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**COMMUNICATING THE VALUE TO ATTRACT LUXURY CUSTOMERS**

**HOW TO REVITALIZE AVENIDA DOS ALIADOS IN PORTO AS A LUXURY SHOPPING DESTINATION? THE CASE OF LOCAL RESIDENTS**

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### **Abstract – Individual Assignment**

The goal of the following recommendation consists of developing a solid branding strategy for Avenida dos Aliados by communicating its value attract luxury customers. After analyzing the concepts of place branding and its approaches, brand image and brand identity, a theoretical branding approach B2C was developed. Considering the importance of the local community to successfully achieve the branding's goal, it was recommended a new brand identity for Aliados as well a luxury positioning, resorting to a strong communication enhancing its heritage, authenticity and savoir-faire.

### **Abstract – Group Report**

The project aims to revitalize Avenida dos Aliados in the city of Porto as a luxury shopping destination. Research was conducted by analyzing other luxury shopping destinations worldwide and the existent offer in the city of Porto. Interviews to luxury clients and experts were conducted to understand the luxury consumer behavior and the current perception of Avenida dos Aliados. With the collected insights, four main different groups of consumer were identified. To address the main research question, recommendations were divided into four topics.

**Keywords:** Porto, Luxury, Retail, Portuguese Consumers, Urban Development

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*“Nasci no Porto, a cidade e seus arredores  
As praias próximas, descendo para sul  
Permanecem para mim a pátria dentro da pátria,  
A terra materna,  
O lugar primordial que me funda...  
Porque nasci no Porto sei o nome  
Das flores e das árvores  
E não escapo a um certo bairrismo.  
Mas escapei ao provincianismo da capital”*

*Sophia de Mello Breyner Andresen*

## **1. Introduction**

Luxury can come in all shapes and forms. It can start as waking up in a magnificence hotel room, to dining in a fine restaurant and ending with a perfectly tailored jacket. It is both based in the quality of the product and in the experience, either shopping in grand stores or in a beautifully designed website, the client is always looking for the complete and exclusive, sophisticated encounter.

However, with the Covid-19 pandemic some habits were changed, and industries such as the Luxury had to follow those habits, to continue to thrive. Local clients gained a very strong position in the market as travelling was nonexistent, Gen X and Baby Boomer’s evolved to a more Experiential Luxury, collaborations between brands and different artists increased and so did the search for creative and sustainable products (da Silveira 2021).

As this era fades away, it is necessary to understand what the next focus will be: creating an exceptional in-store experience, combine arts and culture with fashion, keep the clients interested. It is with this mindset, that this project aims to make the city of Porto accompany such trends, and with its revitalization it can become a luxury shopping destination, whilst not losing its authenticity and character.

It is indeed a very beautiful city with all its essential features, such as its proximity with the Douro River and the Atlantic Ocean, antique historic centre and its welcoming residents. However, it has not yet faced its turning point for attracting high-level products and experiences, despite the increase that the city has been having in some segments, such as the luxury hospitality segment. So, how can Porto improve its profile as a luxury destination?

## **2. Contextual Background**

### **2.1. The City of Porto**

Porto is the second largest city in Portugal and the one that gave the country its name. According to Instituto Nacional de Estatística (INE), it registers in 2021, 231,962 habitants ("Censos 2021" 2021).

In 200 b.c., the city was called Portus Cale and later became the capital of the Portucalense County, from which Portugal was formed ("Tourism In Porto, Portugal" 2021). Queen D. Maria II gave Porto the title of "Cidade Invicta" as its inhabitants played a fundamental role in the freedom defense in the battles of the 19th century ("Cidade Invicta Porque Se Chama Invicta À Cidade Do Porto?" 2021).

The historical city center was classified by UNESCO as a World Heritage Site in 1996 ("Tourism In Porto, Portugal" 2021). In 2001, the city of Porto was considered the European

Capital of Culture, which changed the image of the city. Consequently, some internationally renowned cultural structures have emerged, such as Casa da Música ("MEDIA KIT Porto & North - The Essence of Portugal" 2018), being the first building in Portugal exclusively dedicated to Music, both in terms of presentation, artistic training and creation ("Casa da Música" 2021.). Additionally, the city center was renovated with many different types of stores being established. This was done through private investment giving the city a new lease on life, becoming a popular European and world-leading location ("MEDIA KIT Porto & North - The Essence of Portugal" 2018).

The city of Porto is characterized by its wealth of monumental and artistic heritage, the city's cultural life, its open-air leisure spaces, its iconic Port Wine, and the typical gastronomy of the region. Its famous specialities are "Francesinha", "Bacalhau à Gomes de Sá", and "Tripas à Moda do Porto" ("A Cidade Do Porto | UCP" 2021). Porto is a welcoming, modern, and a creative city with streets full of life, with architectures, monuments, museums, leisure spaces, esplanades and shopping areas that run from the traditional to the modern and exclusive ("Tourism In Porto, Portugal" 2021). The all year around mild climate and the fact that most of the historical center is located inside a two-mile radius makes it perfect to walk around the city, whether in Avenida dos Aliados, along the Douro River or in Foz ("MEDIA KIT Porto & North - The Essence of Portugal" 2018).

The city's capacity to combine its cultural heritage with innovation gave the city a set of unique projects, making Porto a port of talent and skills ("Porto And Northern Portugal A Magnet For Investment" 2019). Born in 2007, Farfetch is an online luxury fashion retail platform, founded by José Neves from Porto, being the first Portuguese unicorn company ("Porto And Northern Portugal A Magnet For Investment" 2019). Along with two other tech companies, Farfetch created

a non-profit association called Porto Tech Hub, which intends to promote and increase Porto as a global technological center of excellence. The existence of a sizable and skilled talent pool that is highly qualified, flexible and with high language skills, elevates the value proposition of the North of Portugal to foreign investors ("Porto And Northern Portugal A Magnet For Investment" 2019).

Portugal has a leather manufacturing heritage equal to the luxury production powerhouses, France and Italy, offering comparable quality at a significantly lower cost (Mellery-Pratt 2015). José Neves defends Portugal as an excellent source due to its “small-scale factories with very low minimums, which attract higher-end designers and top-tier ranges” (Mellery-Pratt 2015). The North region of Portugal has important industrial sectors such as textile, footwear, furniture, and cutlery which, faced competition by learning to reinvent themselves, turning to design and other creative areas ("MEDIA KIT Porto & North - The Essence of Portugal" 2018). In the past decade, the younger generations saw in the North of Portugal, opportunities in the creative industries to create new companies and projects, turning the city into the true flagship of the country when it comes to design (Navarro 2016). Therefore, Porto has been gaining tradition during the latest years as a shopping point, with local items from emerging designers that cannot be found elsewhere (Navarro 2016). Portugal Fashion is the annual fashion event that takes place in Alfândega do Porto and has been crucial in promoting the Portuguese fashion. With over 25 years, together with partners from the sector, Portugal Fashion’s mission is to show the best of what is done in the country, promoting the notoriety of Portuguese fashion on the runways, nationally and internationally (“About Us – Portugal Fashion” 2021). Establishing itself as one of the largest Iberian fashion events, it represents more than a fashion project, symbolizing culture and modernism, and being a reference for the creativity and artistic sophistication of Portugal abroad ("About Us - Portugal Fashion" 2021).

Geographically, the city of Porto has a privileged location with excellent accessibility, that allows the connection to various points in the country and Europe. On average, it is approximately at three hours from major EU cities, such as London, Paris, Rome, and Frankfurt, and its airport is connected to over 110 destinations ("Porto And Northern Portugal A Magnet For Investment" 2019). Companies such as TAP, Lufthansa, Iberia and Emirates fly with frequency to and from Francisco Sá Carneiro airport, as well as low-cost companies such as Easyjet and Ryanair ("Porto Airport - Francisco Sá Carneiro Airport" 2021). It is one of the best airports in Europe, receiving 5 to 15 million of passengers per year, and it is at 15km from Porto's city center ("Porto And Northern Portugal A Magnet For Investment" 2019), offering direct and simple connections by metro, bus, or taxi.

Over the last years, the international tourism has been booming, as Porto has become a hot spot driven by its history, culture, and vibrant atmosphere. It was considered the Best European Destination in 2012, 2014, 2017 ("Porto And Northern Portugal A Magnet For Investment" 2019) and in 2020 it was elected the Best City Break destination in Europe ("Tourism In Porto, Portugal" 2021).

In 2020, due to Covid-19, travelling numbers decreased drastically. During this year, some air routes were cancelled such as TAAG - Angola Airlines SA, which suspended operations at Porto airport, the Brazilian company Azul reduced the frequency of flights from Campinas to Porto, the US airline United Airlines reduced the frequency of flights to European cities, including Porto and Lisbon, from Newark and Washington, and TAP suspended five of its operations with the US, affecting the flights between Newark and Porto.

As the main gateway to the north of Portugal, unfolding along the riverbank and the seashore, a whole world of experiences is available, from strolling along the Douro River, to taking



a cruise or flying over it by helicopter ("Tourism In Porto, Portugal" 2021), discovering the best of Porto. One of the most unique programs Porto has to offer is the Presidential Train. For over a century, the train transported kings, popes, presidents, and heads of state (Araújo 2018). In 1970 it stopped travelling but 40 years later it was restored and transformed into The Presidential, a luxurious restaurant that travels along the Douro with Michelin chefs on board. It departs from São Bento station in Porto's city center and returns to the same station after travelling along the Douro line for nine hours (Araújo 2018). Along the way, there is a stop at one of the most emblematic wine estates, Quinta do Vesúvio (Araújo 2018). During the pandemic, this program was suspended but it is returning next year, October 2022.

Thus, Porto has indeed emerged as a remarkable example of growth, based on factors such as new cultural life, business dynamics, and tourism. All these factors have contributed to place the city of Porto at the top of the list of the most fascinating and sought-after cities in the world ("Porto And Northern Portugal A Magnet For Investment" 2019).

## **2.2.Avenida dos Aliados**

Avenida dos Aliados, also entitled as "Avenida da Cidade", started as a construction Project on the 1<sup>st</sup> of February 1916, entrusted to the English architect Barry Parker, who proposed an avenue as a commercial and leisure space. The avenue had given life to the city, as at that time, the business center of Porto was moving further up to Largo de S. Domingos, due to the construction of the railway station São Bento ("Avenida Dos Aliados Nasceu Há 100 Anos" 2016). However, Aliados, as Porto citizens call it, has become over the years known for the place for manifestations, to celebrate the New Year's Eve and the victories of FC Porto, as it benefits from

a central location, near the city council, representing therefore, the symbol of the city power ("Avenida Dos Aliados Nasceu Há 100 Anos" 2016).

In 2004, due to the construction of a new line for the Porto underground that envisioned the opening of a station in Avenida dos Aliados, it was proposed to two architects, Álvaro Siza Vieira and Eduardo Souto de Moura, a new planning for the avenue (de Sousa 2021). Refusing the earlier project from Barry Parker and Marques da Silva, Siza Vieira planned a unique space, a large city square, as opposed to the separation of Avenida dos Aliados with Praça da Liberdade, lower part (square) of the Avenue. For this, he proposed the use of a single floor covering material, seeking to introduce a visual union factor for the entire space (de Sousa 2021). This project was highly contested by the citizens, due to the disappearance of the Portuguese sidewalk and the garden spaces of the central plate, that ended up being paved with granite slabs (see Appendix I) (de Sousa 2021).

In 2016 "Porto de Tradição" was created with the aim to conceive and propose criteria of distinction of commercial establishments and entities of local/ historical or social interest, according to different elements such as architectural, cultural, economic, and social elements ("Porto De Tradição" 2021). It also defines and proposes measures to protect these establishments, being for example Café Guarany in Avenida dos Aliados, recognized as "Porto de Tradição" ("Porto De Tradição" 2021).

#### Current Stores

Today, Avenida dos Aliados is attracting the interest of luxury brands, being Tod's, Burberry and Boutique dos Relógios Plus already present in the Aliados 107 building, where the former "O Comércio do Porto" newspaper had its headquarters ("Lojas De Luxo. "Avenida Dos

Aliados Vai Tornar-Se A Avenida Da Liberdade Do Porto" (2020). The real estate consultant Cushman & Wakefield (C&W) believes that Avenida dos Aliados will become the new Avenida da Liberdade, taking into account the already abovementioned luxury stores present there, and according to the general director and the director of research at C&W Portugal, more businesses are being done, meaning that more luxury brands might open stores in this central street, being in line with the dynamism of the tourist and real estate market ("Lojas De Luxo. "Avenida Dos Aliados Vai Tornar-Se A Avenida Da Liberdade Do Porto" (2020).

At the top of the avenue, in the Le Monumental Palace of the French hotel chain Maison Albar, inaugurated at the end of 2018, there is the Fátima Mendes store that has been working for 40 years with haute couture, distinguishing brands such as Céline, Dolce & Gabbana and Valentino. As for the hotel, its interiors were rehabilitated, choosing the Art Nouveau and Art Deco styles, among revivalist and period pieces, becoming one of the most famous and luxurious 5-star hotel in Porto.

Boutique dos Relógios Plus brings together brands such as Blancpain, Breguet, Bvlgari, Cartier, IWC Schaffhausen and Omega, with limited edition models. In the store, customers have free access to a bar where they are offered a selection of cheeses, sweets and drinks (Osorio 2020).

The group Brodheim has two stores in Aliados, Tod's and Burberry's. Tod's decided to give its store an image of easy and relaxed luxury, which they consider a synonymous with the brand and the city of Porto ("Tod's Abre A Primeira Boutique No Coração Da Cidade Do Porto" 2020). Burberry's elected a two- floor store with natural light, inspired in the spirit and attitude of the famous Regent's Street store in London. In addition, the recently opened BMcar luxury concept store combines art with the most exclusive car models, offering a great portfolio of luxury cars to the city.

In the south side of the Avenue, two luxury jewelry and watch brands can be found, Marcolino and David Rosas. The latter offers items, for example, from Chopard or Rolex. Moreover, on the opposite side of Câmara Municipal do Porto, there is the Intercontinental Hotel. It has been operating since 2011 and is also seen as one of the best hotels in Porto.

In terms of accessibility, for the consumers that go by car, they can find private parking options, in the street, in garages and in malls. For those that come by metro there's a station right at Avenida dos Aliados, and others nearby.

Besides the luxury stores, many offices remain in Aliados, former banks that are still waiting to be rehabilitated, touristic shops and small restaurants. In addition, there is the world's most famous McDonald's, being described as the most beautiful in the world. Overall, there are many big old buildings that used to work as residences but currently need to be rehabilitated.

Next to Avenida dos Aliados there is Rua de Santa Catarina, a street only dedicated to mass-market commercial retailers, where brands such as Zara, Bershka and Fnac can be found. There is also Rua das Flores, another street focussed on more authentic and local stores, where you can also discover restaurants and boutique hotels. Tourists and locals normally go to these main areas when going Downtown to shop.

### **2.3.Porto Consumers**

This project is focused on three groups of consumers that exist in the city of Porto – residents, domestic tourists, and international tourists.

#### Local Residents

In Portugal, discretionary spending is expected to be shaped by the present Millennials, being the purchasing power concentrated between people with 45 to 49 years old (PEST Analysis: Portugal 2021). This generation is characterized by being digital, tech-savvy, concerned about smart consumption, and eco-friendly products, projecting therefore, digital and sustainability to be the major trends impacting the future spending in Portugal (PEST Analysis: Portugal 2021). As presented previously, the North of Portugal is strong in the textile and footwear industries, as well as in design, influencing the Porto consumer to be a sophisticated and more informed client in terms of characteristics such as production and product quality, plus design.

The luxury market in Portugal is expected to grow annually by 8.27% CAGR from 2021-2025, being the Luxury Fashion the largest segment ("Luxury Goods - Portugal | Statista Market Forecast" 2021). Little information is given regarding the luxury consumers in Portugal, but it is key to highlight the importance that the luxury consumers who live in Porto have, regarding the luxury consumption in the city, as shared by the Head of Retail at Cushman & Walkfield, they have a high purchasing power and count for 20% of the luxury purchases in the city of Lisbon (Campos 2021). Moreover, it is forecasted that over the next years, the local luxury consumption will increase in a general way (see Appendix II)

The current Project in development from Farfetch with Castro Group called "Fuse Valley", will be the new place for the Farfetch's offices and will include other buildings for office and service purposes operated by Castro Group, plus a hotel with 65 rooms and two flats (Pestana Machado 2021). This project located in the municipality of Porto is expected to be finished in 2025 and will attract workers from the fashion and luxury segments, that are likely to be luxury clients.

Knowing that tourists still account for a large portion of the luxury consumption, it is important to understand that local consumers play a strong influence in attracting foreign

consumers (da Silveira 2021), as these feel more empowered to shop in a place with local consumers as they provide legitimacy and authenticity.

For this reason and due to the travel restrictions caused by Covid-19, the focus of this project will be on local consumers, as in the short-term, they are easier and essential to attract.

#### Domestic Tourists:

In the months of January and February there was a growth of 14% and 18%, respectively, compared to the year of 2019, with regard to the number of guests (Relatório e Contas 2021). However, due to the impact of the pandemic, from March onwards, there was a sharp drop in these indicators, with some slight recovery in June, July, August, September, and October (see Appendix III) (Relatório e Contas 2021).

Due to the Covid-19 pandemic, the number of tourists in Portugal faced a decrease of 73.7% compared to 2019 (INE 2021). Therefore, it is expected that domestic and regional travels will reign in the short-term and when choosing their next trip, travelers will first look to destinations that are close to their homes, for example in China, 77% of Chinese travelers favored domestic travels after three months of the crisis' peak, the same happened to 71% of the Americans (WORLD TRAVEL & TOURISM COUNCIL 2020).

In 2020, the tourism demand was markedly national, registering the city of Porto and the North of Portugal a total of around 2.5 million guests, being these mostly domestic (see Appendix IV) (Relatório e Contas 2021).

Therefore, domestic tourism will be a “key driver of recovery in the short to medium term (OECD 2020), being this group important for this project.

### International Tourists:

Looking at an overview of the luxury market in general, until 2020, more than 50% of the luxury goods and experiences purchases were made outside the consumer's home country (da Silveira 2021). It is estimated that the city of Porto relies 75% on international tourism (Valente 2021) but as abovementioned, due to the Covid-19 pandemic, it faced sharp decreases in the year of 2020. In Porto, most foreign tourists came from Spain (23,2%), France (15,4%) and Brazil (10%), maintaining their previous positions in the ranking of international markets, moving the United States from the 4th to the 8th position (see Appendix V) (Relatório e Contas 2021).

Looking ahead, according to the 2019 EY Attractiveness Survey, many investments such as the renovation of Bolhão Market or the reconversion of former Porto slaughterhouse, are aiming to transform the city into a center cluster for creative and high-tech companies. Also, the new Campanhã Intermodal Transport Terminal, is contributing to place Porto at the top of the list for the most fascinating and sought-for cities worldwide, being expected that the number of potential consumers in Porto will grow ("Porto And Northern Portugal A Magnet For Investment" 2019), either domestically or internationally.

Therefore, as Airlines and hotels return to their pre-pandemic levels and the city tourism recovers, European luxury consumers are expected to travel to Porto. This type of client usually seeks authentic city experiences and looks forward to mingling with locals, being therefore crucial to develop Avenida dos Aliados according to the needs of locals so that they provide the desired environment for tourists. The presence of European tourists will provide a critical mass of activity, excitement, and cosmopolitanism. Consequently, soon after, as restrictions fade away completely, tourists from all over world including American, Asian and Middle Eastern tourists will be travelling back to Portugal.

#### **2.4. Other Shopping Destinations in Porto**

Around the city of Porto, consumers may find some luxury stores. Avenida da Boavista was first opened in the 18th century and increased in length over the following decades. It goes to Foz and its construction was part of a plan that intended to connect the city to the port of Leixões, being the longest artery in Porto, with a length of five kilometers ("El Guide Oporto" 2019). In Av. da Boavista, we can find for example, Wrong Weather, a fashion, and lifestyle concept store for men that offers a variety of luxury brands such as Kenzo, Acne Studios, Off-White, and others. Apart from the store, consumers can also visit the Wrong Weather Gallery that displays the work of visual creators and artists, offering a complete experience for consumers. Fashion Clinic is also present in Av. da Boavista, offering a large variety of luxury fashion designer brands, such as Alexander McQueen, Balenciaga, Christian Louboutin, Dior, and others. Consumers can find many product categories, from clothing, footwear, and bags, to perfumes and books.

Closer to the beach side, but still in Av. da Boavista next to the “commercial” area called Aviz, we can find the store of the well-known Portuguese shoes and accessories designer Luis Onofre. In Aviz, there are some premium and luxury stores, namely Me Allegro and Fatima Mendes, offering multiple luxury fashion brands, Rosa Teixeira, which is a tailoring atelier, MaxMara, and Machado Joelheiro, representing luxury jewelry and watches brands.

Also in Avenida da Boavista, an El Corte Inglés project expects the construction of a department store, a hotel, a residential, commercial and services building on the grounds of the old Boavista railway station (Borges Vieira 2021). El Corte Inglés is a department store that is already present in Vila Nova de Gaia and sells multiple brands, including luxury fashion and cosmetics brands.



The shopping center Norteshopping has recently opened a premium area, called “Galleria”, offering exclusive brands, such as Claudie Pierlot, Maje, and Sandro but also a tearoom and a kiosk from a well-known chef, serving for example, steak tartar or white chocolate and raspberry creme brulée. In this shopping center other luxury brands can also be found such as Montblanc, Boutique dos Relógios Plus, and David Rosas.

In the downtown area, in Ribeira, we can find one of the most popular clothing brands to come out of Porto, La Paz, a Porto-based, menswear label that focuses on modernizing traditional Portuguese fisherman’s garb. La Paz is also present in trendy boutiques worldwide, “from Whittmore in Los Angeles to Le Bon Marché in Paris” (Navarro 2016).

Also, next to Av. Dos Aliados, in Rua Sá da Bandeira, we can find the award-winning designer Luis Buchinho flagship store. Close to the beginning of Av. Dos Aliados, in Praça da Liberdade, there’s two haute horlogerie and haute jewellery stores, namely David Rosas and Marcolino.

## **2.5. SWOT Analysis**

The SWOT Analysis is a framework which is used to evaluate a company’s competitive position, in this case Avenida dos Aliados in the city of Porto, assessing internal factors such as strengths and weaknesses, as well as external factors such as opportunities and threats, to develop a strategic planning (KENTON 2021). Current and future potential will be analyzed in the perspective of consumers, both locals and foreigners, and luxury brands, comparing to other shopping destinations.

### Strengths:

Porto benefits from a set of characteristics that make it competitively advantageous in terms of city of choice for luxury shopping, both for residents and tourists. As it provides an excellent quality of life, by being safe, open, and tolerant, it is a very welcoming place ("Porto And Northern Portugal A Magnet For Investment" 2019), for both groups of consumers. The public transportation network is reliable and good value for money, with a large and diverse network of metro and tram system, and various funiculars and city buses ("Porto And Northern Portugal A Magnet For Investment" 2019), giving consumers the possibility to choose according to their preferences. When shopping in the city, consumers have an app available called "Shop in Porto" that allows them to access promotional offers, a personalized itinerary, and the list of the available stores. It works like a digital storefront, enhancing the shopping experience of each consumer ("Visit Porto - App Shop In Porto Ajuda Nas Compras" 2021). Porto also participates in the Fashion Night Out initiative to dynamize the city commerce, where stores stay open until later with animation, music, and promotional offers ("Visit Porto - Porto Fashion Week's Night Out" 2021). At night, Porto turns into a new and different city, with entertainment and leisure opportunities that satisfy all tastes, filling up the streets with energy and joy ("Tourism In Porto, Portugal" 2021).

When visiting the city center, consumers can already find five-star hotel units in the city center and surroundings, luxury restaurants, and the existence of high-quality local products, such as Port Wine. The all year around climate is excellent, attracts the visit of tourists, and makes it perfect for people to walk around the city, since everything is located nearby.

As for luxury brands, Porto's value drives that attract foreign investors to set up businesses in the city are the quality of life, the talent availability, and the first-class infrastructure ("Porto And Northern Portugal A Magnet For Investment" 2019). Porto is the second city nationally, in

terms of concentration of purchasing power, and the tourist demand was also intensifying before the pandemic (Petiz 2020). It offers low office rental costs of high quality, comparing for example with Lisbon, where Chiado has a market rent of €130/m<sup>2</sup> per month, and Porto with Rua de Santa Catarina at €75/m<sup>2</sup> per month ("Lojas De Luxo. "Avenida Dos Aliados Vai Tornar-Se A Avenida Da Liberdade Do Porto" 2020).

Avenida dos Aliados is one of the most prestigious locations in the city, composed by emblematic buildings from the 18<sup>th</sup> and 19<sup>th</sup> century, representing a symbol of power due to its central location and proximity to the city's historic centre ("Avenida Dos Aliados Nasceu Há 100 Anos" 2016). By being a short and open avenue with a visual union, consumers can easily walk around, seeing its beginning and end. It has been increasingly gaining a special interest to the most varied luxury brands, as it has been following the development of the tourism market, as well as the increase of new consumers interested in the luxury sector ("Tod's Abre A Primeira Boutique No Coração Da Cidade Do Porto" 2020). When the Group Brodheim opened Tod's and Burberry, it had a higher turnout than expected, with sales exceeding expectations, affirms the sales executive manager (Petiz 2020). Unsurprisingly, the pandemic broke the pace of store visits, but for the group this was less significant in Porto than in Lisbon.

#### Weaknesses:

Porto's main weakness in regard to other shopping destinations, is the fact that the city is not known for its shopping. Tourists usually look for cultural experiences related with the wine industry, as opposed to an afternoon shopping spree (Coutinho 2012). One of the biggest obstacles is to overcome this mindset from the locals and foreigners, especially when Lisbon, the capital city, can fulfil most of these gaps. Taking this into account, another soft spot is that if tourists have

only some few days to spend in Portugal, they will most likely spend them in Lisbon and only use Porto as an entrance gate to the Douro Valley.

In addition, the historic and cultural centers need to be renewed and polished, as there is a big discrepancy between the recovered buildings and monuments with some more “délabré” areas and infrastructures. While the investment in the area is not global, it will be impossible to attract brands and luxury clients. The public transportation system does not reach the whole city, so it can be complex for tourists to manage their way around, for example from Foz to Downtown, the only option available is by bus.

Adding to this, there is a big number of run down stores in Avenida dos Aliados that sell a diverse number of products, such as travel souvenirs and cheap trinkets, which don't contribute to give a glamorous and luxurious environment to the Avenue.

#### Opportunities:

According to statistical reports from the City Hall of Porto, during the second half of 2021, the accommodation offer is expected to grow by 80%. In fact, the higher segment of hospitality is observing the highest growth on licensing, with five-star hotels increasing by 107% and four-star hotels 93% (Porto.). These figures can translate the growing interest from luxury developers in rural and coastal areas near the city since Porto has been experiencing a boom of tourism, enhancing the domestic and international tourism (Powell, Laura 2021).

Furthermore, the Covid-19 pandemic has heightened the demand for wide-open spaces in natural environments which perfectly combines with Douro's vineyards landscapes. Although Porto is one of the biggest cities of Portugal, it has preserved extremely well its traditions and

practices, but also its historic buildings and monuments. All factors combined, tourists would have a much more complete and authentic luxury experience.

Regarding Avenida dos Aliados, there are a lot of vacant spaces that could be occupied with nice restaurants, rooftops, stores, cultural spaces or even a spa - a progressive shift from services to entertainment and leisure area. In addition, the urgent need of rehabilitating emblematic buildings would have a major impact on attracting more luxury brands as these value more the buildings' façade and its visual appeal rather the space itself (Campos 2021). Also, the existent fashion outlets in the surroundings of the city already attract local and domestic consumers to travel for shopping and so, by developing Aliados, it could be turned into one more stop on their route.

Diving into the European tourist, specifically the British, the Brexit brings several opportunities for Porto to become a stronger travel shopping destination. Since consumers can no longer benefit from the Tax Free after de British Government have decided to end it, tourists from Middle East and North America but also residents from United Kingdom, in which more than 234,000 are Portuguese, will shift their preferences to other European countries in which they can shop and travel at a lower cost and still have the typical city break (Global Blue 2021). The power of the British consumer on the national market is extremely representative thus, it is of extreme importance to remind them that there is no more Tax Free on their country but there is in Portugal. Moreover, efforts on the card payment methods are important to have in mind so that these consumers do not need to be worried about conversion rates and can have the possibility to pay with their currency (Global Blue 2021).

Lastly, the North of Portugal is marked by a strong presence of manufacturing and textiles companies which could act as an entry gate for foreign investments and brands to establish their

productions in the area. Porto can combine its leather manufacturing heritage equal to the luxury production powerhouses, France and Italy, offering comparable quality at a significantly lower cost (Mellery-Pratt 2015); with the existent ability of being able to produce in “*small-scale factories with very low minimums, which attract higher-end designers and top-tier ranges.*” as stated by the Chief Executive Officer of Farfetch Portugal, José Neves (Mellery-Pratt 2015). By facilitating a local production of designer brands, these might be more willing to open their own physical store right in the heart of Porto, specifically at Avenida dos Aliados, and increase its association to fashion and luxury.

#### Threats:

One of the major threats for Avenida dos Aliados is the fact that it is a challenge for the Avenue to become a reference in terms of luxury when there are other destinations in the top of the mind of consumers..

It is also important to mention that the Hotel and Tourism sector is extremely important for Porto's economy, and hotels such as Monumental and Intercontinental that are located in Avenida dos Aliados are an important source of revenues. However, this sector was the one who suffered the most with the Covid-19 pandemic in Portugal, according to INE, the number of overnight stays by non-residents decreased 75% to 12.3 million from 2019 to 2020, which was the lowest level since 1984 (INE 2021). So, as there are still many restrictions with no ending prediction regarding airplane travels, especially those made by countries outside the European Union, it represents a huge threat for Porto's economy.

Adding to this, as mentioned before, a new El Corte Inglés is expected to open in Avenida da Boavista and this can be a threat to Avenida dos Aliados because luxury consumers can be attracted to the luxury offer of this department store instead of shopping in Avenida dos Aliados.

## **2.6. Other Similar Cases**

Considering the foundations of this project, three very distinctive cases were examined to understand its evolution over the time and which factors have been thriving the city to success.

The first one chosen was Avenida da Liberdade, in Lisbon, since it is the main and the primary competitor of Avenida dos Aliados. Placed in the nation's capital, this competitor has already an established strong positioning on the luxury field and a favourable image in the consumers' mind, both nationals and foreigners.

Secondly, two streets from Moscow were selected as they have undergone on a major urban renewal project. This purely strategic case was able to turn around and become a successful luxury destination, which can bring some hope for the Aliados' project.

The third and last chosen was the example from Soho, New York City. Also submitted to a strong urban renewal but for different reasons than the previous one, Soho gained its luxury relevance organically. Triggered by the "cool" vibes of former artists' houses, it started to attract art galleries, restaurants, retail stores and luxury stores, all powered by the increasing attendance of public.

### Avenida da Liberdade, Lisboa:

After the massive earthquake that hit Lisbon in 1755, the most elegant and exclusive garden in town, named Passeio Público, was built in what is called today as Praça dos Restauradores and at

the lower half of the avenue. It was surrounded by high walls and only members from upper-class were allowed to frequent. Later, with the liberal movements of 1821, the walls were destroyed so that everyone could visit the garden (Nathália 2018).

Avenida da Liberdade started to become real in 1879 and Passeio Público marked its beginning and direction. Inspired on the famous avenue in Paris, Champs-Élysées, with large sidewalks and small gardens, it attracted the wealthiest Portuguese families as a place to live and build their iconic houses, which some have won the prize of Prémio Valmor de Arquitetura. It quickly turned into a symbol of social status and wealth but also a reference for international luxury brands (Nathália 2018).

No longer just a residential area, nowadays many buildings are now occupied by luxury stores such as Prada, Cartier, Louis Vuitton and much more, which ranked Lisbon as the 30th best city in the world for luxury shopping (CEOWORLD 2020) and Avenida da Liberdade as the 35th most expensive avenue in the world.

In comparison to Aliados, Avenida da Liberdade is known as the luxury shopping destination in Lisbon. It also accommodates some of the most exclusive and best hotels from the city that are commonly chosen to stay when having an important business meeting in town. Nourished with remarkable homages to Portugal's history, cultural places, like Teatro Tivoli or Cinema de São Jorge, and top city restaurants such as JNcQUOI or Yakuza by Olivier, Avenida da Liberdade is a great cosmopolitan place. Setting aside the establishments offered to the public, this street is also very attractive in terms of urbanism. It is a long and wide avenue that starts at Marquês de Pombal roundabout and goes until Praça dos Restauradores, full of trees and greenspaces that resemblances Champs-Élysée in Paris, fountains, that all combined make it one of the mandatory stops to visit Lisbon.



Pereulok Stoleshnikov and Bolshaya Dmitrovka Street, Moscow:

In Moscow, there are two main streets that stand out when it comes to luxury shopping: Pereulok Stoleshnikov street and Bolshaya Dmitrovka Street, which cross each other at some point. The first one, known as Stoleshnikov Lane, is now one of the most prestigious areas of the city and one of the most expensive areas in the world. Full of international luxury brands, this pedestrian zone offers also modern offices, restaurants, theatres and even night clubs. Some of the buildings from this street used to belong to high-social-class people and still preserve the 18th century looks. During 19th and 20th century, under the Soviet rule, the street was mostly known by its bookstores and merchant shops that have been replaced by luxurious boutiques since then (Круглова, Вера 2018).

Regarding Bolshaya Dmitrovka Street, houses from the 18th and 20th century were designed by the best architects from that time for wealthy citizens and chosen by several personalities to live a luxurious life. Due to the exclusive environment and proximity with Stoleshnikov Lane, luxury international brands have also been choosing this street to place their stores (Круглова, Вера 2018).

Soho, New York City:

According to the book *From Gritty to Chic: The Transformation of New York City's Soho, 1962-1976* published in 2003 by Petrus Stephen, in the early 1960s, the neighborhood of South of Houston (SoHo) in New York city was known as a manufacturing district with a lot of unskilled workers. After being considered at a decaying stage by the city's power brokers, Soho became a

prime location for urban renewal, even though it would destroy several burgeoning businesses and increase unemployment rate among minorities.

The author also relates that, with the progressive deindustrialization of New York, small firms left, and artists started to illegally occupy vacant under a constant threat of eviction, whether because the buildings did not comply with standard and fire regulations or because they did not have basic city services.

During the 1970s, Soho was already one of the world's art centers after the City Planning commission had voted to legalize and allow artists to use those manufacturing lofts as their residence, in 1971. The influx of new businesses such as art dealers, have strongly contributed to the gentrification process of the neighborhood which led to the displacement of several artists. Fastly, loft's prices increased exponentially as it became a chic and trendy way of living in New York. This situation has particularly affected the low-income population since they could no longer afford local rents and had to move to areas nearby where they would find the same problems from Soho before residential legalization.

More recently, brands were looking to connect with consumers on different neighborhoods that were less expensive than 5<sup>th</sup> avenue. Therefore, the ground floors of industrial buildings were occupied restaurants, art galleries and retail stores that offer a glimpse of a life with brick-and-mortar storefronts whereas in 5<sup>th</sup> avenue it does not offer that much of personality and uniqueness to the consumer and the focus is restricted to the fashion industry.

After analyzing all these three similar cases, some of the common aspects among them that may have led to a successful luxury shopping destination are:

- Central and cosmopolitan location: placed in the hearts of the city, these luxury destinations are surrounded by different luxury segments. On each of them, the area is more than a shopping destination, it is a cosmopolitan center. Fueled by theaters, restaurants, nightclubs, and luxury hotels that attract high-end customers, enhancing sophisticated foreigners and businesspeople, that can experience many types of luxury in just one area.
- Concern with preserving building's façade. To remain with its character and authenticity, these cities have been investing on building restoration as it is also a factor of attraction for so many consumers due to the strong aristocratic, literary, and architectural heritage. However, there is a threat to Moscow's architectural heritage due to capitalism (Independent 2011) that has been concerning many locals and experts since it represents a great identity loss.
- Good public transportation network and safety pedestrian zones. These are two critical factors that contribute for places, like these shopping streets, to have a high human traffic. A developed public transportation avoids the constraint of being a place with difficult access plus the time saving benefit, connecting it with all the other places in the city. About safety pedestrian zones, luxury shopping destinations are commonly places where consumers enjoy having a good time and admire the atmosphere thus, it is needed for them to have a solid and safe pedestrian areas.

Considering the factors mentioned above, these should be strong pillars to work on and be developed for the revitalization project of Avenida dos Aliados.

### **3. Addressing the Work Project**

#### **3.1 Methodology**

##### **3.1.1 Research Method**

As presented in the above chapters, secondary research was conducted in a way to understand the current market, namely the offer and demand of luxury stores in Portugal, focusing on the city of Porto. Also, current competition was identified, both nationally and internationally, with the presentation of successful cases, along with a SWOT Analysis to identify Avenida dos Aliados' advantages and disadvantages, as well as current and future potential.

Having in mind the specificities of this study, as primary research, only qualitative research was conducted with in-depth semi-structured interviews to deeply understand the opinions and beliefs of luxury consumers and experts regarding the project's research question. In-Depth semi-structured interviews are "verbal interchanges where one person, the interviewer, attempts to elicit information from another person by asking questions. Even though interviewers tend to prepare a list of predetermined questions, in-depth, semi-structured interviews usually unfold in a conversational manner offering participants the chance to pursue issues they feel are important" (Longhurst 2009, 580-584).

To address the research question of "*How to revitalize Avenida dos Aliados in Porto as a luxury shopping destination?*", some subtopics were created to guide the conversation with the luxury consumers and facilitate the responses' analysis. These were – 1) Consumer behaviour towards luxury, 2) How luxury consumers perceive luxury in the North, and 3) How luxury consumers perceive Avenida dos Aliados.

Interviews were conducted to two different groups, luxury consumers and experts. Regarding the luxury consumers, these were focused only on locals since this project's short-term

strategy is to attract Porto citizens, by understanding their unfulfilled needs and demands, and identify their past successful experiences while luxury shopping in other cosmopolitan cities. As for experts, these have a more technical perspective about the different topics, providing insightful information for the project.

#### Luxury consumers

The chosen method to interview luxury consumers was one-to-one phone interviews, as due to the Covid-19 pandemic, some restrictions limited the possibility to meet people physically. Each interview lasted, on average, 40 minutes and the permission for recording was asked.

Following a semi-structured approach, an initial general question was asked: “*Can you please describe the last time, within the last 2 years, that you bought a personal luxury good for yourself or to offer? What item did you purchase and where?*”. After this initial question, some pre-defined topics were addressed, as illustrated in Appendix VI, being the questions however, formulated according to the interviewee’s answers. A projective technique was also used, as it leads respondents to project their underlying motivations, attitudes, and feelings regarding the issue concerned (da Silveira 2020). The projective technique applied was the Expressive Technique, in which interviewees were asked to define a type of shopper/consumer they would imagine shopping in Avenida dos Aliados and in other luxury shopping destinations mentioned by him/her previously.

#### Experts

The methods used to interview experts were face-to-face and zoom interviews, depending on their availability. Each interview lasted, on average, one hour and the permission for recording was asked.

As it was done with the luxury consumer's interviews, an initial general question was asked: *"Do you believe Avenida dos Aliados in Porto has the potential to become a luxury shopping destination? Why?"*. After the initial question, additional questions were formulated according to the interviewee's answers and to some pre-defined topics that were developed considering the professional position of each expert

### **3.1.2 Research Analysis**

To analyse the consumer interviews insights, the Wendy Gordon Consciousness Model (see Appendix VII) was applied, since it helps identifying and understanding the existent gap between what people do and what they really think (da Silveira 2021), so it was used to better understand why local consumers do not visit more frequently Avenida dos Aliados.

The model identifies six different topics with a growing level from superficiality to deepness regarding information analysis (da Silveira 2021). Four categories, namely attitudes, stereotypes, defenses, and thoughts and feelings will be analyzed and used to sum up the insights.

### **3.2 Sample description**

The sample for the in-depth semi structured interviews to luxury consumers included 20 participants: 17 Portuguese, 1 Spanish, 1 British/Canadian and 1 Estonian. All of them purchased at least one luxury product in the last two years and have been living in Porto/North of Portugal

for at least 5 years. Although the identity of our interviewees remains anonymous, additional information is provided in the Appendix VIII that demonstrates the heterogeneity of our sample.

Overall, the interviewees were in majority female (19) and one male, with an age between 22 and 62 years old. Regarding education, ten of the respondents had a bachelor's degree, six a Master's degree, three a postgraduation and one had an MBA. Also, all of them spoke English and 12 of the respondents travel more than 5 times a year.

This sample followed some prerequisites regarding luxury consumption because the interviewees need to have purchased in the last two years a luxury good/experience within specific price frames developed by BCG and Fondazione Altgamma's investigation in 2017 as illustrated in Appendix IX. In addition, respondents had to been living in the North region of Portugal for at least five years. However, the target was also on an age group between 18 and 65 years old, as they must be over 18 to be legally responsible for themselves, according to the European law, and below 65 years old, because the respondents should be active consumers of luxury goods, as well as clients that normally shop in other European cities in order to describe their international shopping experience.

Most of the respondents were obtained through word of mouth, and others were recruited by the first respondents. This way, it was easier to see that all the requirements were met, because they should follow the same demographics and social-cultural patterns as the first interviewees. This method is called Snowball sampling and is one of the most popular methods of sampling in qualitative research, central to which are the characteristics of networking and referral (Parker 2019). It is used very often when there is a need to identify participants with unique attributes, as is the case of luxury consumers in the city of Porto.

### Experts

Following the qualitative interviews with the consumers, interviews with experts from different areas were conducted.

First, to Dr. Ricardo Valente, who is city councilor of Tourism and Economy as well as vice-president of the Associação de Turismo do Porto e Norte. Dr. Valente disclosed some of the future projects for Avenida do Aliados and also other areas in Porto's historic center, in addition with some of his concerns and wishes for the short-term and long-term of the city, regarding tourism, foreign direct investment and infrastructure projects for the Invicta.

Dr. Aquiles Ferreira de Brito, investor in Predial Ferreira & Filhos, Quinta dos Frades and former owner of Claus Porto, who helped with insights regarding local Portuguese businesses in downtown Porto and the current real estate market.

Mrs. Carolina Rodrigues, Director of Boutique dos Relógios Plus store, that explained the management and effort that is required to make a luxury store succeed in Avenida dos Aliados, and what projects the brand had for the near future.

Dr. João Leite Castro, Senior Director of the real estate agency Predibisa Corporate, that made known what kind of challenges projects can face when developed in downtown Porto and also the pros and cons of investing in a property from a building point of view in Avenida dos Aliados.

Dra. Sandra Campos, Partner, Head of Retail at Cushman & Wakefield and Member of the International Retail Luxury Group, that gave insights regarding the Luxury retail market, as well as the real estate business in Avenida da Liberdade and downtown Porto.



### 3.3 Research Insights

The research insights were collected and analysed according to the two groups of interviewees – luxury consumers and experts.

#### 3.3.1 Groups of Consumers

To better understand the consumption behaviour of Porto's locals and "new locals" (foreign residents), the interviewees were divided into four segments, considering their purchase preferences, opinions regarding the luxury offer in the North of Portugal and their perception about Avenida dos Aliados.

##### The Digitals

This first group was composed by three interviewees, and it's named Digitals since they purchase most of their luxury items through online channels.

This shopper considers the existent offer in Porto very limited, mainly because many luxury brands are not directly represented. Associated with the low assortment of products and sizes, this group feels that is better for them to shop online, due to several reasons. Firstly, the offer of brands and items is much bigger – *"I feel online I will have a bigger number of options. If I go for example to Fashion Clinique to buy a dress, I feel that the offer is much more limited, and I feel that online I will do a better shopping."* (Female, 31y). Besides that, as the offer is so limited, it turns out difficult for the consumer to find what they want – *"Almost nothing, it's very weak (offer). That's also a reason why I prefer to shop online because I feel like physically, I can't find anything"* (Female, 28y). Online shopping is very convenient and practical for these consumers as they do not have to move themselves, neither to shop nor to return the item, sparing themselves from all the implications that comes with it – *"There are few luxury stores and the ones that exist for me are not too relevant and don't justify the inconvenience."* (Female, 31y).

However, even though the Digitals recognize that the experience in-store is better, it needs to be a really good one to make them go, abroad or not, since they always find online a better resource for shopping – *“Today I love the online experience, to go to a physical store nowadays it need to be something special otherwise I get bored. It is so easy to buy online that physically I need to get a special experience to go there.”* (Female, 31y). Moreover, with the digital investments, the consumer can ask for help through virtual assistance and have the same guidance they would have at a physical store.

Lastly, these consumers do not see any potential for Aliados to become a place where they would do luxury shopping, whether because there is not a strong association with luxury – *“I don't see any luxury consumer shopping in Aliados because there is no offer, it's still not very much associated with consumption/shopping, you don't see people shopping there”* (Female, 28y), whether it is an inconvenient for them to go to downtown – *“It is very far away. If I go to the stores in Aviz I loose maybe 5 minutes but going downtown, it's different. Find a place to park, etc. If I went there, I had to spend an afternoon.”* (Female, 52y) or because they feel that it is a poor avenue that lacks in several aspects to be attractive for the consumer – *“Very weak, it doesn't have anything: not a coffee, a store, "life", it's a sad avenue.”* (Female, 28y). Nonetheless, they are aware of the growing process that Aliados has been showing – *“I think it is still starting to grow.”* (Female, 52y).

Concluding, with the use of the Wendy Gordon model, Digitals have not a very positive attitudes towards Avenida dos Aliados, in the sense they recognize that physical stores can provide a better experience than online shopping, as they have direct contact with the store assistants and the brand's products, however it is still an inconvenient for them to go there. Furthermore, the stereotype mentioned was the fact that Aliados is a work-in-process avenue and it has been

improving over the past years. On the other hand, stated defenses were the limited offer of existent luxury brands, which they do not have online, and the scarcity of places to park their car. Finally, their thoughts and feelings consist of not seeing any potential for Aliados to become a considered place for luxury shopping and its weak association with luxury due to the lack of environment.

#### The Pleased

This customer segment includes the clients that are happy with their current shopping experience in Porto and is composed by five interviewees. They are used to shop in stores such as Fatima Mendes and Fashion Clinic, both multi-brands that represent, for example, Valentino, Gucci and YSL, among other brands.

The latter stores are located in a more central area, Aviz, which is an advantage for clients that appreciate time management. In addition, they may do their research online, but they always prefer to buy physically. *“I think Porto is now having a very good offer, it’s increasing a lot. It still doesn’t have what Lisbon has but Fatima Mendes is very good, they represent several brands and I’ve realized that they can order pieces from other stores if the consumer requests. Fashion Clinic also has a very good assortment of brands and products.”* (Female, 61y).

This group feels there is no big perceived benefit in shopping abroad nowadays, with the exception of sometimes finding a bigger offer of products. Still, they consider their social status remains unchanged, whether they shop abroad or locally. *“Quality it’s the same when it’s the same product from the same brand. Social status I don’t care about that, the brand is the same regardless of the country.”* (Female, 53y).

In addition, one of the sectors that was acclaimed overall by all interviewees was the jewelry and watches department, along with luxury car offer. Stores such as Machado Joalheiro,

David Rosas and Boutique dos Relógios, were mentioned a lot by the respondents for the former categories. Clients feel that the overall store experience is good, they feel cherished and welcome, as well as being able to buy, in an indirect way, very prestigious brands. *“For our level of economy, I think it is good. In terms of cars, Porto has the best brands represented such as Porsche, Bentley, Ferrari, Aston Martin. In the watches category, we also have a lot of companies working with the best brands in the world.”* (Male, 55y).

Regarding Avenida dos Aliados, they have mixed opinions. On one hand, they see some potential as the avenue is wide and has many buildings still to recover, although, on the other hand, they are still sceptic since downtown is not an area they are used to frequent when shopping. These clients associate the avenue as a place *“mostly used for people to catch public transportation and as a place for festive dates like football games or special events”* (Male, 55y). They still bear in mind the image it had years ago – *“It used to be banks, journals, insurance companies and so the buildings are very old, with many years and it’s on a metamorphosis stage”* (Female, 56y). They often find excuses to avoid going downtown, such as the amount of traffic, the discrepancy between the left side and right side of the avenue (when looking south, the right side has much more rehabilitated buildings and presents luxury stores), lack of parking and the need for growing, although they feel the area may have potential due to its historic and cultural values - *“For me Porto is Foz, the social life, the best restaurants and hotels, stores, best schools. Everything happens in that small circle, for me and for the people around me. However, I think that investing on Aliados could make it compete with Foz because it’s a cute zone.”* (Female, 51y).

Lastly, this segment can be described as an older generation, that does not feel the need to look for new brands or styles. They are already very aware of what they like and how their style is, so they will continue to buy from their selected brands in their usual stores.

Overall, this segment feels that luxury offer in the North is good, the current stores provide everything they appreciate and fulfil their needs. The Pleas'd's biggest constraint to shopping Aliados is lack of time and the fact that Downtown is far away from where they live, so it is not very practical to just park the car and go and buy an item. However, their "mistrust" with the area is related with cultural reasons. It is not natural to this group to associate Aliados with shopping, since they have been shopping all their life in other areas such as Aviz. Meaning that in order to tempt them to go Downtown, it is necessary that their mentality changes to a more open and creative idea regarding to what the area represents nowadays.

Considering the Wendy Gordon model, this group has a positive attitude towards the Avenue, although some are still very reticent towards its possible future. Mainly because they have the stereotype that Downtown is too far away from where they live and it is not part of their daily routine. As a defence they use their lack of time to get to the stores in Aliados, they say it is not practical, even though the Avenue is at the city centre. In addition, they feel that the existent offer fulfils their needs, so they do not feel the need for more stores to appear in Porto.

#### The Believers

Five in a total of twenty luxury interviewees belong to this group, which is the one that is more relevant to this research and to further recommendations because "believers" are the ones with the highest probability to do luxury shopping in Avenida dos Aliados.

People in this group like to shop in Porto because it is more practical and easier for them and, when thinking about purchasing luxury items, not only do they plan in advance what they buy - *"I did this shop because I already knew I wanted this specific belt. Most of the times, I go to the stores with a planned decision of having already in mind what I want to buy. I enter in luxury*

*stores with an objective.*” (Female, 50y) – but they also like to buy it physically to be able to see and touch the items – *“I prefer to not purchase something of this value online. It is important to feel the material and see it “in loco” the product.”* (Female, 53y). Despite of buying luxury in Porto, this group finds the offer of luxury brands in the North very limited – *“Here in the north the offer is limited despite of the big wealth concentration in some areas such as Porto, Guimaraes. There is a big difference between Lisbon and Porto.”* (Female, 45). The only two categories that currently satisfies their needs are watches and jewelry - *“Regarding jewelry and watches I think (the offer) it's very good.”* (Female, 27y).

They also think that Avenida dos Aliados is a very confusing avenue – *“at this moment it is full of holes, with many constructions, many people working in the metro, it is very confusing now.”* (Female, 50y) and they don't usually go there to do luxury shopping not only because they don't find it convenient – *“For me it is much easier to go to Fashion Clinic because I park my car in front of the door. It is very difficult to park in Aliados, the park is far, and it takes a lot of time.”*, but also because they believe that it has a limited number of brands – *“I think it is a beautiful place but there is not much to go shopping there. The choice is very limited.”* (Female, 50y).

Nevertheless, “believers” think that the avenue is passing through a good change - *“Avenida dos Aliados is starting to reborn now, firstly the structure was changed and now it has a lot of granite”* (Female, 45y) and that it has a lot of potential to *“become a very beautiful place even close to Avenida da Liberdade.”* (Female, 50y). They would like to see *“more cafés and restaurants with terraces with class so that we could have a light meal between shopping and better environment and good-looking people”* (Female, 50y, Believer) and intemporal luxury brands because they buy them *“without thinking too much in other countries, they are always a safe choice because they have a lot of experience and can guarantee us quality”* (Female, 45y).

Overall, Believers think that with the right strategy, Aliados will become a beautiful street to walk or shop - *“in a few years, (Aliados) it will be a beautiful street to go for a walk or to have a pleasant shopping experience.”* (Female, 27y).

Concluding with the Wendy Gordon Model, this group of consumers is composed by people that do not like to lose time. When buying luxury products, they usually plan in advance, showing a preference in shopping in Porto as they consider it to be more practical for them. They show a positive attitude regarding Avenida dos Aliados, believing that with the right strategy, it has potential to become a beautiful avenue and be a luxury shopping destination. In terms of stereotypes, these consumers do not like the environment of Avenida dos Aliados, as it doesn't have the right restaurants and leisure experiences for them. As defenses, they do not perceive Avenida dos Aliados a convenient place for shopping, due to being distant when compared to other available options for them and with difficult parking. Also, they consider the current luxury offer very limited. Lastly, regarding their thoughts and feelings, Believers feel that the avenue is a confusing place as it is full of holes and in the need of rehabilitation.

#### The Travelers

The Travelers is the largest group of consumers, composed by seven interviewees and these are consumers that travel frequently and choose to do their luxury purchases abroad, not only internationally, but also nationally. The reason for them not to purchase luxury goods in the city of Porto is the limited offer existence, both in terms of brands - *“The offer is limited, only the fact that we have to go to multibrand stores, it limits the experience”* (Female, 32y), and products - *“Abroad we have more offer in terms of collections and products, here in Portugal the offer is more limited.”*, (Female, 22y).

Their needs and demands are not fulfilled by the existent stores and therefore, they decide to wait and buy luxury goods when travelling. These consumers are used to have a shopping experience abroad and are not satisfied with the type of customer service that is offered in Porto/Portugal. In general, they feel that the sales assistants do not have the same type of training as the ones in other countries have, being therefore, not as much informed about the products and brands – *“Once I went to Av. da Liberdade and entered a store but there’s still a lack of knowledge from the brand’s side on how to deal with the type of consumer in Portugal. The store assistants aren’t as prepared as abroad. In Madrid for example I could see that the store assistant was much more informed about the products, more attentive in her service, with a very personalized approach. In Av. da Liberdade the store assistant wasn’t as committed and didn’t deliver a personalized service. It seemed like she wasn’t interested.”* (Female, 24y).

Regarding Avenida dos Aliados, they have the opinion that it is going through some good changes, as some buildings are being rehabilitated and some luxury stores, restaurants and hotels are already present – *“In Av. Dos Aliados, there’s concept missing, it’s a touristic zone, people go there to see the buildings and so on but there’s not much to do.”* (Female, 25y). However, they’re not satisfied with the existent offer so they do not perceive Avenida dos Aliados as a luxury shopping destination, as it doesn’t provide a complete luxury experience – *“A cool restaurant (with outside space), a brasserie – (...) a place presentable, nicely decorated with a good environment, a good bookshop (lello is very tourist). Wealthy people go downtown to have dinner, but they don’t go one hour before to walk around or stay after. They need to be captivated, there needs to be more brands, maybe a good sneaker shop”* (Female, 54y). The image and concept of the avenue is still very confusing – *“In Av. Dos Aliados, there’s concept missing, it’s a touristic zone, people go there to see the buildings and so on but there’s not much to do.”* (Female, 25y).



When asked about which type of consumer the interviewee sees shopping in Avenida dos Aliados, all were the opinion that it is a place for tourists and not for residents – *“That’s for tourists, Chinese tourists. Burberry and Tod’s are very for Chinese customers or tourists.”* (Female, 32y), having it therefore not in considerations as a place for them to shop – *“There is not a mentality to go downtown shopping.”* (Female, 54y).

To conclude, using the Wendy Gordon Model, this group of consumers presented a positive attitude regarding the recent changes being developed in Avenida dos Aliados, namely the rehabilitated buildings that have attracted luxury stores, restaurants, and hotels, and see its potential as a luxury shopping destination. They have the stereotype that the avenue is a place that attracts tourists and not residents, feeling therefore, not belonged there. As defense they mention the limited offer in terms of brands and products, and the low level of customer service available at the luxury stores, not only in Porto, but in Portugal in general. Lastly, they feel that there’s an undefined image and concept for Avenida dos Aliados and do not perceive it as a luxury shopping destination today, as the complete customer experience is missing.

### **3.3.2 Experts**

The experts’ insights were very important to understand the underlying concepts and ideas behind the future projects for Downtown Porto.

First, the concept of Made in Porto and the communication of the origin of a product arouses a lot of interest in consumers. Adding to this, the traditional art, handmade and vintage labels in a brand are extremely important in Porto because people who live in the city have a big sense of authenticity and genuineness. It is also relevant to understand that people from the North of Portugal (mainly from Braga, Guimarães and Famalicão) go a lot to Porto to do their luxury

shopping so, it is important that Avenida dos Aliados offers more good coffees, restaurants and “green spaces”.

Regarding the commercial establishments in Avenida dos Aliados, they are still defining their core customers due to the pandemic context but, there are many American, French, British, East Europeans clients. However, the majority and the more current ones are local clients since they needed to go to Avenida da Liberdade to fulfil their shopping needs. It is extremely important to provide events in the stores to improve the consumers’ relationship with the brand and the respective team, create an emotional connection. For example, the partnership of Boutique dos Relógios Plus in Avenida dos Aliados with the jewellery School of Porto is a good strategy not only to attract the interest of local consumers but also to gain creative inspiration from young students. In addition, Aliados should offer a harmonious image to consumers, for example by offering more similar luxury brands.

On the downside, it is difficult to have more luxury stores in the Avenue because there are few spaces available near the luxury stores and luxury brands like to be close from each other.

Overall, Porto remains in a very early stage of the luxury concept since it is still out of the radar from international luxury brands as these first choose Lisbon and, only after this store is consolidated, they will turn their attention to Porto. The first places being available for developing more the concept of Luxury at Aliados started to appear when buildings started to be restored. In general, the luxury real estate market has been very low, it is not strong enough that justifies opening a second store in Portugal. Aliados still needs to gather more adequate spaces for brands, through building rehabilitation, as these strongly value the quality and charming of the building more than size itself.

### **Conclusion of Insights**

After presenting the four groups of consumers, some key takeaways can be highlighted before introducing the proposed recommendations. Aliados, in an overall way, is seen as an area with potential for luxury shopping, however with a few setbacks such as parking, empty buildings, distance from residential areas and lack of retail offers. The interview respondents feel that Aliados needs be invested in many ways: it should represent a more coherent concept and be better communicated to the clients, along with presenting a better commercial retail selection and urbanistic landscape. As for the experts, these confirmed the demand that exists for luxury shopping in the North of Portugal, highlighting the importance of local consumers in Avenida dos Aliados. They also present a positive attitude regarding the avenue, reinforcing the need of rehabilitation projects, since the buildings have value that would generate the interest of luxury brands.

### **4. Recommendations**

The recommendations on *“How to revitalize Avenida dos Aliados in Porto as a luxury shopping destination?”* were divided into four categories, namely – *“Communicating the value to attract luxury business”*; *“Communicating the value to attract luxury customers”*; *“Establishing the commercial offer as an attraction”*; and *“Integrating retail into the urban experience”*. These will be presented as individual projects, one for each group member.

Lastly, a short conclusion of the recommended strategies will be presented.

### Overall Conclusion of Recommendations

As regards the topic of “*Communicating the value to attract luxury businesses*”, a branding and communication strategy was proposed, highlighting the need to clearly identify and communicate Avenida dos Aliados’ identity and positioning. The already present luxury businesses, along with the city council should create an organization with the aim to effectively promote the avenue’s history, its distinctive characteristics, image and value, increasing awareness and attracting the interest of potential luxury businesses and clients, through the use of communication tools.

When it comes to the topic of “*Communicating the value to attract luxury customers*”, a new umbrella brand architecture for the city of Porto was proposed to rebrand and reposition Avenida dos Aliados as a luxury shopping destination. After highlighting the importance of the local community and its impact to achieve the goal of the branding strategy, the city should form a task force composed by members of the city council and luxury experts from the different sectors. After establishing an identity and positioning for Aliados, one that conveys its heritage, authenticity and savoir-faire, a communication strategy should be implemented accordingly to capture the luxury customers.

As for “*Establishing the commercial offer as an attraction*”, it is important to retain that in order for Porto to blossom as luxury destination it must focus on creating an original and authentic store experience. Local clients will be intrigued and will feel the need to visit the stores. It is necessary that store visitors create a link between Porto and the store experience, in order that the real feel of the city can shine through what commercial establishments have to offer.

Regarding the topic of “*Integrating retail into the urban experience*”, the main key conclusion is related with the fact that Avenida dos Aliados should be able to offer a complete

experience to consumers that incorporates cultural and urbanistic dimensions. This is extremely important in order to make local luxury consumers appreciate going to the Avenue.

Moreover, it is crucial to think in Avenida dos Aliados as a central point (trunk) that connects surrounding neighborhoods (smaller trunks) that play an important role in transforming the Avenue into a pleasant destination. This way, consumers can go to Avenida dos Aliados to buy luxury but are also able to find good restaurants or vintage stores in the streets around the Avenue.

#### **5. Work Project Main Limitations and Implications**

During the development of this study, some technical limitations emerged, and it is relevant to mention them to do a more complete analysis.

Firstly, as it was mentioned before, some interviews were done by phone not only due to the Covid-19 pandemic restrictions, but also because some of the respondents were in different places of the country. As one of the main objectives of the in-depth semi-structured interviews is to understand the beliefs, feelings, and behaviors of the interviewees through gestures, looks and expressions, this was limited since there was no physical contact.

Additionally, it was challenging to reach luxury consumers living in the North of Portugal, since they are predominantly low-profile, and this is reflected in the size of the sample, which is not fully representative. Also, it was challenging to find clear and updated information about the luxury consumption in the North of Portugal, as it is mostly done by foreign consumers.

It is also important to mention that quantitative research was not conducted in this project and it is key to collect more significant data and validate the qualitative attitudes and determine the potential scale of the market.

Moreover, the recommendations were only based on the insights collected from the luxury consumers from the North region, missing the two groups of domestic and international tourists, which account for a big proportion of the luxury consumption in the North region of Portugal. Adding to this, some interviewees were able to express their opinions and beliefs about Avenida dos Aliados, but in some cases, as the respondents were not truly familiar with Avenida dos Aliados, they did not give honest opinions about it, only socially acceptable answers instead.

Finally, it is relevant to highlight that for Avenida dos Aliados to become a luxury shopping destination, it needs to go through a continuous process that can last over ten years, similar to what have happened with Avenida da Liberdade. This being said, the proposed for this project are expected to be applied in the long-term.

## **6. Future Research**

To tackle the previous limitations found during this study, would be important to conduct more investigations in the future, aiming for more deep and concrete information about the topic.

1. With the purpose of maximizing the data collection from individual semi-structured in-depth interviews, these should be conducted face-to-face as the body language component was missed during this study which, undoubtedly, gives information non-spoken about their feelings, perceptions, and ideas regarding the topic. Another interesting way to collect more qualitative data would be approaching consumers by performing a focus group. By using the same criteria to select candidates, these individuals would be gathered in a non-threatening environment where they would have a discussion as a group, interacting with each other, and would follow moderator's guidelines (DeVault 2020). This group environment sometimes is less threatening and

intimidating for consumers, making them more willing to share their opinions, at the same time it allows for the interpretation of body language.

2. With the intent to have a more complete comprehension of consumers' attitudes and stereotypes, quantitative research is necessary for this purpose as it is an easier tool to reach a wider audience. In addition, the collected data could give a better overview about the luxury consumption behavior of the respondents regarding, for example, their shopping frequency, what they value or not on a luxury good or how much of their income is spent on luxury shopping.
3. To broaden the research, the sample of consumers should be extended to tourists due to the importance of the tourism sector for the city of Porto. In fact, in a pre-pandemic scenario, it was estimated that Porto used to rely 75% on international tourists that were mainly from USA, Brazil, South Korea and Australia (Valente, 2021). Thus, it would be interesting to wide qualitative research (whether individual interviews or focus groups) to this target consumer, understanding their perceptions and vision of what they expect from a luxury shopping destination in foreign places. Besides qualitative data, it would be also important to do a secondary research and find some figures about the luxury consumption on the above-mentioned countries to better sustained the insights obtained from the luxury consumers.

## **Introduction**

This section of the field lab report is solely focus on how to communicate the value of Avenida dos Aliados, in Porto, for luxury customers

With the increase globalization and development of technologies, cities need to find new ways to promote themselves as the competition with other cities is becoming fiercer. It is of extreme importance that towns evaluate the assets available and owned attributes to find their own competitive advantage and develop a strategy around it. Nonetheless, this city branding goes beyond of becoming an attractive tourist destination or a business center.

Cities that used to heavily depend on tourism, like Porto does, have suffered even more with the Covid-19 pandemic since boarders were closed, flights were cancelled, and everyone was obliged to stay at home. Specifically for the luxury market, as the city councilor of Tourism and Economy of Porto, Dr. Ricardo Valente disclosed, Porto used to rely around 75% on international tourists. These visitors were mainly from USA, Australia, Brazil or South Korea and were the ones that corresponded to the majority of luxury expenditure done in town. Thus, more than ever, cities need to find new strategies and adopt a more local-consumer-focused approach as these are the ones that, in such harsh times like the pandemic, will keep the “ball rolling” until everyone returns to their normal life.

For all the above-mentioned reasons, branding the city of Porto focusing on Avenida dos Aliados and its local consumers, aims to surpass the tourism dependency as well improve and strengthened the city’s overall image perceived by its residents through conveying the right messaging.

### **1. Branding a Place**



## 1.1 The Concept

Branding a certain place, such as a street, consists of a smaller version of branding a city since the framework, the processes and challenges to overcome will be similar but on a smaller scale. Under this light, place branding is the use of marketing techniques to give a place a unique identity in the minds of citizens, visitors, investors and companies meaning, to redevelop a place's image and make it distinctive from others. The aim is to achieve a competitive advantage facing up to other destinations while nourishing prosperity, by incentivizing a community development and reinforcement of the local identity (Dinnie, Keith 2011). One can argue that exists a certain complexity on branding a place due to the fact that it should be able to address the needs of the different target audiences hence, one-size-fits-all approach often fails (Dinnie, Keith 2011). Moreover, nobody truly owns the city or place itself so one-sided individual are not allowed which makes it an environment difficult to control.

Branding a place can be done by using one of the following three approaches:

- Organic: considered the most effective one, organic branding occurs naturally, by its own since it communicates current unique attributes and assets of the place (Spacey, John 2016). An example of that was SoHo, in New York City, as it slowly progressed from a mere manufacturing district to one of the most well-known art centers and luxury shopping destination.
- Deliberate: this branding creates a strategy around the desired vision and status do be achieved, it communicates and tries to sell a future concept for the city that is not, yet, reality (Spacey, John 2016). The new Place Vendôme in Doha, Qatar, owned by a group of four investors is an example of that. This latest version of the parisienne square will accommodate five-star luxury hotels, high-end residential areas, a shopping mall with

designer brands, marinas and leisure areas, all nourished by rich public transportation and accesses (“Place Vendome” n.d.). This new luxury pole built from scratch seeks to attract both regional and international citizens but, most importantly, visitors by projecting a place with the disguise, or even copying, of a well-established brand.

- **Hybrid:** it consists of a merged approach of the previous two since it sells the future idea for a city or place by leveraging its communication with an organic base. In fact, this field lab project is an example of that since it studies a new branding strategy for Avenida dos Aliados to become a luxury destination. As demonstrated so far, it is not a reality right now but something to become on the years ahead, rooted on the strong history of the city of Porto and Aliados itself.

## **1.2 Brand image**

According to Keller, brand image is the consumers’ perceptions about a brand, as reflected by the brand associations held in the consumer’s memory (Da Silveira, Catherine 2020). It reflects how the target audience absorbs the signals and communication from the brand and it can be through direct experience, word-of-mouth, online forums, etc. Thus, it is shaped by the consumers, how these perceived the brand which might not match with what the brand has initially conceived.

As an indispensable attribute for place branding, the impact of brand image on consumers can be substantial due to the recognition of a direct link between a city’s reputation and its desirability as a place to live, visit, invest and study (Dinnie, Keith 2011) Hence, marketers must bear in mind the impact and value of a positive or negative brand image. In addition, to have an identifiable and differentiated image on a global context, cities often resort to iconic buildings to build up its status symbol, communication tool, promote its heritage and attract visitors to town

(Riza et al. 2012). However, cities should be careful to not have an easy-to-reproduce image, otherwise it would lose its character and authenticity.

Considering the importance of this matter, it is needed to develop a strategy to empower, promote and, most of all, protect one of the most valuable assets of a city which is its heritage.

### **1.3 Brand identity**

A brand identity is shaped by the managers and consists of what they would like the brand to be, what the brand stands for and what makes it unique since one brand can only have one identity. It is something aspirational as enduring as possible (Da Silveira, Catherine 2020).

Kapferer's Identity Prism (Appendix I) is commonly used to analyze a brand's identity and it is composed by six different dimensions:

1. Physical: most salient features of the brand.
2. Relationship: counterpart, tangible and intangible, given by the brand to its consumers/users.
3. Customer Reflection: the projected and desired consumer type which is not the same as describing the target.
4. Personality: which type of person, hypothetically, would the brand be.
5. Culture: the core of the brand, its set of values.
6. Self-image: what managers expect consumers to feel when purchasing/using the brand.

Later, this concept will be applied to better understand the suggested brand identity for Avenida dos Aliados in Porto in order to find the right rebranding strategy that would match the city identity and sustain a stronger brand image for consumers.

#### 1.4 The Importance of the Locals

Sometimes, during a city branding process, the power of some groups might be neglected and undervalued. When constructing a city brand, those in charge need to be aware of the influence that citizens have and leverage from it in order to be one step closer of success. As mentioned in the book *City Branding* by Keith Dinnie, Andrea Insch, an Associate Professor of University of Otago, explains the importance of including local residents and organizations for the process since *“Undervaluing the stake that residents have in shaping and enhancing a city’s brand could undermine the aims and intentions of a city’s original brand strategy. (...) they are instrumental in building the city brand as they “live and breathe” the city’s brand identity.”*. In other words, locals are a crucial variable to have in consideration for the branding goal to be achieve. By promoting city brand partnerships where the interests of public and private stakeholders are aligned and welcoming citizens to participate by sharing their thoughts, perceptions and future vision for the city, are some of the key aspects to be considered. Fostering a sense of community, cooperation and trust for the ones that are more exposed to all the communication done by the city but also those who want their city to improve on social, environmental, economic and political field.

Moreover, there is a positive relationship between city brand image and satisfaction of its locals and, consequently, its visitors (Riza et al. 2012). Foreign people in town often look for new experiences, a break from their routines or learn and experience the culture, which includes mingling with the local people. The perceived image of the city by this group is influenced not only by experiencing the city itself, since if their expectations do not match the reality, they will be disappointed and it is unlikely for them to visit the place again. Also, by the perception of the satisfaction of its citizens as these are the ones that give legitimacy and authenticity to a place because, as previously explained, sometimes a city image can be reproducible and its inhabitants

might represent a differentiation factor (Dinnie, Keith 2011). If not even the local residents are happy and satisfied with their own city, how will tourists have a positive feeling towards it? This reinforces the power of attraction and influence those inhabitants have on a city as they have the ability to attract international travelers who have a significant impact on heating up the economy (Riza et al. 2012).

Considering everything that has been said so far, image is an inherent attribute to city branding and city identity as the first one seeks to reshape the image of a certain place while the second one, composed by its monumental buildings and urban elements, will effortlessly be reflected on how a city is perceived (Appendix II). Consequently, whether from internal or external individuals, the city's image formed in the minds of consumers will affect the quality of life of its citizens. (Riza et al. 2012).

## 2. Porto City Branding

### 2.1 Current Branding

In 2014, Porto adopted a concrete, well-considered and detailed branding strategy and communication. By creating more than 70 icons and shapes that would represent the city and its experience according to what the city represents for each citizen, these shapes were designed



to give a piece of their “own” Porto to each of them as “*Everyone should have their own Porto.*” (Behance n.d.). It mirrors the complexity and personality that this city is made of. Furthermore, the slogan chosen was “Porto.”, written in a white and blue layout, formed by the icons, which resembles to the traditional Portuguese tiles. The City Hall strongly invested on this branding,

spreading the new logo on every transportation, billboards and even placed the word “Porto.” inspired on the example of Amsterdam “I amsterdam”. (Appendix III).

During an expert interview with Dr. Ricardo Valente, he explained the rationale behind saying “*We cannot describe Porto. Porto is just Porto. You have to experience Porto to know Porto.*” (Valente, Ricardo 2021). Furthermore, the city hall launched a book about Porto with the slogan on the cover and encouraged every citizen to provide pictures that they would have taken from the city. This initiative worked extremely well and resulted in a beautiful photography album due to the amazing engagement of each local as they felt that they were contributing to the benefit of their own town. Thus, it reflects once more the importance of evolving communities and locals as a co-creation branding process that will, ultimately, improve residents’ quality of life.

## **2.2 Branding and Communicating Avenida dos Aliados through a New Brand Architecture**

Porto itself can adopt the “umbrella” brand strategy as its brand architecture. The aim with this strategy is to have a strong corporate name, which would be Porto, and have smaller brands with their one specific identity, positioning and communication. For example, Aliados could be positioned as a luxury shopping destination whereas Douro Valley as luxury experience gateway. Even though the focus here is on Avenida dos Aliados, combining these two places on a branding strategy could possibly create a symbiotic relationship for the brand since it offers different experiences that, at the same time, complement each other. Aliados should be able to reach and capture the consumers from the luxury experience offered on Douro Valley but mostly, each northern citizen that wants to do luxury shopping, by communicating its new branding and position in the sector.

Porto has the resources needed to provide this local and authentic luxury at its own way, creating a linkage between a more cosmopolitan experience that Aliados offers and a countryside relaxing type of luxury from Douro Valley. To implement the following branding strategy and manage the entire process, a task force should be elected and composed by members of the city council as well luxury experts from the different sectors

### 2.2.3 A New Brand Identity for Avenida dos Aliados

Considering the suggested brand architecture for the city of Porto, a new brand identity for Avenida dos Aliados should be designed to be promoted accordingly.

**Physical:**

City hall, big avenue/square, restored and emblematic buildings, central location.

**Personality:**

Modern but classic, elegant, imposing, Portuguese, mature and full of experiences.

**Customer reflection:**

Intellectual, sophisticated, stylish, recognizes the value of luxury, locals but also tourists with high-purchasing power, looking for authentic luxury.



Figure 1 Kapferer's Prism

**Culture:**

City of craftsmanship, strong and protected heritage, classic, authentic, foundations of the city.

**Self-image:**

“I am confident, empowered, chic, stylish.”; “I like what I see, I can have a good time here and I feel safe.”; “I love my city, I am happy to live here.”; “I am surrounded by luxury places and still feel at home, feel cozy.”.

**Relationship:**

Tangible: elevated shopping experience, high-end stores, accommodation, hotels.

Intangible: feeling of exclusivity, upper-class focus, cosmopolitanism, chic, connect the surrounding neighborhoods, heart of Porto.

#### 2.2.4 Avenida dos Aliados Brand Repositioning

After developing a new brand identity for Aliados, it needs to be repositioned as a luxury shopping destination in order to become different from its competitors and appealing to the consumers.

1. **Target:** intellectual consumers with high-purchasing power looking for a luxury moment, between 20 and 65 years old, local or tourist.
  
2. **Main competitors:** Consider the ones that compete on the same benefit level, meaning other places that offer some kind of luxury. On an inside level, meaning in Porto, the competitors are Galleria, in Norte Shopping, Avenida da Boavista, Aviz and Rua Sá da Bandeira. On the opposite level, would be the most mentioned luxury destination during qualitative interviews: Avenida da Liberdade in Lisbon, as it is the national direct competition, Calle Serrano in Madrid, Avenue Montaigne in Paris, Bond Street in London and Soho in New York City.
  
3. **Points of Parity:**
  - Category: luxury offer (whether restaurants, hotels or stores), high-quality service, organize/clean and elevated environment, easy to walk.
  - Competitive:
    - Luxury quality standards are the same for the same luxury brand or hotel chain.
    - Concentrated offer of different high-end sectors.



#### 4. Points of Difference and Reasons to Believe:

- Tradition and Authenticity – Preservation of cultural and architectural heritage by buildings restoration which evoke nostalgic feelings. Still remains with its character as still a distinctive area of luxury, sometimes streets tend to look the same as others due to the presence of the same fashion retail chains.
- Concentrated Experience: It has enough spacious to have a nice walk and still see the entire avenue from both sides, providing a more intimate luxury experience.

#### 5. Positioning Statement:

For customers with high-purchasing power who are looking for a luxury moment, Avenida dos Aliados is a luxury destination which gives the most authentic and distinctive type of luxury due to restored emblematic buildings and architectural heritage that evokes nostalgic feelings; but also, a more intimate and concentrated luxury experience since it is a cozy avenue and the offer is not so dispersed.

### 2.3 Communicating a New Strategy

Considering the findings during the qualitative research, branding Aliados will be a long-term process since it needs to reshape its brand image in order to get closer to the new designed brand identity. After defining the new scope and positioning, the greatest challenge is “How do we reach and interact with our audiences in a creative and convincing way? How do we tell the story of our city with credibility?” (Dinnie, Keith 2011).

Starting with communicating the connection between Porto and Douro Valley, it is very important to convey the message of complementarity between the two as well its relevance for an

authentic luxury experience. Porto and the North of Portugal are characterized and recognized by its long past with craftsmanship, the savoir-faire, its traditional practices. Overall, it is the manufacturing district of Portugal. Regarding Douro Valley, its beauty is enhanced by its vineyards that produced some of the best Portuguese wines and the iconic Porto Wine which is so worshipped by citizens and tourists. Communication for this matter should be emphasized on the heritage and roots of Porto as a fashion district and on its iconic produced products. The places to visit would be Aliados when looking for local or international luxury fashion and Douro Valley to have a taste of what Porto is made of, whether through the taste of the wine itself or the taste of the heritage, savoir-faire and lifestyle carried by Douro that can not be found in any other place. Thereby, customers could take advantage of the geographical proximity and experience different types of luxury.

Portugal Fashion is one of the biggest fashion events on a national level that occurs every year in the city of Porto. Currently, there is a weak association between Avenida dos Aliados with luxury but also fashion. An opportunity to strengthen that correlation would go through, for example, organizing a marketing event partnering with the city commission and the commission of Portugal Fashion where a fashion show would take place right in the avenue. Since Aliados is already used as a venue for big celebrations, an event with such dimension that brings so many known designers, famous personalities and public, would provide an enormous visibility and start sowing this association with fashion and designers' brands in consumers' mind.

As previously mentioned on this study, partnering with local communities during this branding process can bring many benefits. While discussing some interesting topics with the brand manager of Boutique dos Relógios Plus at Aliados, Carolina Rodrigues, she mentioned some of the initiatives done by the brand that have worked out extremely well. The main goal of the brand is

to instill to the consumer the habit to come to the store and reinforce the emotional connection with them by organizing workshops, exclusive lunches or dinners and special events or private sales. Two adopted strategies were stood out. The first one is the customization room where customers can personalize their own items and observe a watchmaker doing his job. It is an example of an incremental experience that not many luxury stores offer and can afford and has an added value from the consumer perspective. The second one was a partnership with a local jewelry school to introduce and boost these young artists at the same time that the inspiration for the artist community keeps flowing. The feedback from its customers was extremely positive since they felt the empathy with these students as they were their children and appreciated the opportunity that was given to them. Once again, it represents the benefit of combining luxury with local opportunities to provide an authentic high-end event, which more luxury stores could get inspiration of and have this type of local-focus approach.

Lastly, the presence on the online world is essential to empower brands. With the increasing development of technologies and of online users, brands need to find their own way to reach their target audience. As some users have adopted the digital as their preferred channel, the strategy used needs to be even stronger for the consumer to get out of his house on purpose. Combined with traditional media advertising, there are some strategies that need to be adopted to gain awareness and relevance on digital. First of all, it should be created official social media accounts and website in order to provide trustworthy information, explain the branding process and updating consumers with the latest news. A platform managed by the task force of Avenida dos Aliados where they would update users about new events and happenings on the field, the history behind, what it available and even do a reservation directly with a restaurant, hotel or a private visit to a luxury store. Combine everything users need to know to discover what Aliados has to offer. Also,

invest on customer relationship management to create a closer connection between the brand and the consumers, gain his trust and build their loyalty by highlighting the brand's values. This could be reflected on an online forum in which users could ask any doubt directly In addition, this new brand could benefit from partnering with some influencers, fashion and travel bloggers that would reflect the brand identity. The power of influence that these personalities have nowadays on users is remarkable and are definitely an asset to considerer to easily reach a younger generation and visitors.

### **Conclusion**

To conclude, Avenida dos Aliados clearly shows the capacity to become a luxury shopping destination. Considering the findings during qualitative research with local consumers and experts, there is an opportunity of rebranding for the avenue in order to be capable to satisfy the locals' needs. Furthermore, this study had shown the importance that local citizens have to attract visitors and these perceive a place since locals, ultimately, can represent a differentiator factor to other shopping destinations.

By using a deliberate branding approach, a new brand architecture for the city of Porto was proposed, in which Aliados would be positioned and rebranded as a luxury destination. After highlighting once more the importance of the local community and its impact to achieve the goal of the branding strategy, the city should form a task force composed by members of the city council and luxury experts from the different sectors. After establishing a new brand identity and a luxury positioning for Aliados, one that conveys its heritage, authenticity and savoir-faire, a communication strategy should be implemented accordingly to capture luxury customers.

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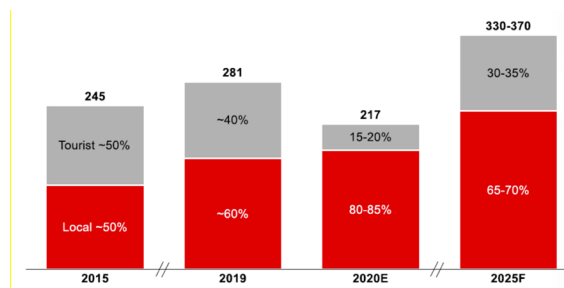
**Appendices:**

I. Figure I Before and After Avenida dos Aliados



Source: <https://unsplash.com/s/photos/avenida-dos-aliados>

II. Figure II Personal Luxury Goods Market - Local vs. Tourism (2019-Forecast 2025)



Source: Da Silveira 2021

III. Table I Monthly Distribution of Guests and Overnight Stays in PNP in 2020

Hóspedes	Jan	Fev	Mar	Abr	Mai	Jun	Jul	Ago	Set	Out	Nov	Dez
Portugal	180 676	208 479	79 975	16 967	44 043	114 447	192 630	307 227	217 049	168 589	81 864	96 641
Estrangeiro	157 036	156 096	65 311	3 044	5 576	13 172	64 065	122 265	94 015	69 358	17 293	19 297
Dormidas	Jan	Fev	Mar	Abr	Mai	Jun	Jul	Ago	Set	Out	Nov	Dez
Portugal	260 938	302 643	124 025	29 027	64 665	178 628	331 993	570 262	364 658	259 293	122 564	137 561
Estrangeiro	317 744	327 709	146 297	7 635	12 492	29 522	139 827	267 610	195 926	143 408	39 970	40 817

*Source: Relatório e Contas 2021*

IV. Table II Guests and Overnight Stays in PNP in 2020

	2020	
Nº Hóspedes	TOTAL	<b>2 495 115</b>
	Portugal	1 708 587
	Estrangeiro	786 528
Nº Dormidas	TOTAL	<b>4 415 214</b>
	Portugal	2 746 257
	Estrangeiro	1 668 957

Source: Relatório e Contas 2021

V. Table III Tourism Demand in PNP in 2020

2019		2020		
Nacionalidades	Nº	Nacionalidades	Nº	% - Variação Crescimento
PORTUGAL	2 745 717	PORTUGAL	1 708 587	<b>-37,77%</b>
Espanha	670 724	Espanha	251 465	<b>-62,51%</b>
França	347 037	França	107 367	<b>-69,06%</b>
Brasil	310 883	Brasil	68 987	<b>-77,81%</b>
EUA	229 663	Alemanha	62 991	<b>-71,95%</b>
Alemanha	224 599	Reino Unido	39 375	<b>-78,69%</b>
Reino Unido	184 745	Itália	33 430	<b>-77,43%</b>
Itália	148 122	Holanda	23 555	<b>-72,54%</b>
Holanda	85 790	EUA	23 346	<b>-89,83%</b>
Canadá	73 401	Bélgica	16 464	<b>-72,27%</b>
Suíça	63 507	Suíça	15 806	<b>-75,11%</b>

Source: Relatório e Contas 2021

VI. In-depth semi-structured interview guide for luxury consumers:

**Warm-up**

Good morning/afternoon, my name is ... and I am a student at Nova School of Business and Economics. Within the framework of a field lab project of our Master's in Management



with a stream of Luxury Management, we are conducting a research on Luxury Goods. For this research, we are using a particular technique: the non-directive method, which means that I will not ask you specific questions about the subject as in a standard questionnaire.

With the purpose of analyzing our interviews later, would you mind if I record the interview? In compliance with the General Data Protection Regulation, it will be used only for this project and remain anonymous, and all the interviews will be deleted once the study has finished. It will last approximately 40 minutes and after the first question that I will introduce now, you will be free to tell me whatever comes to your mind on the subject:

*“Can you please describe the last time, within the last 2 years, you have bought a personal luxury good for yourself or to offer? What item did you purchase and where? (It can be an accessory such as a bag/wallet, or a luxury cloth, watch, jewelry, or any other item)”*

### **1 - Consumer behavior (buying experience)**

#### **Subtopics to investigate:**

- **Step 1 – Consideration behavior:** Is it a planned decision, if yes until when? Do they plan in advance, the brand or product they buy or not? If not, how is it? Do they decide based on product category, brand category...?
- **Step 2 – Evaluation stage:** When do they buy? How they choose? Based on What?
- **Step 3 – Purchase stage:** What do they purchase effectively, when and where?
  - Before covid-19 vs. During and after the pandemic (how often do they purchase luxury goods, how often did they shop for luxury abroad)
  - Experience in the store (offline and online). Do they compare the experience outside Portugal and in Portugal?

- Try to understand the perceived benefits in purchasing abroad vs in Portugal & in Porto (in terms of price, assortment/choice, social status of purchasing abroad)

## **2 - Luxury in the North**

- What they think about the luxury offer in the north of Portugal
- Have they ever shopped in any luxury store in Porto/North
- Where do they shop and how is their experience

## **3 - Projective Technique**

- Choose 2 places that they mention themselves where they have been and visited luxury stores (but not necessarily purchased). Try to focus on areas (examples: Champs Elysees or Avenue Montaigne instead of Paris, Avenida da Liberdade instead of Lisbon)
- In your opinion, which type of shopper/consumer shop in ...
- In your opinion, which type of shopper/consumer shop in Avenida dos Aliados

## **4 - Avenida dos Aliados**

- Have they ever been in Avenida dos Aliados
- What do they think about Avenida dos Aliados
- What do they think about the stores
- Which kind of luxury stores would they like to see there
- What would make them shop in Avenida dos Aliados (not just about stores)
- How do you think it can be compared to a shopping experience in Norteshopping premium area or Santa Catarina Street? + other areas in Portugal and in the world

## **5 - Socio – demographics:**

- Gender
- Age category
- Nationality
- Their story of life
- Level of Education
- Languages they speak
- How often did they travel abroad before covid
- Profession/Industry

*Source: Work Project's Authors*

#### VII. Wendy Gordon Consciousness Model

Published in 1999, *Goodthinking: A Guide to Qualitative Research* book by Wendy Gordon presents a framework, the Consciousness Model, which helps to represent and understand the existent gap between what people do and what they really think, meaning between their attitudes and feelings:

This model incorporates two different types of research, quantitative and qualitative research, and a total of six different topics with a growing level from superficiality to deepness regarding information analysis.

The quantitative research integrates the first two levels:

- Attitudes which are the first and top-of-mind opinions that respondents have about the mentioned topic.
- Stereotypes as ideas that people are more willing to share since they are commonly socially acceptable.

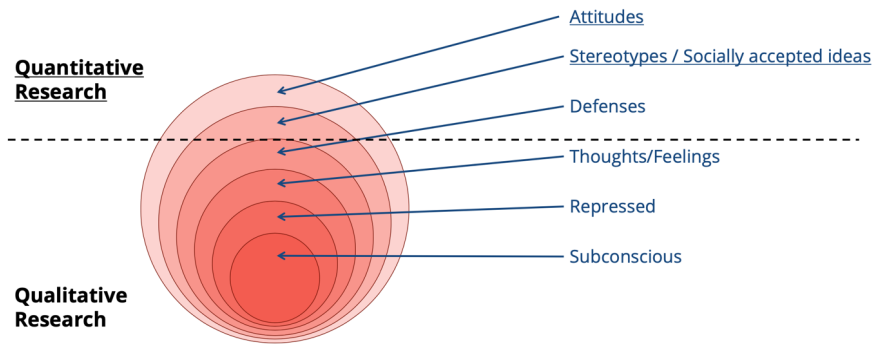
Regarding qualitative research, it incorporates:

- Defenses which work as excuses that respondents tend to use to justify their previous opinions about the topics mentioned.
- Thoughts and Feelings which are respondents' feelings but also perceptions about the topic at hand.

The last two levels are not possible to acquire neither through quantitative nor qualitative research. "(...) no matter how hard qualitative researchers try to reveal the cause of behavior or the factors that influence it, and no matter how hard the research participant tries to introspect, the information may not be available to the conscious mind." (Gordon, Wendy 2011).

As the deeper levels of human comprehension, we have:

- Repressed feelings which are feelings that the respondents may not be aware that they actually have it. "Asking them directly may be useless because of what it is known as the introspection problem. This means that consumers are not sufficiently cognizant to express their innermost thoughts and feelings simply because they are unable to do so." (W. Meek 2003).
- Subconscious is where the repressed feelings are kept, in a less accessible part of the human mind so that are less likely to appear (W. Meek 2003).



Source: Da Silveira, Catherine. 2020 Brand Management Course, Lecture Slides: Measuring Brand Performance, Nova SBE

VIII. Table 5: Sample Demographics

Number	Gender	Age	Nationality	Occupancy
#1	Female	31	Portuguese	Law
#2	Female	50	Portuguese	Hotel Management
#3	Female	32	Estonian	Content creator for fashion brand
#4	Female	51	Portuguese	Manager
#5	Female	22	Portuguese	Student
#6	Female	45	Portuguese	Project manager
#7	Female	25	Portuguese	Not working
#8	Female	50	Portuguese	Trainer and coach
#9	Male	55	Portuguese	Hospitality manager

#10	Female	56	Portuguese	Electrical equipment
#11	Female	28	Portuguese	Aesthetic Medicine
#12	Female	24	Portuguese	Marketing Director
#13	Female	53	Portuguese	Painter
#14	Female	54	Portuguese	Stay at home mom
#15	Female	52	Portuguese	Owns décor store
#16	Female	42	Canadian	Stay at home mom
#17	Female	61	Portuguese	Asset Management
#18	Female	52	Portuguese	Owns online fashion brand
#19	Female	50	Portuguese	Real-estate consultant
#20	Female	27	Portuguese	Category Planner

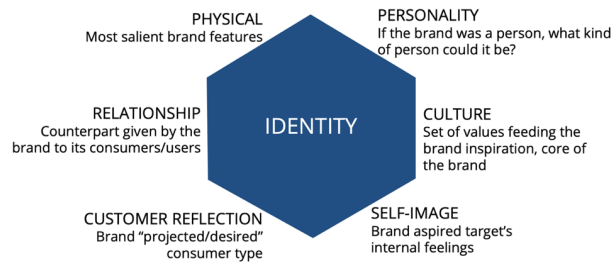
*Source: Work Project's Authors*

IX. Table 4: Thresholds by category to identify a “True Luxury Consumer”

Personal Luxury Goods			Experiential Luxury Goods		
Category	Threshold Price	vs. '16	Category	Threshold Price	vs. '16
Handbags	>1 000 € / each	▲	Restaurants	>200 € / person	▲
Shoes	>300 € / each	▬	Wine & Spirits	>100 € / bottle	▲
Sunglasses	>180 € / each	▬	Hotels (leisure)	>450 € / night	▲
Other accessories <sup>1</sup>	>180 € / each <sup>2</sup>	▲	Cruise / resort	>4 000 € / pers. / week	▬
Outerwear / Coats	>1 400 € / each	▲	Design furniture	>3 000 € / each	▲
Dresses for women	>1 200 € / each	▲	Lighting	>1 000 € / each	▬
Suits for men	>1 600 € / each	▲			
Sweaters / Knitwear	>400 € / each	▬	Other Luxury Goods		
Shirts / Topwear	>200 € / each	▬	Category	Threshold Price	vs. '16
Jeans / Pants / Skirts	>250 € / each	▬	Cars	>100 000 € / each	▬
Fragrances & Cosmetics	>100 € / each	▲	Luxury Boats / Yachts	>750 000 € / each	▬
Watches	>2 000 € / each	▬	Smartphones / Tablets	>1 000 € / each	▬
Smart watches	>400 € / each	▬			
Jewelry	>1 200 € / each	▲			

Source: BCG-Altgamma True Luxury Global Consumer Insights, 2017

## I. Kapferer's Identity Prism



Source: Brand Management Slides, Catherine da Silveira, 2020. Week 5 BM\_Brand Identity.pdf

## II. Graphic 1: Relating image to city branding, city identity and quality of life

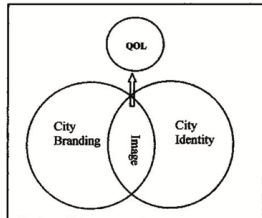


Fig 1. Relating Image to City Branding, City Identity and QOL

Source: Riza, Müge, Naciye Doratli, and Mukaddes Fasli. "City Branding and Identity." *Procedia - Social and Behavioral Sciences*. Elsevier, April 9, 2012.

### III. Placement examples of Porto city branding strategy



Source: Behance. "New Identity for the City of Porto." Behance. Accessed December 14, 2021. <https://www.behance.net/gallery/20315389/New-identity-for-the-city-of-Porto>.