount of time will be enough to produce enough material to use for different surfing seasons and since

it would be penalizing for the company to hire a designer for the mentioned price for more than this time.

The cost of owning a website domain is around 2,30 € a month choosing as reference the top 10 domain hosting companies of 2016. Adding to this, registering a domain costs 11,95€. (recalling the interview with a lawyer, please see attachment 1)

The average monthly cost for hiring a web developer in Portugal is around 1400€/monthly. (see attachment 10)

The price of placing half a page advertisement in an even page of SurfPortugal costs 260€ (see attachment 11)

The promotional activity during the World Championship Tour will have a cost of 1000€.

## **12. Proposed Location**

### **12.1 Short-term**

In the first years of production, the defined location for this business is Costa da Caparica, Cascais and Ericeira.

This choice was made based on these locations reputation as well as the natural and cultural elements they provide.

For more information, please see attachment 12.

### **12.2 Mid-Long Term**

In the long run the company wishes to distribute its products in places such as Peniche and Sagres.

This is a logical decision, given the strategic role these places play in national surfing. Despite being costlier to move these products into these locations, this can be achieved with time, as the company breaks even its initial production costs.

For more information on these locations please see attachment 12.

## **13. Distribution Channels**

### **13.1 Partners**

Originally developed in the USA by CSREES Home-Based and Micro-Business National Design Team as a part of the Communities in Economic Transition National Initiative in 1997, a home-based and micro businesses course handout states the following:

Early in the planning process for starting any business is the question that immediately follows the question, “Who is my customer going to be?” That question is, “How will I reach that customer?” “How will I reach that customer with my promotional message, and how will I reach that customer with the product or service?”



The way a product or service reaches customers is called a distribution channel. Basically, there are two categories of channels; (1) direct and (2) indirect. It is possible to use only one category or to use both methods simultaneously.

Beezwax will use both methods simultaneously since it aims to have a significant presence in Portugal main retail surf shops and be available for consumers that want to buy it in larger quantities online.

Based in the proximity of popular surf spots and the importance of the surfing spots chosen in the proposed locations the following 11 shops have been chosen see attachment 12.

Regarding online channels, already existing websites such as OLX, Custo Justo and Amazon will be considered.

In retail shops, BeezWax can be bought for 3,45€ for each individual bar.

Online, BeezWax can be bought in packs of 10 for 30€ for each pack.

### **13.2 Distribution Process**

Now that ideal partners have been selected one should reflect on the distribution process.

The idea with distribution is to find distribution channels that generate the best return on your investment.

As has been said distribution channels are, essentially, paths that you push your products through. In most cases, it is common to have multiple channels of distribution that you manage. Different channels of distribution may have different sets of marketing intermediaries who help you move your product.

Distribution can typically be grouped into three primary categories (Holland,2012):

- Intensive distribution – intensive distribution means there are a lot of intermediaries. An example of intensive distribution may be snack foods; one product may be stocked in many stores and may have many different channels of distribution.

- Selective distribution – selective distribution means there are a few intermediaries. An example of selective distribution might be a particular type of fruit that is only sold within a certain geographical area.
- Exclusive distribution – exclusive distribution means only a few intermediaries and those intermediaries have to carry only their products. An example of exclusive distribution might be high end fashion products that are only sold in very specific stores.

Beezwax clearly portrays the last case.

Since the innovation behind being the first 100% ecological Portuguese rooted surf wax available in the physical market is yet a risk, it is necessary to approach the market with caution. That is part of the reason why specific regions and stores have been chosen.

For Transportation purposes BeezWax will associate with a well known surfing brand, in exchange for free surfwax bars given to sponsored athletes in Portugal. The amount of wax carried each month would be a more than significant cost for a new built wax company but is not a significant cost or heavy load for a well established retail brand. Furthermore, each of the main surfing brands does not have a very big number of sponsored athletes on national ground, given the dimension of the competitive stage in Portugal when compared to other countries or the overall international scene as a whole and, adding to this, based on predicted sales, Beezwax will have production left-overs.

This solution will cost BeezWax 94 euros monthly, since it will give 2 wax bars weekly to four different athletes each month (assuming a 4 week month and remembering the fact that each unit costs 2,93 euros to produce).

In the future, and as the company gains the ability to juggle financial decisions, it can make the attempt to invest in innovative forms of distribution. An example would be to invest in item dispensing machines strategically placed in coffee shops near the beach, a quick and fun way for surfers to access the product that would guarantee the wax bars would be kept cool.

### **13.3 Progress**

As with any investment, it is necessary to manage channels of distribution to make sure that return on investment is being maximized.

The specific goals in this case, defined by geographical area are mapped out in chapter 14 – Sales Forecast, being that, for each geographical area, worst case scenario numbers should be reached and, in an ideal situation, each store would contribute a minimum of 15% to the aforementioned thresholds. (If, any of the stores, contributes, in reality, in a smaller degree it will prove to be unuseful).

Progress of each distribution channel against the goals laid out should be carried out.

If a distribution channel starts to under perform, it is essential to meet with distribution partners and figure out where the leak is in the distribution model.

#### **14. Sales Forecast – Assumption**

The following forecast is based on the previously explored marketing strategies described, the market research, as well as the estimation provided by the closed question questionnaire made using a convenience sample.

Referring to the closed question questionnaire (see attachment 3), on average, a customer will buy 2 bars of wax per week. Knowing that there are 200 thousand surfers enrolled in the ANS, we know that at least these 200 thousand will need to buy surfwax to support their practice of the sport.

From these 200 thousand surfers an assumption was used calculating the proportion of enrolled surfers using a proportion of the number of habitants per geographic region vs the total number of inhabitants in Portugal (this is considered to be a pessimistic perspective since that by multiplying this proportion by the number of surfer enrolled in the ANS we arrive to a number which might be far inferior to the total number of surfers that really exist in these regions, given the numbers relating to the number of tourists as well as non enrolled surfers). Only the regions figuring in BeezWax Distribution Channel were considered.

We arrive to the number of  $4937 * 2$  which equals 9874 wax bars per month.

Given that this is the best scenario estimate, and that initially the company will have the capacity to withstand such a volume of bars (9874 divided in batches of 70 bars equals approximately 141 batches at a time; and 141 batches divided by 4 batches that can be produced each day – see operational segment- equals approximately 20 days of work), this will be the quantity considered for the majority of months with the exception of the month were employees vacation, where is not possible to produce these quantities.

For the worst case scenario estimate, half of these quantities will be used. (With the same methodology for allocating quantities to months applied)

Nonetheless since brand awareness is something that takes time, and since Beezwax is a 'fresh' brand it will take time to give customers the opportunity to substitute the

surf wax they are currently “loyal” to - being sure that most of them will have no problem in doing so – some of them are very loyal to the brand they currently buy and will probably never buy Beezwax unless they strictly need to do it. (out of necessity)

Given the later and using the same proportion found in the closed question questionnaire of a surfer's loyalty to his original wax brand- 50% of surfers were not loyal at all – nonetheless, the other 50% were loyal to their wax brand to a certain degree (being that the weight that should be attributed to this degree is somewhat subjective given the qualitative nature of the classification).

Making an assumption, this would mean that, only by targeting the right audience and taking all steps correctly only 50% of estimated bars might (probably) be sold:  $9874/2 = 4937$ /bars per month. (totaling 59244 bars in a year).

Still, one has to consider that loyalty to other brands is not a fixed variable, and that, besides this factor, wax consumption is predominant when surfing activity is at its peak, meaning in the time of winter swells and during the vacation period for recreational reasons.

Taking the latter into consideration and given that these theoretical assumptions are for financial planning purposes and taking into consideration basic accounting principles of prudence (not overestimating the amount of revenues recognized or underestimating the amount of expenses) only a “worst case” scenario estimate was used- meaning 40000 units sold each year.

Being realistic and regarding the distribution of these 40000 units, Beezwax is aiming to sell at least 1000 units each year in each shop, totaling 11000 units (Beezwax is sold in 11 different shops) and 29000 units sold through packs of 10 unit boxes (which would mean a total of 2900 boxes sold online each year).

Below were some factors that were also taken into account in the production of this forecast.

## **14.1. Seasonality**

The following consideration were made bearing in mind the information provided by the surf forecast and news website Surftotal.

### **-Southern Coast**

This coast provides for some classic set-ups, but suffers extreme shadowing from the predominant north/north-west swells and is penalized by the conflict between the Levante (easterly) and Poniente (westerly) winds.

With Portugal facing directly into the path of the stormy Atlantic, the country west facing coastline receives year-round swell. Winter and its surrounding months being the most consistent time. Numerous classic set-ups abound with some of the finest beach breaks and reefs in Europe.

Algarve offers lots of options on the west coast and the chance of shelter in a huge west swell and northerly winds. Other than that easterly winds are predominately offshore.

The latter wind direction is good to have at any time for surfing activity (since it heightens wave power and prevents waves from breaking down – as long as it is not too strong.

### **-Northern areas**

The northern areas are wilder and less developed before the populated central belt which contains several large towns and cities hugging the coast. Algarve offers lots of options on the west coast and the chance of shelter in a huge west swell and northerly winds. Other than that easterly winds are predominately offshore.

## **14.2 Competitions**

In September and October world recognized competitions ( belonging to the World Qualifying Series as well as the World Championship Tour) are held at Cascais and Peniche .These types of events bring more people to Portugal (competition spectators) and can bring an important increase to sales. Labour efforts should be intensified during these months and sales number will hopefully reflect the additional production effort.

## 15. Suppliers and Strategic Partnerships

### 15.1 Beeswax

For Beeswax, the chosen supplier was Colmeia Belchior Mel-Material Apícola Lda. This is a company whose beekeepers are highly specialized and experienced giving the surf wax company a guarantee that the companies' products and services will have the utmost quality. Besides this it is conveniently located in Penha de França Lisboa, which for Logistic reasons was one of the main factors taken into consideration.

After some research one can easily conclude that available sources for Beeswax in Portugal are present mainly through the form of retailers that act as the middle-man for producers of the raw material and people buying the raw material for the production of more complex products.

The little availability of producers in the market is bad since it heightens Beeswax dependency on strategic partnerships with its preferred supplier. Nonetheless Colmeia Belchior Mel was an intermediary form of Business when compared to other possible suppliers, since it dedicated its activity to both the production of raw material and retail items dedicated to furnish beekeepers with essential materials for their activity and furthermore amongst the still little available suppliers (contrary to the reflection made in the Marketing Plan which evidences the wish of Bee related products to enter more complex higher value markets)

Regarding Beeswax bare in mind that not so many raw material producers were found. Rather than that a first search process retrieved a series of retail shops (take into consideration that important criteria was applied that was the physical proximity of the suppliers since the geographical availability of the raw material is essential to preserve its natural qualities as well to guarantee process logistics)

The following suppliers were identified:

- **Quinta dos 7 Nomes:** Charges 10€/kg, the wax comes in a bloc or cheese-like shape, from a good quality producer. The farmstead is located in Sintra near Colares.

- **A Fulgor, Produtos Químicos, Lda**, located in Camarate it sells wax at about 7,5/kg + IVA (which amounts to 9,23€/kg) and 5kg wax blocks. To attain products from this supplier it is also necessary to call a day before to confirm if there is enough stock and arrange a date to get the ordered products.
- **Happy Herbal Pharmacy**: charges about 9€/kg for very good wax blocks, This supplier can deliver in some areas in Lisbon and Cascais, if not it can send the blocks through postal mail, charging for the delivery costs. Beyond the surfwax blocks this company also sells other products such as honey (7€/kg), propolis (50€/kg) and polen (30€/kg).
- **Agriloja**: Similarly, to other product warehouses for agriculture this store chain sell wax as a molded plaque, in the quantity one desires. The price was some months ago 10,25€ but prices might have gone up since then.

Following this search and since retail shops are closer to the consumer in a value-chain model, a second search was made, this time limiting the search only to raw material producers using Portugal phone lists (this search was avoided first-hand because it provides little accuracy and details about price/quality and other related factors making it impossible to judge the suppliers proximity to Beezwax own positioning strategy. Furthermore geographical criteria was considered, selecting only those suppliers that were available near Beezwax preferred Location in Lisbon. Two main suppliers were identified:

- **Colmeia Belchior Mel-Material Apícola Lda**, was the preferred supplier which has already been described in the Suppliers and Strategic Partnerships segment). The two main reasons for this were the companies' available information online as well as the geographical location which was the closest to Beezwax preferred location making it the best choice in terms of the company logistic needs. Prices for this supplier have already been referred to in the raw materials segment 6.2.1)
- **Apicultor Ângelo Duarte**, besides having a positive review online, there was little or no information on this supplier.

One can say, according to analysis (using the classification conceived by Benton,2007) that the selected supplier is Preferred rather than Strategic, and that using a little more effort and networking a better condition can be achieved.



The matrix analysis used can be illustrated as follows:

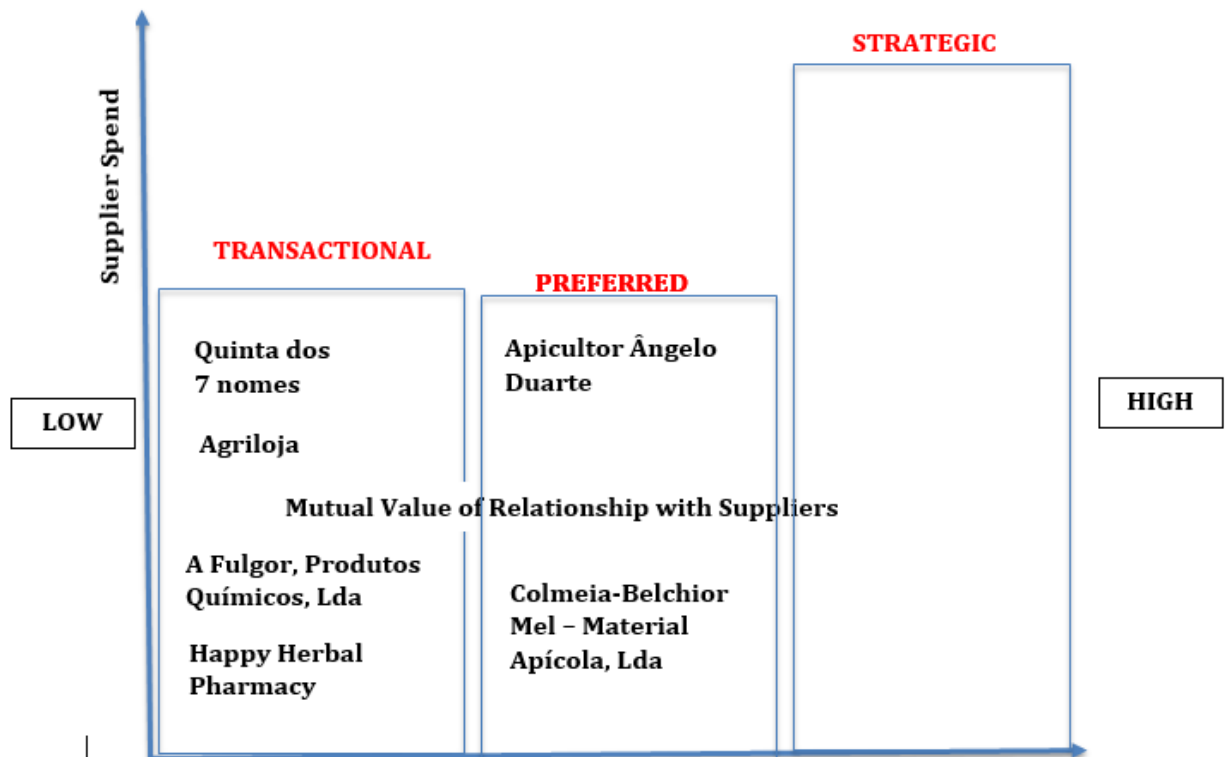


Figure 2- Supplier Relationship Management Matrix

## **15.2 Other Suppliers**

For the remaining materials that compose BeezWax product and still using the strategies recommended by Benton (2007), hurdle methods were used, from a hurdle of suppliers a specific supplier was chosen based on certification.

Certification should include issues regarding equipment capability, quality assurance, and financial health of the supplier, production scheduling, methods, value analysis abilities, and cost accounting methods.

### **15.2.1 Pine Tree Resin**

The company Costa&Irmãos, Lda was chosen. This company was established in 1945 and demonstrates a vast experience in the natural resin market.

The following essential company values contributed to this conclusion: focus on customer necessities and expectations; product quality; transparency, honesty and integrity; good existing relationship between clients and suppliers; social and environmental responsibility; sustainability; people development; being a market reference company.

Furthermore in 2010 and 2013 the company was distinguished with the PME Líder Status. In 2011 and 2012 it receives PME de Excelência status. (Consolidating itself as a reference small-middle-sized company.)

In what the environment is concerned the company possesses strict procedures, which aims to minimize environmental impacts associated to its production by optimizing water and energy consumption and by preventing pollution, in particular in what emission pollutants and residues are concerned.

### **15.2.2 Coconut Oil**

Coconuts are a scarcely available product in Portugal. Given Beezwax surfwax bar recipe (see Product Segment) approximately 16,67g will be needed for each bar of surf wax. Given Beezwax positioning strategy and the image the company aims to achieve, Beezwax has chosen to work with Gold Label Virgin Coconut Oil.

Batches of 5 gallons will be ordered from the United States more specifically Nevada. Each batch will allow for the use of 22,025 grams of coconut oil. Having in consideration Beezwax recipe this will allow for the production of 1,376 bars of wax at a time.

Using company information (available on their website):

Tropical Traditions Gold Label Virgin Coconut Oil is a truly unrefined coconut oil. This coconut oil is made on Mt. Banahaw and surrounding areas from organic coconuts. Coconuts are used fresh (within 24-48 hours of harvest) from small family farms on Mt. Banahaw and other rural places in Quezon Province, the coconut capital of the Philippines. Only the highest quality coconuts are hand-picked from each harvest.

No chemicals or high-heat (e.g. steam deodorization) treatment is used, and this oil contains no trans fatty acids. Adding to this the company does not mass produce this oil. It is made by families who coconut farmers are using old-fashioned traditional methods that have been used in the Philippines for hundreds of years. The families who produce the oil are also trained according to GMP (Good Manufacturing Practice) standards and re-certified each year.

### **15.2.3 Packing**

Using company information (available on their website):

Ecovative is a US a leading biomaterials company growing high performance, premium, award-winning products that are safe, healthy, and certified sustainable. Ecovative products enable customers—including Fortune 500 companies, international mills, and furniture makers—to meet their design, production, and delivery needs while achieving sustainability goals.

This company was chosen since after extensive search, Beezwax understood that it wanted to achieve a packaging template which was not only high end design (thus having a great amount of customer appeal, perfectly translating the sense of novelty the product wishes to achieve – see Image segment). On the other hand, some other innovative designs were not fully eco-friendly being that other available materials such as 100% vegetable made plastic (Agrobiofilm – produced by well known companies such as Silvex was only sold in large quantities)

Ecovative allows its customers to order according to their specific needs which ultimately was confirmed to be the best available option.

#### **15.2.4 Labeling**

Using company information (available on their website):

Compostable Stickers is part of Plan It Green Printing, a company established in 2003 and dedicated to cutting-edge, sustainable printing methods. They provide solutions for customers in need of labels for their compostable or recyclable packaging.

In 2002 this company started to offer clients greener paper & sticker stock alternatives that bucked what 99% of printers offered, stocks that were tree-free made with 100% recycled/post-consumer waste and soy-based inks.

They were recognized in “Print and Production Finishes for Sustainable Design by Edward Denison, Rotovision, 2009.” an indispensable ideas sourcebook and practical guide to what has become an important consideration for many designers: sustainability.” The book shows examples of environmentally friendly inks, varnishes, pigments, and finishes that can be used in a wide range of standard printed media. Printing innovations and specialized printing techniques using environmentally friendly ingredients are also included.

Beginning in 2005 the Coalition on the Environment for Jewish People Living in Southern California began a tradition of awarding business leading the way in environmental business practices – businesses with a ‘Higher Moral Standard for Business’. Along with used cardboard and cleaners businesses the company was the first to be awarded the Green Seal by City of Los Angeles Assemblymember Lloyd Levine and Faith2Green’s Lee Wallach.

## 16. Quality control

Juran and Godfrey (1999) provide insight into the different meaning of quality:

1. “Quality” means those features of products which meet customer needs and thereby provide customer satisfaction. In this sense, the meaning of quality is oriented to income. The purpose of such higher quality is to provide greater customer satisfaction and, one hopes, to increase income.

However, providing more and/or better quality features usually requires an investment and hence usually involves increases in costs. Higher quality in this sense usually “costs more.”

2. “Quality” means freedom from deficiencies—freedom from errors that require doing work over again (rework) or that result in field failures, customer dissatisfaction, and customer claims, and so on. In this sense, the meaning of quality is oriented to costs, and higher quality usually “costs less.”

Taking these into consideration and accounting for quality a company must undergo three different stages to achieve quality. They are:

- Quality Planning

- Quality Control

- Quality Improvement

Knowing that Beezwax is only a start-up company and given the extension to which it can act on quality, this segment of the business plan will only focus on the first two stages.

To understand the first stage Quality Planning, one must understand the quality gap:

“The first component of the quality gap is the understanding gap that is, lack of understanding of what the customer needs. Sometimes this gap opens up because the producer simply fails to consider who the customers are and what they need”

“The second constituent of the quality gap is a design gap. Even if there were perfect knowledge about customer needs and perceptions, many organizations would fail to create designs for their goods and services that are fully consistent with that

understanding. Some of this failure arises from the fact that the people who understand customers and the disciplines they use for understanding customer needs are often systematically isolated from those who actually create the designs.”

Given the latter, Beezwax should set up its own unique quality goals. Bearing in mind the information already considered in the product segment, the information retrieved from the closed question questionnaire, the defined set of customers (dealers, suppliers and actual customers), as well as the decision process used to choose the specific raw materials and companies Beezwax will use to criteriously provide for accountable inputs, one can define these goals as the following:

- Guarantee the usage of 100% natural biodegradable raw materials
- Guarantee each batch of 70 bars is produced during the duration of 2 hours (the working hours account for a margin of error).
- Guarantee each 70 bars batch of produced wax does not have wax bars weighing less than 100 grams.
- Try to guarantee the correct level of tackiness and smell by using the exact proportion of raw materials when delivering the wax recipe.
- Guarantee that each employee knows exactly how to deploy the defined recipe.

These goals were in accordance to the reviewed authors chosen using technology as a basis and are an effective way of planning since they are specific, measurable, agreed to by those affected, realistic and time specific. (S.M.A.R.T)

The owner of the business will be directly responsible for monitoring progress.

Planning also involves the definition of a team, not only as the means which will be guaranteed for providing the necessary labour but as a consistent structure that defines roles. This concept will be further explored in the Personnel segment.

Still referring to Juran and Godfrey (1999) and stepping into the second defined stage:

“Quality control is a universal managerial process for conducting operations so as to provide stability—to prevent adverse change and to “maintain the status quo.”

To maintain stability, the quality control process evaluates actual performance, compares actual performance to goals, and takes action on the difference”

Still according to the referred author, this process takes place by the use of the feedback loop. This loop can be divided into the following phases:

1. A sensor is “plugged in” to evaluate the actual quality of the control subject—the product or process feature in question. The performance of a process may be determined directly by evaluation of the process feature, or indirectly by evaluation of the product feature—the product “tells” on the process.
2. The sensor reports the performance to an umpire.
3. The umpire also receives information on what is the quality goal or standard.
4. The umpire compares actual performance to standard. If the difference is too great, the umpire energizes an actuator.
5. The actuator stimulates the process (whether human or technological) to change the performance so as to bring quality into line with the quality goal.
6. The process responds by restoring conformance.

From the implied process, one concludes it is necessary to identify a set of elements.

Firstly, one should define the control subject- in this case each batch of received raw materials and after the transformation of the raw materials, each batch of 70 bars of wax.

Secondly one should choose the measurement for measuring performance as well as the frequency with which batch will be measured – Everyday one batch out of the 4 produced batches will be measured at the end of the day.

Thirdly it is necessary to measure the deviation to actual performance or standards (in

this case the standards defined in the the planning stage) – this will be done using a scale, the labour of the owner and a spreadsheet in a laptop.

Fourthly and finally action should be taken to correct the occurring errors (this is known as the PDCA process – Plan, Do, Check, Act).

Finishing on this sequence of events one has to be able to correctly diagnose the sporadic change, in the specific setting of this company by using the comparison of products made before and after the trouble began to see what has changed; also comparison of good and bad products should be made (since the trouble began.)

After having carried out this procedure and once the cause(s) of the sporadic change is known, the worst is over.

Most remedies consist of going back to what was done before.

The local personnel are usually able to take the necessary action to restore the status quo. Process designs should provide means to adjust the process as required to attain conformance with quality goals.

Means should ideally be provided for ready adjustment of the process settings for the key process variables. A predictable relationship should exist between the amount of change in the process settings and the amount of effect on the product features.

One of this means could be in BeezWax case Inventory Control.



## **17. Inventory control**

SCORE a nonprofit association dedicated to helping small businesses supported by the U.S. Small Business Administration (SBA) defines a series of inventory management systems that can give BeezWax insight on what procedure to use.

Given BeezWax desired level of operation and given that it needs a very simple system to operate and one that is highly effective, where stock system merely involves the management of the reserve stock itself, the chosen system has been the reverse stock system.

Reserve Stock (or Brown Bag) System is a very simple approach which is much more systematic than the eyeball system, which only involves the manager looking into items and deciding which items to reorder.

This system involves keeping a reserve stock of items aside, often literally in a brown bag placed at the rear of the stock bin or storage area. When the last unit of open inventory is used, the brown bag of reserve stock is opened and the new supplies it contains are placed in the bin as open stock. At this time, a reorder is immediately placed.

## **18. Location**

The chosen location, for convenience purposes has been Start up Lisboa offices.

Startup Lisboa supports the creation of companies and track their first years of activity.

It is a private non-profitable association that provides entrepreneurs and companies office space as well as a support structure. Mentoring, link to strategic partners, access to investment, help with business basics, networking activities and communication.

For stocking purposes, a 11m<sup>2</sup> box in Cacém with 24 hour security will be rented for the cost of 90€ per month.

## **19. Legal Environment**

Again and to better determine the necessary legal conditions to operate, Beezwax asked questions in the semi-structured interview made to a lawyer to estimate the necessary conditions to guarantee things such as licensing and bonding requirements, permits, health, workplace or environmental regulations, special regulations covering this specific industry/profession, the necessary insurance coverage as well as trademarks, copyright or patents related issues.(please recall the interview in attachment 1)

## **20. Personnel**

For the processing of raw materials Beezwax will hire an employee.

Adding to this, it can not be forgotten that BeezWax will hire a designer and a web-developer. (Although these roles are contracted by using outsourcing as has been explained before).

The role of Manager/Supervisor as well as some production tasks will be carried out by the writer of this business plan.

Thus being, labour will be a mixture of skilled/professional work and unskilled labour.

In the beginning of operations, BeezWax has already enlisted who are the workers it will employ.

Nonetheless, and given what has been studied from a human resources standpoint, the company wishes to accurately describe the role of each one of these employees as well as the compensation plan it has thought out for the future to better describe what will be a part of the hiring and retaining plan of BeezWax employees in the future.

### **-Manager**

He is at the same time the supervisor and designer of BeezWax Operations being responsible for controlling the receivment of raw materials, maintainining stability and order in all the procedures that imply dealing with the relationships established with

suppliers, as well as guaranteeing that the best performance is demanded from the partners which carry out the processes that have been outsourced.

He is also responsible for all payments to co-worker and suppliers as well as for receivments from the revenues generated by sales.

In the beginning he will not be payed since all the money derived from Sales will be reinvested in Operations.

### **-Cook & Wrapper**

Everyone who works as a cook will be responsible for mixing the raw materials and transforming them from their raw state into the final wax product

They are responsible for Unpacking, Preparing and Transforming Materials and own competencies in the Home/Culinary Department.

Having said this, they must have sensibility in understanding recipes and the different states elements assume once they are put under different temperatures as well as the perfect sense of how to measure weights and use scales.

The person who cooks is also responsible for wrapping which means rapidly putting the finished wax product onto the Ecovative Box.

They must guarantee the integrity of ordered recyclable boxes at all times and be very efficient and precise in applying the compostable stickers on top of the finished product, so that brand integrity is achieved.

Regarding compensation, besides being paid the minimum wage, this position can be compensated, in the future, for the extra number of finished wax products they achieve in the day, being that the minimum and normal number are 4 batches of 70 wax bars a day.

### **-Designer**

Everyone who is a designer for BeezWax is responsible for creatively and efficiently conveying the Image defined for the brand (see segment 10.11) when producing company logos and retouching company images and photographs.

They will be paid the average market salary.

### **-Web Developer**

Everyone who is a web-developer for BeezWax is responsible for effectively and efficiently create a digital outlet for company news as well as product description.

They will be paid the average market salary.

In the future these positions can be further compensated by the number of visitors in a month.

### **-Lawyer**

The lawyer is responsible for each and every one of the legal issues concerning BeezWax and being that he is a close friend to the business proprietor he will work pro-bono.

## **21. SWOT Analysis**

Given the described elements and using the proposed methodology used by Fine (2009) the following SWOT Analysis can be made (see figure 3 below).

With a single product and competing against established technology and volume powerhouse brands, BeezWax will have some difficulties in launching itself in the market. Furthermore, and regardless of a well thought image and carefully conceived promotional effort, in current days, despite the advance in technology it is becoming more and more difficult to measure the direct effect of online marketing activities in business returns.

These difficulties are complemented by the lack of pine tree resin gross producers in Portugal, the dependency on outsourced activities as well as the possible technological advances which can undermine BeezWax formula in a more distant future.

Fortunately, BeezWax ecological/natural inclined niche approach towards the production of wax, furnished with key strategic ingredients (the result of meticulous procurement), the definition of realistic quality standards and the use of simple production and promotion techniques combined with the possibility to work with strategic suppliers and gain luster by the lack of customer loyalty for already established older brands allow the new formed brand to thrive in said conditions.

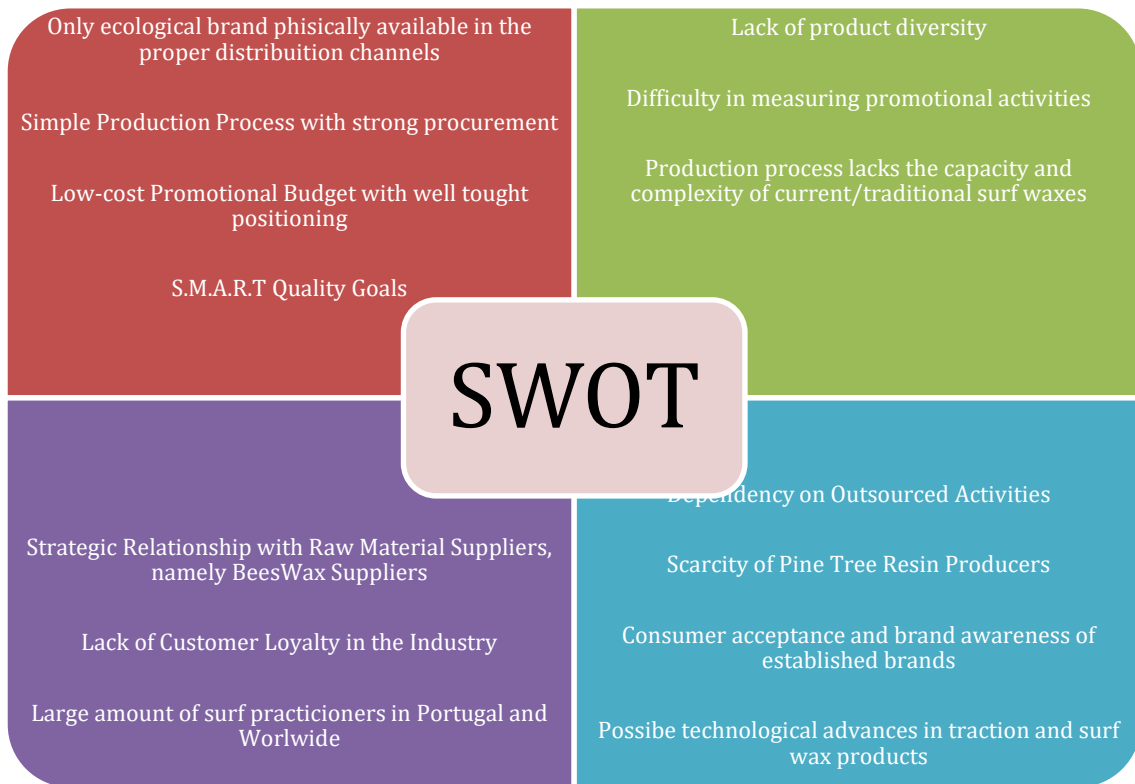


Figure 3-SWOT Analisys

## **22. Financial Analysis**

Regarding the financial evaluation of this project which is available in excel under the IAPMEI suggested format, some considerations should be made:

Sales forecast, gross margin, external services and supply as well as personnel expenses have previously been explained.

The assumed collection period was 30 days.

The level of return to which this project is measured against was chosen bearing in mind the current context and interest rate levels.

In the first three years, liquid cash flow is not positive, nonetheless the value of the company is getting comes from the assumed perpetuity.

Although it is true the first years spent investing in working capital are penalizing they act as a way to gain financial muscle to handle variations in the following years.

The NPV of the project is  $3166 > 0$  which means the project should be pursued.

Adding to this one should look at the IRR of the project is 11,39% measured against a WACC of 10% which means the project should be pursued.

### **23. Results and Discussion**

Answering the main research question formulated in the beginning of this business plan - “Is it possible, in the current business environment, to gather the necessary strategic and operational conditions for creating a start-up surf wax company?” - the several results reached throughout the whole range of this project should now be summed up and discussed in order to achieve a broader sense of the possibility or inability to enter such a business venture.

Legally, the process of constituting Beezwax company is a straightforward one. Such constitution however, will imply further research and some minor costs.

As a product, Beezwax can successfully build its characteristics on the idea of being 100% ecological and bio-degradable, however, when it comes to sourcing and materials, desired attributes make it hard for the wax to be made of 100% Portuguese materials, since some technology (or information about this technology) is still not available in the market.

High capital, marketing and production costs; consumer acceptance and brand recognition; Training and skills; Unique technology and patents; Shipping costs and tariff barriers; changes in technology and industry and changes in the economy all seem to pose important barriers to entry in this market, with special emphasis on high marketing and production costs.

The previously mentioned obstacle can be lessened through the study of the behavior of customers and competition.

The closed-question questionnaire as well as the marketing plan developed in this business plan offer important insights on how Beezwax can cope with surrounding conditions.

Beezwax targeted consumer is the 28 years average age male profile, which possesses an academic degree and is professionally active, practicing the sport on average at least two times a week



Futhermore, of the 13 listed brands in this plan only BeeCool (that no longer operates in the Portuguese market) shares BeezWax exact characteristics, of the remaining listed companies, sharing Beezwax broad characteristics, waxes can only be purchased online.

The latter is aided by the fact that consumers in this market do not seem to be very loyal, making them open to intelligent marketing and pricing innitiaves.

On top of this, a wax consumer is normally in the last stage of the consumer buying cycle which makes registering and learning from consumer preferences increasingly difficult.

With the purpose of being able to reach customers, BeezWax has to develop a brand-led approach.

Beezwax has come up with an ingenious design that combines its core values of freedom, “defiance against the system” and ecological awareness with using its box as an ingenious way of giving relevance to its strategic partners.

Using social media will allow a close follow up of social impact and results of the future business, and, as evidence suggested, Facebook should be the main platform used, nonentheless, it should be used following an integrated approach to other platforms since this seems to be the model studied users are approving of.

Be that as it may, using social media as a marketing device still offers a serious hurdle in what measuring awareness is concerned.

To physically reach customers, a short but concise distribution strategy was elaborated. This strategy, being funded in all the correct principles, still misses the re-assurance of actual results. Potential results and sales forecast always lack the precision of watching business uncoil.

Regardless of uncertainty, any company, can better its own performance to try and gain fuller certainty that the product it sells lives off of good business margins.

Strategic relationships can be an important step in achieving this, and, from what was studied, BeezWax has been able to correctly outline the conditions it will team up with other companies in doing business.

Colmeia Belchior Mel-Material Apícola Lda, Costa&Irmãos, Lda, Gold Label Virgin Coconut Oil, Ecovative and Plan It Green Printing were the chosen companies to work with.

A bi-standard was used following the methodology proposed by Benton, either by grading suppliers according to a specific matrix model or by making decisions based on hurdles of suppliers and choosing them based on certification.

Ideally this process should be repeated in the future, since, although a scientific method was correctly followed, time and information restriction seem to evidence that a better level of strategic relationship could still be achieved.

Another important issue to consider is cost performance and optimization. To better cost performance, studied aspects, such as Operational Management, Quality Control, Inventory Control and Human Resources will come in hand.

In any case, and re-inforcing one of the first ideas presented in this plan, one should be aware of the fact that Beezwax is a small dimension company and that this planning lacks expertise, which brings additional difficulty to the intention of matching competitors highly developed requirements and methods.

Being conscious of this, being better prepared is not contrary to having the will power to successively try, fail and learn.

As Mark Twain once said “The secret to getting ahead is getting started.”.

## 24. Conclusions

Arriving to the end of this business plan some important considerations are at hand:

This plan has served its purpose of being a blueprint for understanding what are the necessary reflections one needs to make when considering the creation of a new business venture.

Surfing as a sport and as a way of life is undoubtedly growing followed by innumerable business opportunities.

One of these businesses is surf wax, since traction will continue to be, one of surf essential necessities surf related businesses need to provide for.

The link between surf and the love for nature has always been present and the conditions to make this relationship marketable in the form of products or services is a growing tendency.

Nonetheless Beezwax, as a start-up business, will find numerous difficulties in establishing itself as an important player in this profitable market from scratch.

These obstacles allied with the will to learn about the essential conditions needed to guarantee that a product is feasible and viable, made the idea of writing a business plan evermore useful.

Being aware of the market either by awareness of customer behaviour or existing competitors makes way for strategic decisions and allows a company to position itself wisely to the extent where competitive advantages and disadvantages are known before a company even starts operating.

The whole sum of the aforementioned information needs to be perceived by external stakeholders. For this, consumer necessities and behaviours have to be properly

understood, and when they are, a brand has to be built and the proper channels of distribution have to be guaranteed. The latter are a complex system, and, as any system they require strategic handling and supervision.

Another constantly present factor in the life of a business to different degrees, according to business complexity is the relationship with other companies and/or important partners who may or may not be outside of the company spectrum of activities.

The beekeeping and the pine tree resin proved to be profitable industries which are worth exploring even though they are not as easily accessible as they pointed out to be.

Knowing this, it is important that one knows how to deal with these relationships in the most efficient way possible. In Beezwax case, one can boldly state that besides the fact that some of the initially predicted tendencies were not confirmed throughout this study, very important conditions were outlined.

More specifically, suppliers were thoroughly deliberated on.

Moreover, none of the above described realities are possible, if the physical and human conditions for actually generating quality products are not conveniently gathered.

Beezwax has studied how to do this with the highest degree of scrutiny possible.

Finally, the project, as any business project that wishes to be pursued has to be financially viable, which is theoretically true.

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## **Attachments**

### **Attachment 1 – Semi-Structured Interview with a lawyer**

#### **Questions**

- 1-Whats is the correct procedure for registering a brand (BeezWax)?**
- 2-What is the minimum wage in Portugal and what is the work schedule I can practice in my company?**
- 3-Beyond purchasing a webdomain is it necessary to register anything else to own a company website?**
- 4-What about on-line sales (for wax bars), what is necesssary?**
- 5-Regarding other important questions, such as the correct procedure to certify the product as 100% biological product, or contracting strategic relationships with suppliers, what is necessary?**

## Attachment 2 - Ideal Random Sample Size

$$\text{Sample Size} = \frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \left(\frac{z^2 \times p(1-p)}{e^2 N}\right)}$$

*Population Size = N | Margin of error = e | z-score = z*

*e is percentage, put into decimal form (for example, 3% = 0.03).*

The z-score is the number of standard deviations a given proportion is away from the mean. To find the right z-score to use, refer to the table below:

Desired Confidence Level	z-score
80%	1.28
85%	1.44
90%	1.65
95%	1.96
99%	2.58

## Attachment 3- Closed Question Questionnaire

### Closed question questionnaire

---

BeezWax is a completely biodegradable, eco-friendly surfwax made of 100% beeswax and pinetree resin. It is nicely scented and provides extra tackiness due to the addition of imported biological quality Coconut Oil. It comes conveniently wrapped in a biodegradable mushroom/agricological waste package.

#### 1. What is your gender?

- Female
- Male

#### 2. What is your age?

- 18 to 24
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65 or older

#### 3. When you're considering new products in this area, what are the top two things you generally consider? (Check two boxes.)

- Price
- Shape
- Ecological
- Quantity (Weight)
- Smell
- Other (specify)

4. Which of the following competitors are you acquainted with? (rank on a level of 1 to 5)

	1	2	3	4	5
Mr Zog's Sex Wax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sticky Bumps	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mrs Palmers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bubble Gum SurfWax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Famous Surf Wax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
GreenFix SurfWax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Matunas SurfWax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Butta Surf Wax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stinger SurfWax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bee SurfWax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bees Knees SurfWax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bee Cool	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. How much are you willing to pay for such a product?

- 2,95€
- 3€
- 3,45€ or more

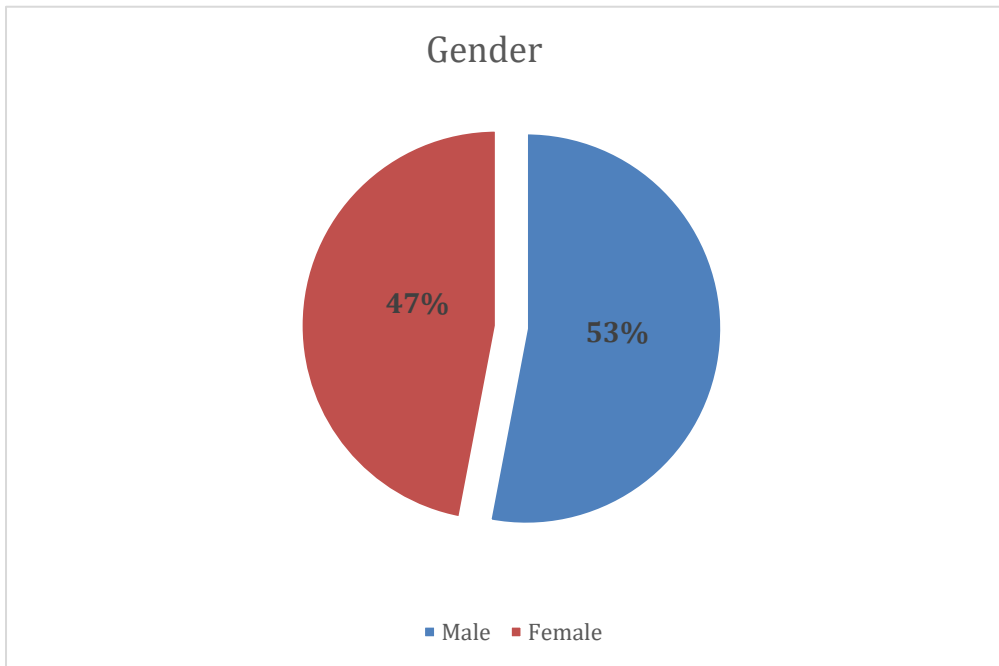
6. How many 100g surfwax bars (or equivalent) do you buy every month?

- 1
- 2
- 3
- 4
- 5
- 6

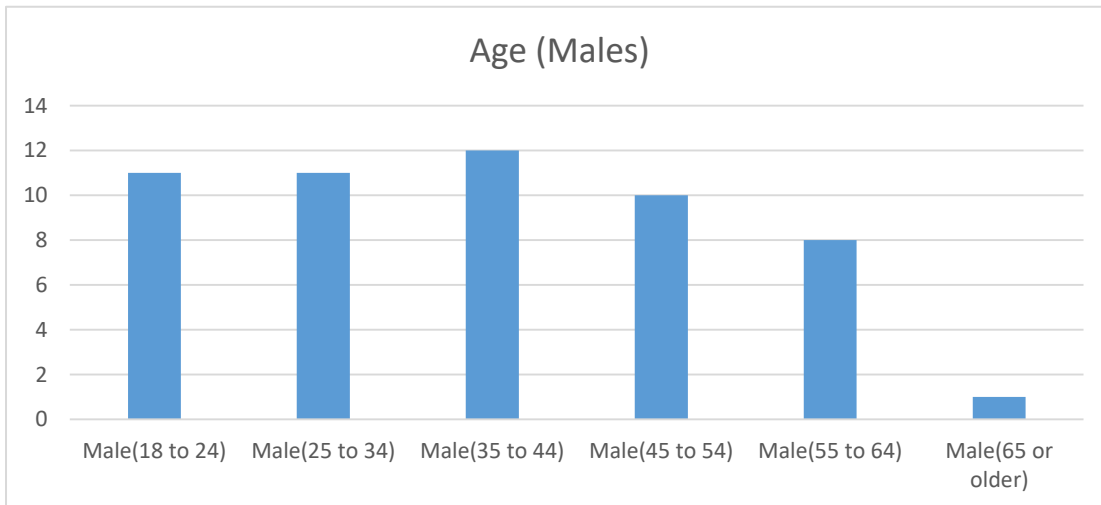
7. Finally, how loyal are you to your current brand of wax ?

- 1
- 2
- 3
- 4
- 5

### Question 1- “What is your Gender?” Results

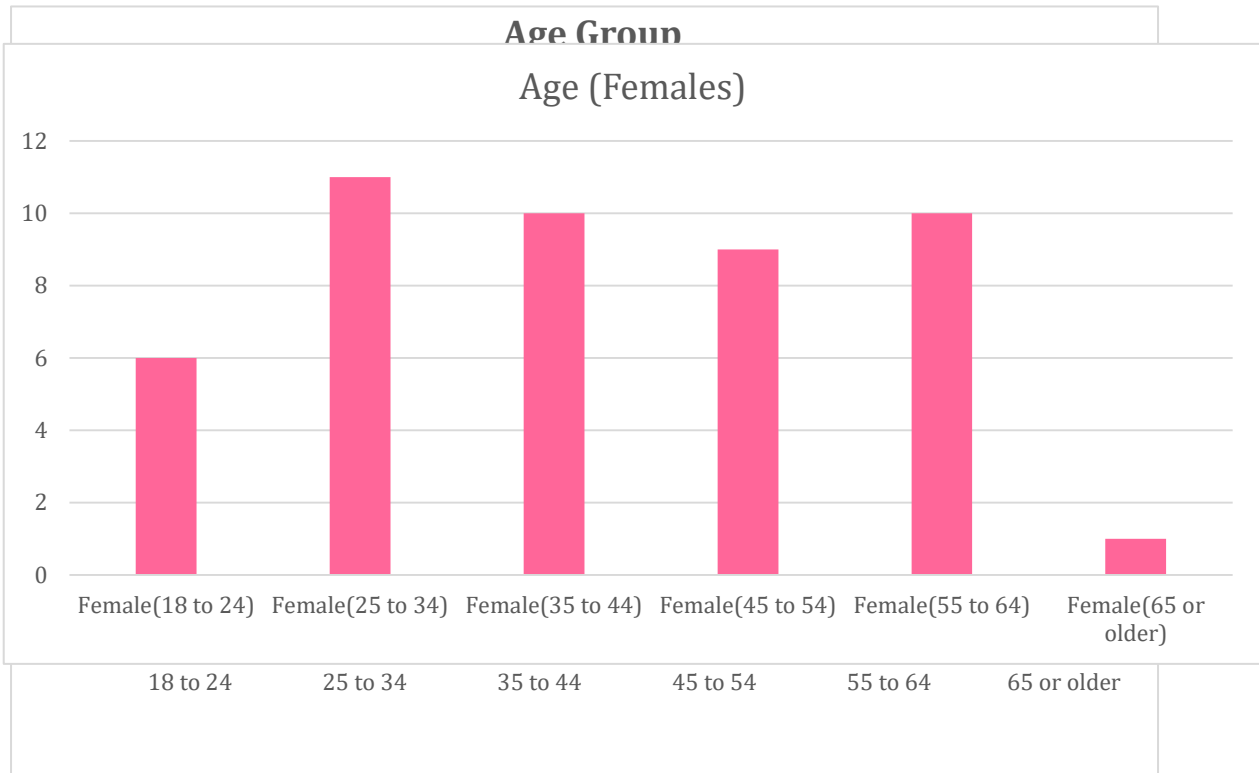


### Question 2 – “What is your age?” Results

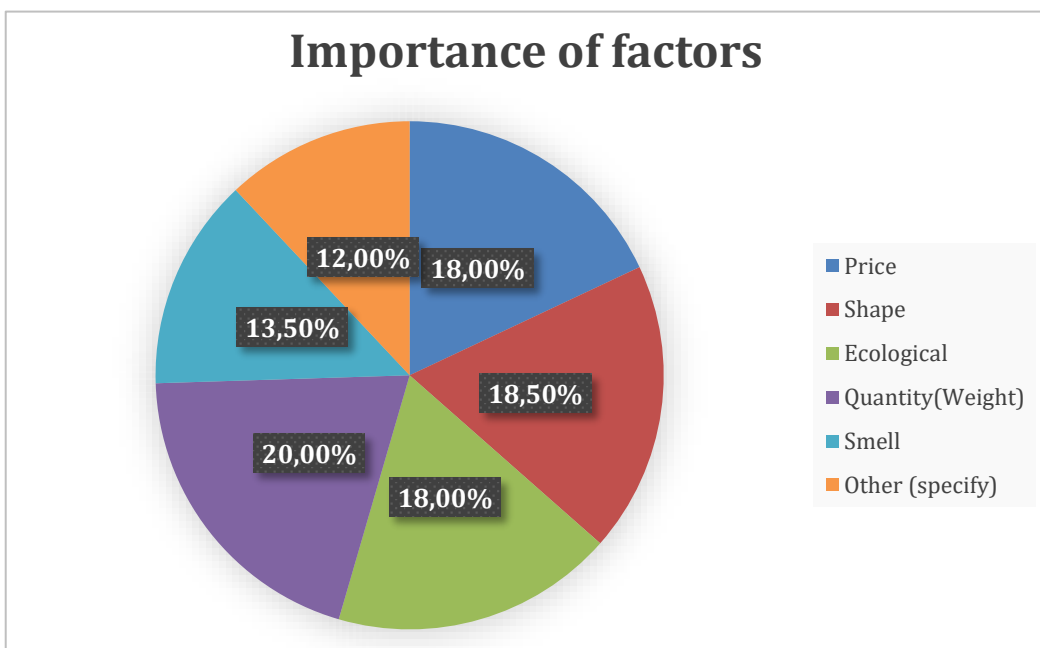




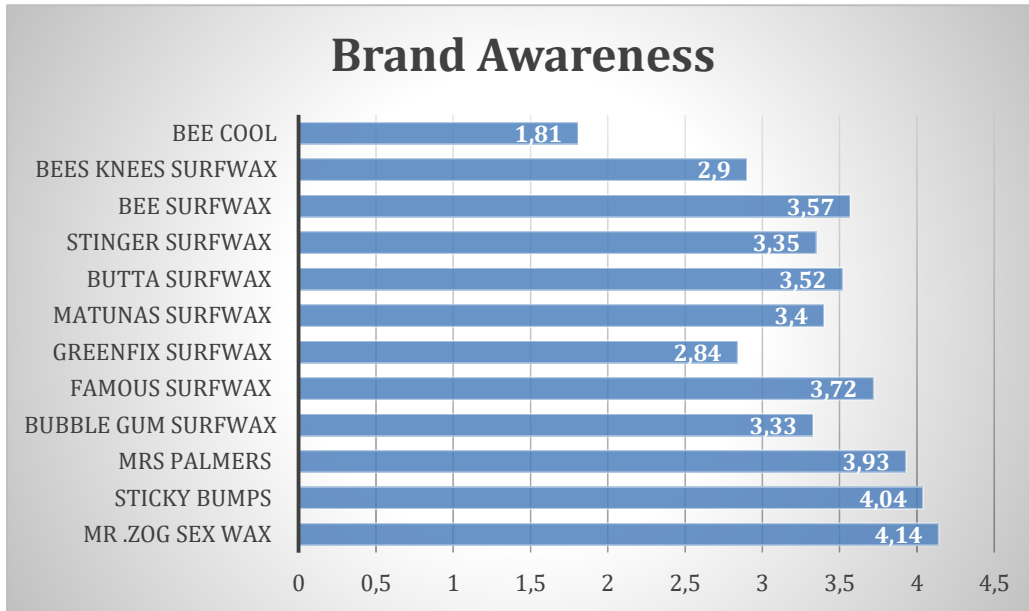
### Cross Information on Question 1 and Question 2 – Age groups by gender



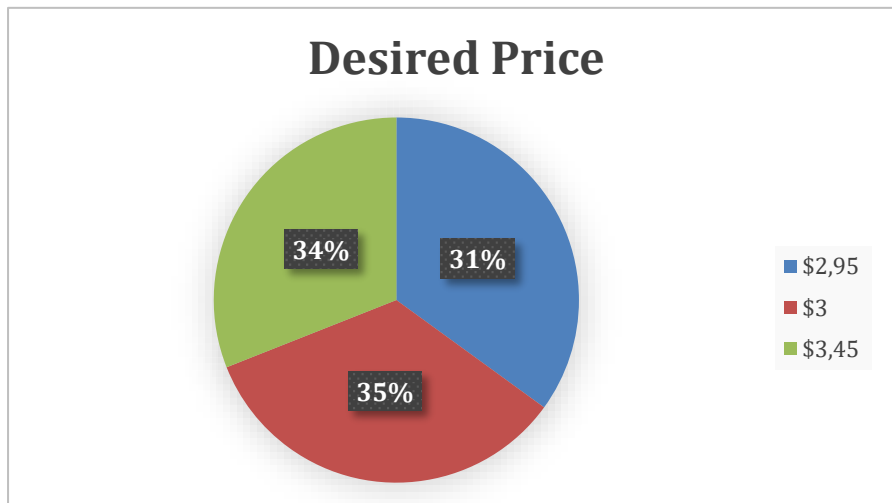
### Question 3 – “When you’re considering new products in this are what are the top two things you generally consider?” Results



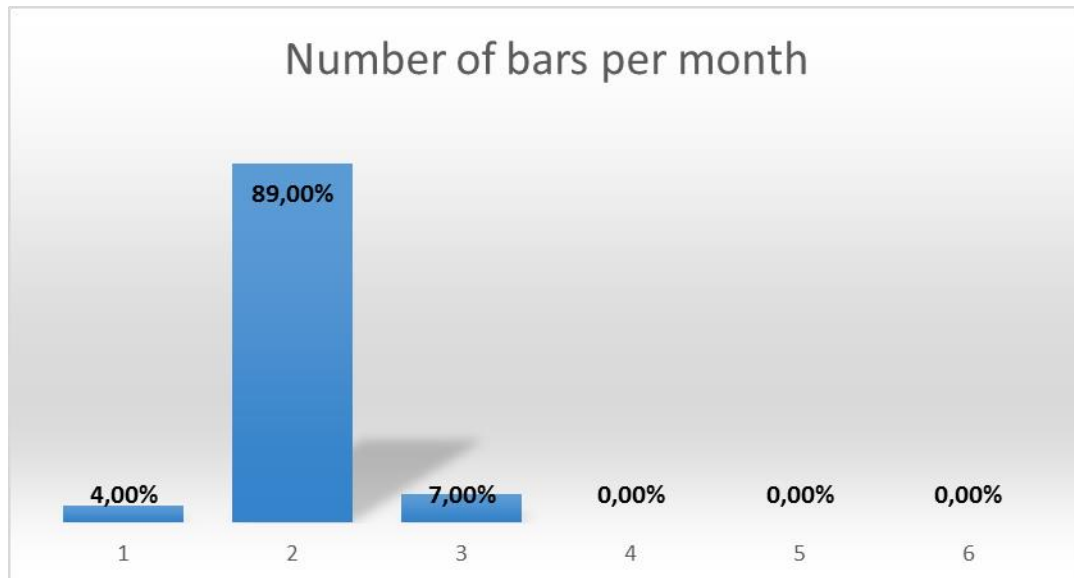
**Question 4- “Which of the following competitors are you acquainted with?”  
Results**



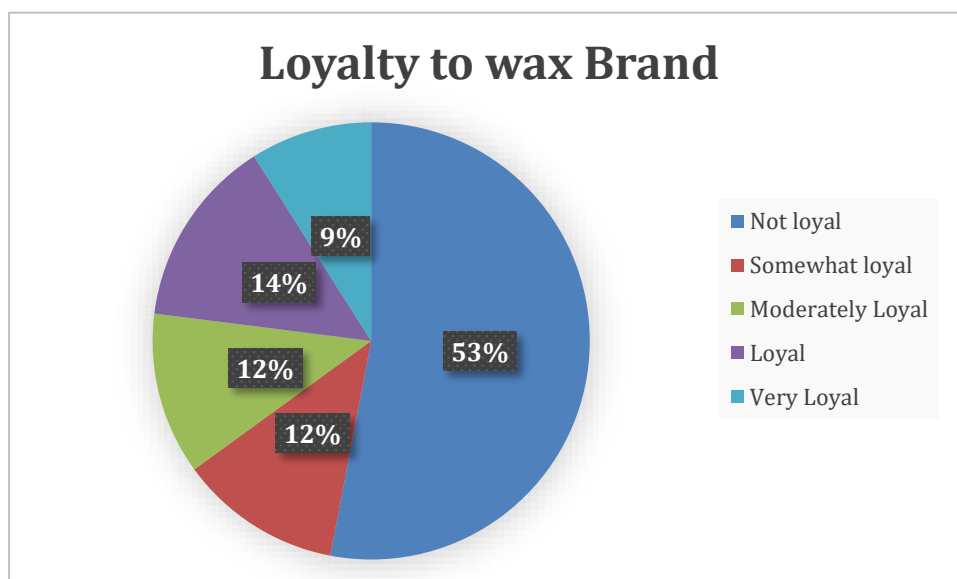
**Question 5 –“How much are you willing to pay for such a product” Results**



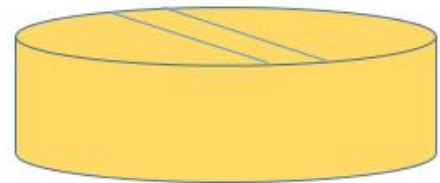
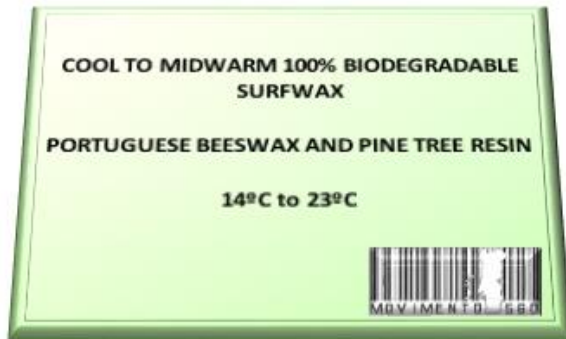
**Question 6 -“How many 100g surf wax bars (or equivalent) do you buy every month?” Results**



**Question 7-“Finally, how loyal are you to your current brand of wax?” Results**



## Attachment 4 – Product Design and metrics



100g

## **Attachment 5 – Tariff and Trade Barrier Information**

The value of taxes is resumed to VAT (23% for Continental Portugal) + Taxes referring to the presentation to customs and storage (which is not always charged for).

There are other taxes such as the ones referring to TPT (applicable to other countries), postal traffic, custom duties and other expenses.

VAT is applied over the total value for the merchandise, including shipping fees.

The storage fee and the presentation to customs has a value that depends on the transporting company. (e.g, a shipment made by the CTT costs 6,37€ (without storage), whilst a shipment made by DHL can ascend to over 50€, regardless of the size of the merchandise - \*3,08€ for postal shipments or packages, 5,41€ for special packaging, 6,37€ for EMS objects and 13,38€ for objects that are shipped through “quick intern” coming from Switzerland).

TPT is the variable that depends on the product but is generally not applied (only for batches over 150€) When this tax is applied the majority of products holds a tax that varies from 3% to 14%.

For the big part of cases, one should consider 30% over the total value of the order, including shipping fees, knowing that taxes will only be applied if the total value of the order equals or exceeds 35€.

One should refer to the necessity of presenting the required documentation that normally includes the purchase statement and proof of payment as well as a copy of the identification document

From the arrival of the package to customs it normally takes between 3 to 4 weeks.

## **Attachment 6 - Competitor Analysis 1 (Identifying competitors)**

According to Czepiel, J. A., & Kerin, R. A. (s.d.):

Identifying competitors for analysis is not quite as obvious as it might seem. Two complementary approaches are possible. The first is demand-side based, comprised of firms satisfying the same set of customer needs.

The second approach is supply-side based, identifying firms whose resource base, technology, operations, and the like, is similar to that of the focal firm.

However, the firm must pay attention not only to today's immediate competitors but also to those that are just over the horizon (such as cellphones once were to cameras, social networking sites once were to web portals, or the internet once was to video rental stores). There are three domains for recognizing the sources and types of direct and less direct competitors to which the firm must also attend. These domains represent (1) the areas of influence, (2) the contiguous area, and (3) the areas of interest.

- The area of influence is the territory, market, business, or industry in which the firm is directly competing with other firms to serve the same customer needs using the same resources. It is the arena in which Ford, Honda, Toyota, Kia, and General Motors compete with each other; where Nokia competes with Samsung and Motorola in cellphones. These are a firm's direct competitors.
- Immediately contiguous areas are those in which competition is close but indirect; comprising those firms that serve the same customer need but with different resources. Many food products fit into this category such as snack foods (potato chips versus pretzels versus peanuts), or packaging (glass versus plastic versus aluminum). They may serve the same need but through differing distribution channels (direct such as Avon versus retail such as Revlon). These are a firm's indirect competitors.
- Areas of interest are composed of firms that do not currently serve the same customer base but have the same resource base or, in broader terms, have capability equivalence – the ability to satisfy similar customer needs.

## Attachment 7- Competitor Analysis 2

<b>FACTOR/COMPANY</b>	<b>BEEZWAX</b>	<b>STRENGTH</b>	<b>WEAKNESS</b>	<b>MR ZOGS SEX WAX</b>	<b>BUTTA WAX</b>
<b>PRODUCTS</b>	All natural Portuguese cool water surf wax	Specificity	Lack of diversity	Big diversity of products (wax and others)	Hot/Cold temperature waxes and 100% Ecological SKU's
<b>PRICE</b>	3,45€	Matches Competition	Not cheaper than petroleum based wax bars	2,95€/3€	3,45€
<b>HARDNESS</b>	Increases Tackiness due to natural ingredients	Matches Competition	Lack of diversity	Different level of tackifying agents according to SKU's	Traditional Tackiness
<b>SMELL</b>	Coconut Oil Fragrance	Natural Fragrance	Some consumers prefer stronger fragrances	Brand Fragrance	Brand Fragrance
<b>WEIGHT (QTY)</b>	100g	Competitive Position	N/A	85g	100g
<b>PACKAGE</b>	Myco Foam	Innovative Concept	Dependency from international suppliers	Carton Box	Bio-degradable cup box
<b>ADVERTISING</b>	Digital promotion and advertisement	Low-Cost	Some consumers will not be reached	Rich Promotional Mix	Digital Promotion and Advertising
<b>FORMAT</b>	Round Bar	Matches Competition	Design could be improved to express innovation	Round Bar	Round Bar
<b>PRESENCE OF NATURAL INGREDIENTS</b>	100% Natural Ingredients	Sustainable and trendy	Bigger production efforts	Has an ECO Box SKU	100% Natural
<b>PRESENCE OF NATIONAL INGREDIENTS</b>	90% Portuguese Suppliers	Niche Position	Implies Strategic Partnerships	International Suppliers	UK Suppliers

## **Attachment 8 - The Customer Buying Cycle**

According to Skok, D. (s.d.). for forENTREPRENEURS.:

The customer buyer cycle can be broken down to three stages:

A simple way to look at the buying cycle is to break into three stages:

1. Awareness – when a customer first becomes aware of your product. Or could also refer to the point where a customer first becomes aware of a need that they want to fulfill.
2. Consideration – when a customer starts evaluating solutions to their need
3. Purchase

Depending on where the customer is in his buying cycle, his expectations for how the sales people in the shop should treat him are different. If you are early in the cycle, you want to be largely left alone to browse around and get educated. If you are later in the cycle, you want highly responsive help to complete the purchase. Using the wrong sales approach leads to buyer frustration.

### **Lead Nurturing**

Consumers in the early stages of their buying cycle are not likely to buy on their first contact with the product and thus being one needs to know how to best handle them in case they do turn into buyers later on. This is a path which is often not given the right level of attention and results in leads leaking from the funnel and lost marketing investment.

The key is to do a great job of staying in touch with customers over a period of time, and building a trusted relationship (Lead Nurturing). In the case customers do hit an event that **triggers** a buying cycle, the product is likely to be the top of their shopping list.

Effective lead nurturing is all about accelerating leads through the consideration process. Customer success stories, product comparisons, etc. all help to provide the data



and info that a prospect looks for in their own research. If you provide it for them you make it easy for them to consume that info and move to the final step in the process.

### **On-line lead sources and customer Buying Cycle**

Different lead sources produce buyers at different stages of the customer buying cycle:

- People that are later in the buying cycle are most likely to be using tools like Google, and review sites to search for vendors and products to solve a problem. Those leads are highly valued because there is a high level of buyer intent. They are usually in the Consideration or Purchase stages of the buying cycle.
- Many other lead sources (e.g. social referrals, Twitter, Facebook ads, banner ads, pr stories, educational presentations at conferences, etc.) produce buyers that are earlier in their cycle, and frequently just becoming aware that there is a potentially interesting product now available.

Market maturity also plays an important. For early stage markets where there is still a lot of education required, most leads will be very early in their buying cycle

### **Buying Triggers**

A Trigger is an event that causes a buyer to have a clear need, which usually converts into a sense of purpose and urgency in their buying process.

The specific trigger that gets their buyers going is not only different from startup to startup, but also different depending on their role in the organization. Having a very clear understanding of these triggers helps:

- Recognize who to target
- Improve messaging to those target prospects
- Do a better job of qualifying who is really ready to buy
- Give the ability to help a customer recognize when a trigger has happened.

### **Using Triggers for Marketing Improvement**

The use of triggers for Marketing Improvement can be seen in four steps:

1. Identify the different buyer persona that buy your product
2. Identify the trigger or triggers that typically get them into a serious buying mode
3. Create messaging and content for each persona & trigger combination
4. Look to see if you can create the trigger event, or help them recognize that one has occurred

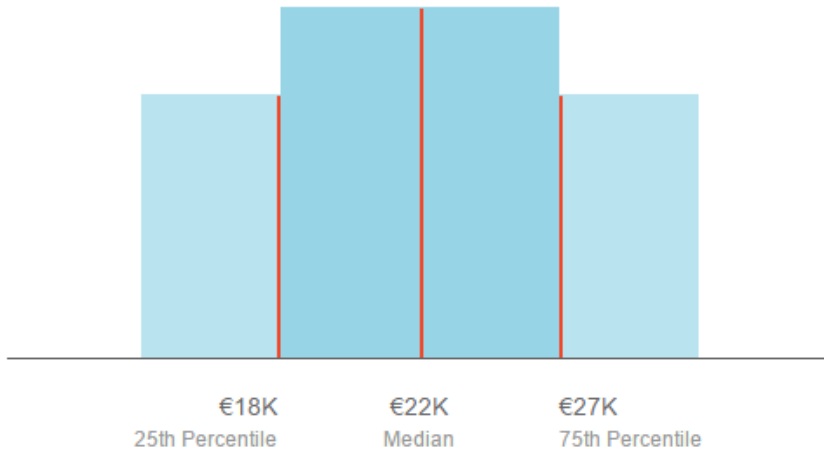
### **Timing**

It is possible to encounter a buyer late in their buying cycle. In this case, they have already shaped their feature list around some other vendor's product, and the company now forced to react.

- If one is selling a simple product, where the features and price can be easily assessed to be superior, this isn't too much of a problem.

## Attachment 9- Average Design salaries in Portugal

### Design salaries in Portugal



82

Salaried Entries

47

Freelance Entries

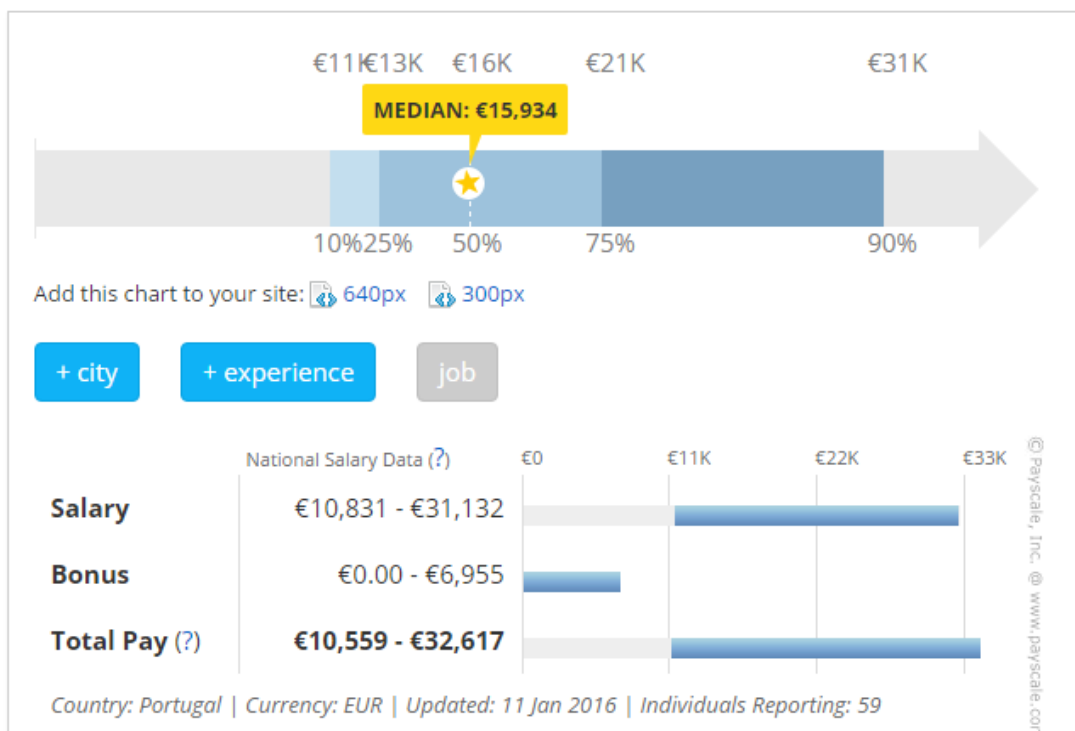
€20

Average Freelance Rate

## Attachment 10- Average Web Developer Salary in Portugal

### Web Developer Salary (Portugal)

The average salary for a Web Developer is €15,934 per year. People in this job generally don't have more than 20 years' experience. A skill in MySQL is associated with high pay for this job. For the first five to ten years in this position, salary increases steeply, but any additional experience does not have a big effect on pay.



## Attachment 11- Publicity prices in Surf Portugal Magazine

**SURF  
PORTUGAL**




### TABELA DE PUBLICIDADE 2010

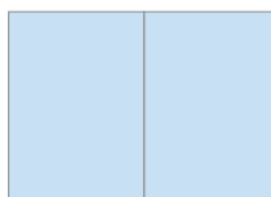
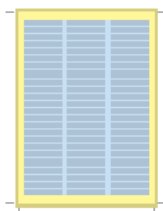
#### DIMENSÕES (mm)

Corte: 220x297  
Mancha: nd  
Margem de corte (bleed): 3

#### Observações

Localização Obrigatória + 30%

Medida à mancha   
Medida ao corte   
Margem de corte (bleed) 



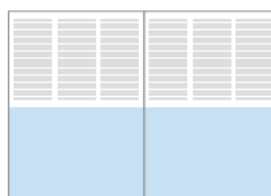
**PÁGINA DUPLA**  
440x297



**PÁGINA**  
220x297



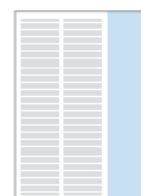
**1/2 PÁGINA** baixo  
220x148.5



**1/2 PÁGINA DUPLA**  
440x148.5



**1/2 PÁGINA** alto  
110x297



**1/3 PÁGINA** alto  
73.3x297



**1/3 PÁGINA** baixo  
220x99



**1/4 PÁGINA**  
110x148.5



**RODAPÉ**  
220x74.25

#### Produtos Especiais

Página Dupla	2.800 €	Contracapa	3.120 €
1/2 Página Dupla	1.290 €	Verso de Capa	2.880 €
Página Ímpar	1.440 €	Verso de Contracapa	2.760 €
1ª Ímpar	1.900 €	Encartes Monofolha	3.550 €
2ª Ímpar	1.730 €	Encartes 4 Páginas	3.900 €
3ª Ímpar	1.560 €	Encartes 6 Páginas	4.300 €
Página Par	1.290 €	Encartes 8 Páginas	4.730 €
1/2 Pág. Alto/Baixo Ímpar	680 €	Encartes 12 Páginas	5.210 €
1/2 Pág. Alto/Baixo Par	610 €	Encartes 16 Páginas	5.740 €
1/3 Pág. Alto/Baixo Ímpar	540 €		
1/3 Pág. Alto/Baixo Par	480 €		
1/4 Página Ímpar	300 €		
1/4 Página Par	260 €		
Rodapé Ímpar	400 €		
Rodapé Par	360 €		

#### Produtos Web

Ver todos os formatos disponíveis e respectivos preços em: <http://publicidadeonline.impresa.pt/>

Aos preços de tabela acresce o IVA à taxa legal em vigor.

#### Originais

Os originais para publicação deverão respeitar as seguintes especificações:

- Formato PDF "single page", até nível 1.5 (um PDF por página, com trabalho centrado no espaço + margem de corte)
- Fontes embebidas
- Objectos e imagens em CMYK
- Resolução das imagens de 220 a 300dpi

#### Dados Técnicos

Capa: WFC Brilhante 170g  
Miolo: LWC 65g  
Impressão: Offset 4 cores  
Acabamento: Lombada colada



**IMPRESA**  
Publishing

## **Attachment 12- Proposed Location Additional Information**

### **Costa da Caparica**

In 1985 it was categorized as a town and in 2005 as a city. Costa da Caparica integrates the towns of São João de Caparica (northern part), Santo António de Caparica, Terras da Costa and Fonte da Telha. There are 13418 registered citizens in this location to which one must add seasonal population in the summer months. Essentially Costa da Caparica is a coastal village located across the front of County beaches and most of the tourist offer. The strongest aspects that characterize this location are tourism, fishing and farming. In fact Costa de Caparica has had historically, a strong connection to the sea being a location which was originally built by fishermen, inculcated by a strong culture and tradition of fishing roots that give it its unique identity. In Costa da Caparica artisanal fishing is done throughout the year, highlighting the Art-Xávega essentially practiced in the months of March to November, this is an ancient art that draws thousands of onlookers while waiting for the arrival of their famous fish, sardines , horse mackerel, mackerel, amongst others. But alongside the sea, the agricultural lands are fertile and also play a major role in the metropolitan area of Lisbon. Costa da Caparica beaches attract hundreds of thousands of visitors every year and it is also here that, increasingly, ocean sports, with particular emphasis on surfing have established a strong reputation. Costa da Caparica is in Portugal Surfing national circuit, contributing in a decisive way to the economic development of the location. The extension of beaches and services in the area include three hotels, three boarding houses, two surf houses, a youth hostel, in addition to eight campsites, good culinary quality restaurants where you can taste the regional products.

### **Cascais**

Cascais is easily reached from Lisbon by car on the A5 Lisboa-Cascais highway, or alternatively on the scenic "marginal" road, as well as by frequent inexpensive commuter trains. Taxis are also a common and inexpensive mode of transport in the area. The city has the ruins of a castle, an art and an ocean museum, as well as parks and the charming cobbled streets of the historic centre. The town has many hotels and tourist apartments as well as many good restaurants of varying cost. It is a fine base to

use for those visiting Lisbon and its environs who prefer to stay outside of the city yet in an equally urban and sophisticated environment.

Popular beaches such as Guincho Beach to the west, and the lush Sintra Mountains to the north surround Cascais. Some of its shoreline has cliffs, attracting tourists who come for the panoramic views of the sea and other natural sights such as the Boca do Inferno. It is also becoming a popular golf destination, with over 10 golf courses nearby. Surfing, sailing, windsurfing, and kitesurfing are also popular in the region due to favourable weather, wind, and sea conditions. In 2007, Cascais was the official host of the ISAF World Championship in sailing for dinghies and racing yachts.

The municipality also hosts international tennis and motorcycling events and for many years hosted the FIA F1 Portugal Grand Prix. The famous Estoril Casino is one of the largest in Europe. Near the casino is the "Hotel Palácio" (Palace Hotel), a 5-star hotel where scenes of the James Bond movie *On Her Majesty's Secret Service* were shot.

### **Ericeira**

Ericeira is a fishing village 50 km (31 miles) northeast of Lisbon, 25 km (16 miles) from Sintra and 10 km (6 miles) from Mafra. It has the Atlantic Ocean as an eternal companion. Out of this relationship, the sun has given the best of its light and an ocean of traditions has been born.

The hospitality of its people, the harmony of the "old village" with its narrow cobblestone streets, characteristic housing, singular monuments, the sea, the fishing, the cuisine, the bold Atlantic views and the multiplicity of cultural programming interlace here in a grand way to welcome its visitors

Ericeira is famous for its beautiful beaches, located where the high cliffs of the rocky coast meet the Atlantic Ocean.

Surfing is the dominant sport and sunbathing is the most popular activity of tourists who come from all over the world.

However, Ericeira offers a lot more besides surfing to those interested in sport. Bodyboarding, skim-boarding, windsurfing, fishing, diving, sailing, jet-skiing, water-skiing and beach-volley are some of the activities enjoyed at the beaches of the village

## **Peniche**

Peniche is one of the best surfing locations in Europe. It has beaches and breaks facing in 3 distinctly different directions making it a very variable and consistent destination for surfers. Home to many surf camps/schools and recently the destination for the WCT of the WSL (World championship tour of the World Surf League) in time for the autumn swells.

Besides this, Peniche is home to a series of national and international surfshops and brands.

## **Sagres**

Sagres is remote, adventurous and unlike any other destination in the Algarve. The small town is situated at the extreme western tip of the Algarve, a region of dramatic natural scenery, comprising of raging seas, towering cliffs and vast beaches. Sagres is a destination where visitors come to embrace nature's immense power, be that in the sea surfing, on the land hiking, or basking under the glorious sun. Sagres may not be for all, as the town has a laid back ambience with an outpost's rugged and unkempt appearance, but for others Sagres will be the best location in the Algarve.

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## Attachment 13- Proposed Shops Additional Information

### SEARCH STORE CAPARICA



Av 1º de Maio nº38 A, 2825-393 Costa De Caparica

Telefone - 212 913 065

<http://www.searchstore.com.pt/>

email: [davidluis.searchstore@gmail.com](mailto:davidluis.searchstore@gmail.com)

### SAMADI CAPARICA SURF CENTER



Morada: AV. Gen. Humberto Delgado, 39-A  
Costa da Caparica

Telefone: (+351) 212913338

Email: Este endereço de email está protegido contra piratas. Necessita ativar o JavaScript para o visualizar.

### DR DING - PEDRO GOM



Rua Dr. Marques da  
Bloco A Loja 8 - Carcavelos  
2715-311 Carcavelos  
(Junto à esquadra de

Web: [Facebook G-Sta](#)

### THE SURF PROJECT



Rua de Gaza Lote B 16  
Loja Dtª Junqueiro  
2775-576 Carcavelos  
"Junto à Praia de Carcavelos"

Telefone: (+351) 21 4587914

Web: <http://www.thesurfproject.pt>



## BANA SURF SHOP



Estrada de Sasseiros lote 3 Dto,

2755 Carcavelos

Telefo: (+351) 214576683

Fax: (+351) 214576683

Email: Este endereço de email está protegido contra piratas. Necessita ativar o JavaScript para o visualizar.

Web: [www.bana.pt](http://www.bana.pt)

## SAGRES SURF SHOP



Sagres - Estrada nacional nº 268 (entre as bombas de gasolina Cipol e Galp).

Telefone - +351 282 624 889

E-mail - [surfshop@doragomes.com](mailto:surfshop@doragomes.com)

Site

## SURFERS LAB



E.N. 268

8650-355 Sagres

tel: +351 282 624 503

email: [info@surferslab.com](mailto:info@surferslab.com)

[Facebook](#)

## EXTRA EXTRA SURF



Av. São Sebastião, Loja 14 2655-270 Ericeira

Telefone: (+351) 261 867 771

Email: Este endereço de email está protegido contra piratas. Necessita ativar o JavaScript para o visualizar.

Web: [www.xxsurf.pt](http://www.xxsurf.pt)

## Loja 58 Surf Ericeira



Rua de São Sebastião n2 loja 1 | 2655-210 - Ericeira  
GPS: 38.968266, -9.417850  
ericeira@58surf.com | +351 261 862 146  
Aberto todos os dias | Horário de Verão das 9.30 às 20.30 | Resto do Ano das 9.30 às 19.30



Ver mapa maior  
adidos do mapa | Termos de Utilização | Comunicar um erro no mapa

## Peniche Surfshop

### Morada

Loja 1:  
Rua do casarão n°. 26  
2520-056 Casais Baleal  
Tel: 262 798 326

### Coordenadas GPS:

### Horário de funcionamento:

Aberto todos os dias das 10:00 às 19:30.



## Loja 58 Surf Peniche



Sol Village | Rua Infante D. Henrique lote 4 loja 1 r/c | 2520-102 - Ferrel, Peniche  
peniche@58surf.com | +351 262 769 207  
Aberto todos os dias | Horário de Verão das 9.30 às 20.30 | Resto do Ano das 9.30 às 19.30



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**Attachment 13- Assumption of the number of Surfers in each region**

Assumption of the number of Surfers in each region based on the proportion of inhabitants (Sales Forecast auxiliary calculations)

	<b>NUMBER OF INHABITANTS</b>	<b>NUMBER OF SURFERS (ASSUMPTION)</b>	<b>PROPORTION</b>
<b>HABITANTS IN PORTUGAL</b>	10460000	200000	1,9%
<b>HABITANTS IN CASCAIS</b>	206,479	3923,101	
<b>HABITANTS IN COSTA DA CAPARICA</b>	13418	254,942	
<b>HABITANTS IN ERICEIRA</b>	10260	194,94	
<b>HABITANTS IN PENICHE</b>	27753	527,307	
<b>HABITANTS IN SAGRES</b>	1909	36,271	
	Total	4936,561 (approximately 4937)	

