



**UNIVERSITAT
JAUME I**

UNIVERSITAT JAUME I

Faculty of Law, Sciences and Economics

Department of Business Administration and

Marketing

Degree in Business Administration

Marketing Plan for Decathlon Castellón

Presentation by: Javier Climent Alonso

Supervised by: Diego Monferrer Tirado

Year: 2015

INDEX

<u>1. EXECUTIVE SUMMARY</u>	4
<u>2. SITUATION ANALYSIS</u>	5
2.1. INTERNAL ANALYSIS	5
2.1.1. PRESENTATION OF THE COMPANY.....	5
2.1.1.1 MISSION VISION AND VALUES.....	6
2.1.2. COMPANY RESOURCES.....	8
2.1.2.1. Human resources.....	8
2.1.2.2. Financial resources.....	11
2.1.2.3. Physical and technical resources.....	14
2.1.2.4. R+D+I resources.....	15
2.1.2.5. Corporate Social Responsibility.....	16
2.1.2.6. Marketing resources.....	18
2.1.2.6.1. Product.....	18
2.1.2.6.2. Price.....	19
2.1.2.6.3. Place.....	19
2.1.2.6.4. Promotion.....	20
2.1.3. CAPACITIES OF THE COMPANY.....	20
2.1.3.1. Distinctive capacities.....	20
2.1.3.2. Organizational capacities.....	22
2.2. EXTERNAL ANALYSIS	23
2.2.1. MACROENVIRONMENT.....	23
2.2.2. MICROENVIRONMENT.....	27
2.3. ANALYSIS OF THE COMPETITION	32
2.4. MARKET ANALYSIS	36
<u>3. DIAGNOSTIC SITUATION (SWOT)</u>	39
<u>4. PRODUCT AND MARKET DEFINITION</u>	42
<u>5. SETTING GOALS</u>	42

<u>6. MARKETING STRATEGIES</u>	44
<u>7. ACTION PROGRAMS</u>	46
7.1. ACTION 1.....	46
7.2. ACTION 2.....	47
7.3. ACTION 3.....	49
7.4. ACTION 4.....	49
7.5. ACTION 5.....	50
7.6. ACTION 6.....	51
7.7. ACTION 7.....	52
7.8. ACTION 8.....	53
7.9. ACTION 9.....	54
<u>8. TIME FRAME</u>	56
<u>9. BUDGET</u>	57
<u>10. CONTROL</u>	58
<u>11. BIBLIOGRAPHY</u>	59
<u>12. ANNEXES</u>	61

1. EXECUTIVE SUMMARY

This marketing plan has been prepared for the Decathlon store situated in Castellon de la Plana. It is one of the biggest Decathlon stores in Spain, offering a wide range of products covering more than 65 different sports and having over 100 employees.

In this plan I will firstly analyse the company's situation, its resources and capacities and commercial strategy. One of the most important issues in this is the population's growing concern about its health, well-being and attractive physical appearance. Because of this Decathlon has experimented an important growth in the last few years.

Also the economic crisis that Spain has been suffering since 2008 has presented Decathlon with great opportunities owing to its low-price policy. At the same time this situation could be considered a threat given that there has been a growth in low-price orientated competition and it may also have deteriorated the perception of product quality in Decathlon's products.

However, Decathlon in Castellon has known how to respond to these and other threats owing to one of its great strengths; its strategy of product differentiation which is focused on the continuous innovation of its own-brand products proceeding from a decentralised R+D department which allows them to manufacture innovative products at low prices.

On the other hand, the location of the shop is one of its principle weaknesses as it is situated on the outskirts of the city. Another of its weaknesses is its employment policy because of the high percentage of short-term employment contracts which impedes staff gaining valuable experience only gained over time.

As a result, Decathlon must improve its short term employment policy by reducing the temporality of its employment contracts to obtain staff who are more committed to the company and with more experience. It would also be interesting to increase advertising investment in order to improve the own-brands' image of quality in the mid and long term.

After making this analysis a series of objectives are to be established which are primarily designed to increase sales, increase customer awareness and the improvement of the image of the quality of the own-brands. After this, various marketing strategies will be proposed to this end, such as; growth strategies (diversification, market penetration, etc.), product differentiation, cost leadering, etc. And finally the objectives thus fixed will be

achieved by means of each proposed action in the plan, as, for example, the creation of a Decat, Decagym or Pop Up Store shop.

2. SITUATION ANALYSIS

2.1. INTERNAL ANALYSIS

2.1.1. PRESENTATION OF THE COMPANY

For the present marketing plan the company to be analysed is Decathlon, specifically their premises located in Castellon de la Plana.

DECATHLON		
	Francia	260
	España	100
	Italia	91
	China (Taiwan : 4)	94
	Polonia	38
	Portugal	22
	Alemania	22
	Bélgica	17
	Brasil	18
	Rusia	19
	Hungria	16
	Reino Unido	16
	Rumania	13
	Inde	15
	República Checa	9
	Turquía	9
	Países Bajos	5
	Suecia	1
	Bulgaria	3
	Croacia	1
Total		769

Illustration 1. Number of stores

Decathlon was founded in Lille (France) in 1976 with the objective of making sport a pleasant and attractive practise for all the population.

The commercial group to which the company belongs is OxyLane, created in 2008, which is comprised of a series of companies dedicated to physical well-being. Decathlon is a multi-national company with a presence in 17 countries in Europe, Asia and South America and has 769 outlets of which 100 are to be found in Spain (see Illustration 1.)

As for its commercial strategy, the Company launched itself in the market in 1997 with the Brand Tribord, which was the first own-brand dedicated to nautical sports. This brand was very successful and is presently one of the brands that produces the highest volume of income. Later on, Decathlon created a large variety of own-brands, called passion brands, as, for example, Quechua

or Domyos. Decathlon has its own research and development department dedicated to the creation and innovation of products destined for the passion brands. Their aim is to offer quality, innovative products in order to distinguish themselves from their competitors.

Currently Decathlon is one of the leading references in in the low-cost sports equipment market and sells its products to internationally recognised brands (Salomon, Nike, Columbia, etc.) and through its own previously mentioned passion brands. The French

company offers a multitude of products targeted for all types of customers from all professional, economic and social classes and, of course, for all age groups.

Here in Spain Decathlon has experienced excellent growth in registered income from 263 million euros in 1999 to more than 1100 million euros at the present time. This enormous growth is due to, basically, two factors; the improved profitability of the company (from 3.24% to 13.93%) and the reduction of its debt (from 85.45% to 46.48%). Due to this large growth the workforce has benefitted enormously, as it has grown by five times reaching, at the present time, more than 12000 employees in Spain.

The Decathlon store we are focusing on in Castellon is located in a shopping centre, specifically in Grecia Street, which is a very strategic point as here we can also find shops such as Kiabi, Leroy Merlin and Centro de Oportunidades El Corte Ingles, with the Salera shopping mall only 1.5 km away. All of this allows Decathlon to benefit from the movement of people between these stores permitting a visit Decathlon and so give the greatest number of people possible the opportunity to enjoy sport.

As for the size of the store, it is worth mentioning that it is one of the biggest in Spain, with over 8000 square metres dedicated to more than 65 different sports. Lastly, between permanent and temporary staff the store has more than 100 employees.

2.1.1.2 Mission, vision and values

-Mission

“To encourage the practise of sport by as many people as possible for its pleasure and benefits”.

What the company aspires to with its mission is to give everybody the availability of quality sports products at a reasonable price so that they can all experience the advantages of practising sport.

-Vision

“To be the leading Company in the quantity of items sold in each of their brands”

Decathlon’s vision is clear. It is based on the desire of being the top-selling Company in all brands, especially their previously mentioned own brands.

-Values

- One of Decathlon’s most important values is honesty, as there must be complete transparency in everything they do, be it internally or in its dealings with suppliers and customers. There must be a connection between what the company says and what it does.
- Vitality is also a very important factor because every member of staff must be enthusiastic and always looking for ways to innovate and create so as to improve and stimulate evolution.
- Lastly, the combination of responsibility and generosity is another fundamental value which should be reflected in the way work teams are treated.

-Commitment

Decathlon in Castellon strives to instil two basic points of commitment in its staff:

- The first is to continuous innovation as it is important to seek the creation of inventive products based on investigation of the human body. The objective here is to long-term client satisfaction based on related sales.
- And then there is training and development. The objective here is to prepare staff to be able to make their own decisions and to accept responsibility. Internal promotion and career development are fundamental to the company. One of Decathlon’s greatest priorities is to achieve employee satisfaction as only a happy employee can make happy customers.

- **Aims**

- Decathlon's basic aim is its "lowest-price possible" policy. This is designed to help the growth of sport everywhere. Low prices help consumers to equip themselves properly and to allow the discovery of new sports.
- Technical products for all levels. This is another of Decathlon's essential aims achieved by selling the best international brands as well as their own brands thus increasing customers' security and well-being through continuous innovation.
- Lastly, listening to customers is another of their basic aims as this allows the focus of attention in the products' practical qualities and thus obtaining their clients' long-term satisfaction.

2.1.2. COMPANY RESOURCES

2.1.2.1. Human resources

Decathlon's store in Castellon is divided into departments (hunting, fishing, cycling, etc.) all of which are managed independently.

In the store we have the General Manager (Alberto Pereña), the Assistant General Manager, the Department Heads and the sports salespeople. Above them are the Area Directors, National Directors and each department also has a National Manager. The Department Heads assume different responsibilities as all of the company's employees work in areas such as commercial, human resources, logistics, etc.

Decathlon's store in Castellon uses a hybrid organisational structure based on the combination of divisional and functional structures. Below we can see in Illustration 2 the company's organisational structure.

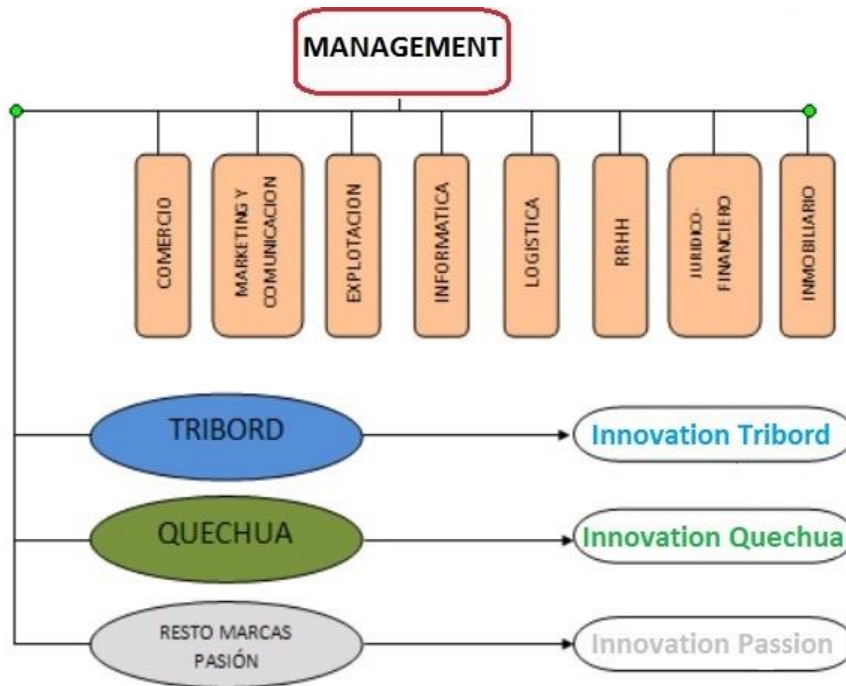


Illustration 2. Hybrid structure.

As we can see in Illustration 2, the functional structure is composed of the corresponding central departments; Commercial, Marketing, Human resources, Logistics, etc. On the other hand, the divisional structure is comprised of the own brands: Tribord, Quechua, Artengo, etc., which are decentralised.

It is worth noting that the predominant structure is centralisation and that in the decathlon store in Castellon there are managers and assistant managers in each of the product departments who take care of varied tasks such as commercialisation, logistics, human resources, etc. and therefore there are no separate departments for these.

-Employees

The organisational coordination in Decathlon is a fundamental element based on direct supervision focused on achieving the established objectives which are later measured through result normalisation.

As we have previously mentioned in this study, employee training is fundamental and is tailored to each different position.

As for the hierarchy we can distinguish different levels:

- Strategic Apex: Formed by general management and undertaking the task of coordination particularly through ability standardization. To this end a university education in administration, management and marketing is required.
- Mid-Level: Formed by the commercial managers from each department in the store (e.g. fishing or cycling) as well as the Regional Director and the Store Manager.
- Operations Core: Formed by cashiers, receptionists, salespeople and workshop technicians. Here, mutual adaptation takes place as they organise themselves informally in meetings.

The technical staff, working in human resources, information technology and marketing must also be taken into account. Their job being to support the central organisation. Lastly we cannot forget the support staff such as security, cleaning and vending, etc.

One other very important aspect worth a mention is that all the managerial positions in Decathlon Castellon have been filled by in-house promotions thanks to the wide career opportunities available. Also worth mentioning is that the company's most sought after profile is that of sports representative and to this end the selection process is focused on those candidates with higher or university level education.

2.1.2.2. Financial resources

In order to analyse Decathlon's financial resources here is a graphic which shows financial variables such as profit or income compared to some of their direct competitors.

In Illustration 3. The enormous market share that Decathlon has in the Spanish and Portuguese retail sports stores. It can easily be seen that Decathlon dominates the market, followed, at a large distance, by Forum Sport.

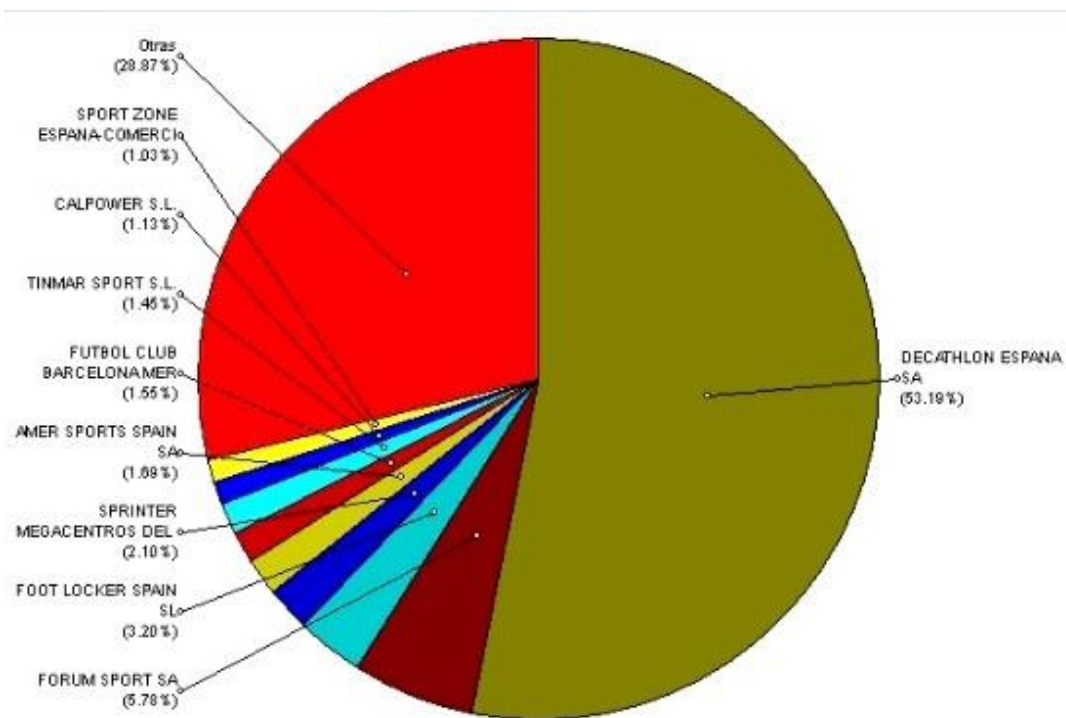


Illustration 3. Operating Income.

Illustration 4, Represents the number of Decathlon's contributors from the year 2000 to 2013, where we can see that their number has grown steadily, peaking in 2013 tripling its number and reaching 60000.

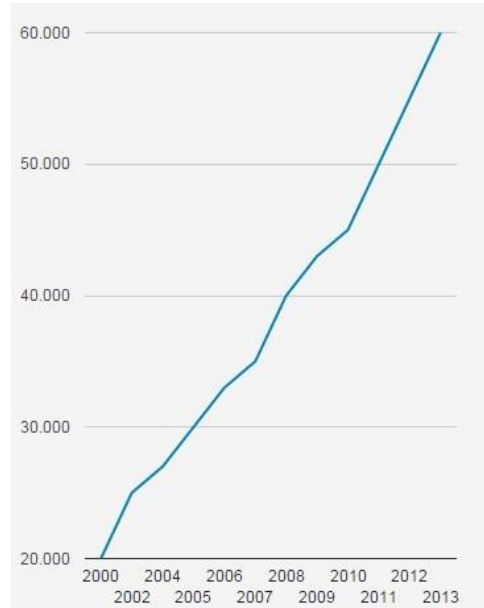


Illustration 4. Number of contributors.

Below, in Illustration 5 we can see Decathlon's turnover in € millions. As shown here the company's turnover has grown progressively each year in spite of the economic recession and has almost doubled between 2008 and 2013 leaving the company in a highly privileged position(1).

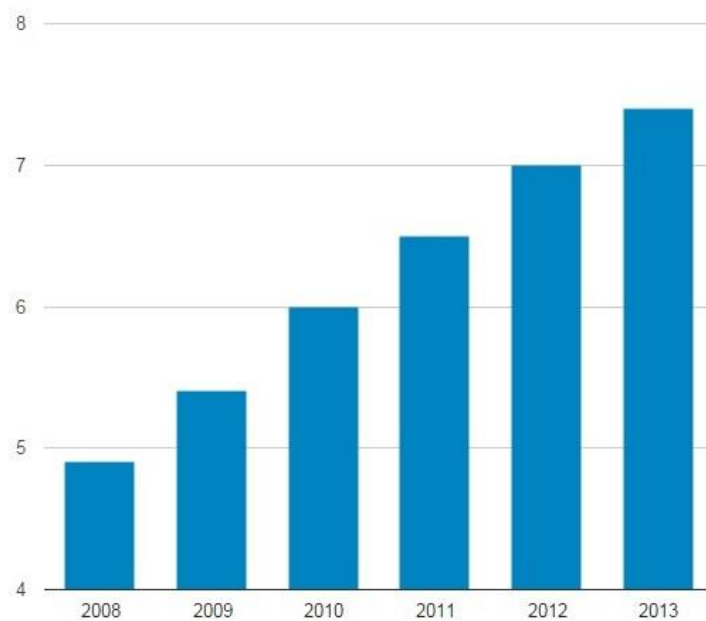


Illustration 5. Turnover.

(1) For more information see table 4 of the annexes

In illustration 6, we can see the evolution of Decathlon's operating income compared to the leading three competitors in the sports market: Forum Sport, Footlocker and Sprinter. As shown in the illustration, the sector, in

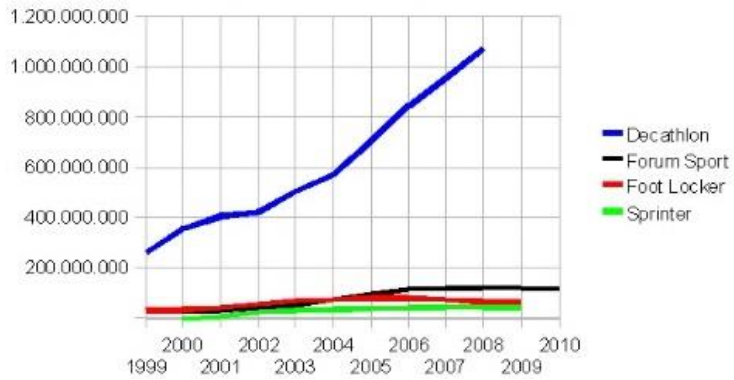


Illustration 6. Operating income.

general, grew constantly from 2000 to 2008, the year in which the economic recession started in our country slowing it down. Also worth noting is that Decathlon's operating income is much higher in absolute terms compared to that of its direct competitors.

On the other hand, in Illustration 7, we can see reflected how profitability has fluctuated in this period demonstrating a lack of uniformity. Up until 2001 Decathlon's profitability was inferior to that of Footlocker and Forum Sport, but from that year on it grew considerably until reaching its maximum in 2007 when it clearly surpassed its competitors.

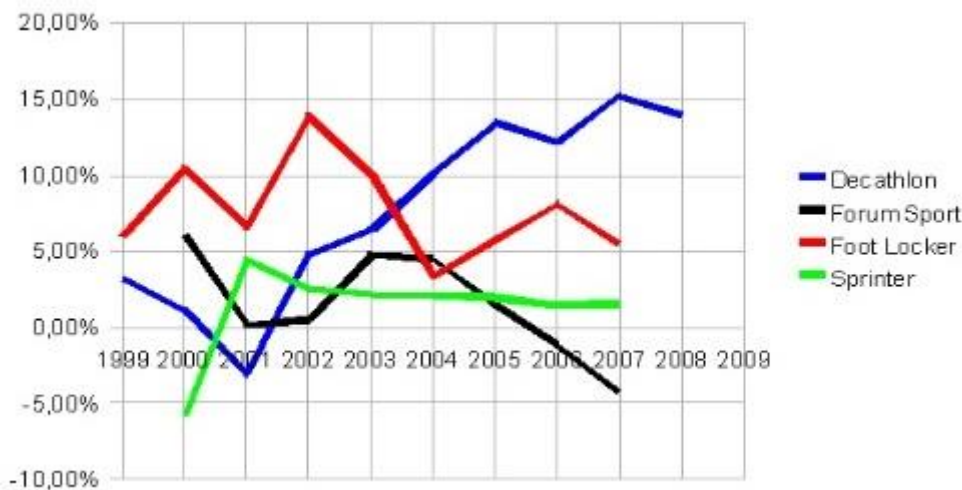


Illustration 7. Profitability.

To sum up, we can say that Decathlon's financial position has improved over the years to the point now where the company is the best situated amongst its principal competitors.

2.1.2.3. Physical and technical resources

Currently Decathlon has 100 stores in Spain, only inferior, logically, to the number in France, its country of origin.

It is worth noting here that Decathlon believes in investment in order to obtain growth. Its stores are large ranging from 2000 to 12000 square metres.

Decathlon Castellon (Illustration 8) has a floor area of more than 8000 square metres and is one of the biggest Decathlon stores in Spain. It is situated in Grecia street in a commercial centre where we can also find stores like Kiabi and Leroy Merlin. The La Salera Shopping centre is only 1.5 km away. The aim here is to take advantage of the customer traffic between other stores attracting the greatest number of people possible into Decathlon to enjoy its products and services



Illustration 8. Decathlon Castellón.

In Decathlon Castellon we can find more than 35000 articles for more than 65 sports along with sales activities, the possibility to try out products and maintenance workshops. Decathlon stores can be found in almost all the Autonomic Communities. There are also 6 logistics centres, 5 of which (Cataluña with 2, Getafe, Pamplona and Sevilla) are for national distribution and 1 (situated in Barcelona) is the distribution point for Spain and southern Europe of products and merchandise produced internationally.

Decathlon's biggest logistics challenge is time-related as the company has set a 72 hour time limit for delivery of any order whether it be in the stores or through the web-page.

Lastly, to highlight that Decathlon has developed a tool whose aim is to optimise the entire development process from product design to supply by focusing on having the technological capacity to develop innovative products at a reasonable price.

2.1.2.4. R+D+i resources

In Decathlon, innovation is one of the company's strengths and a great source of value creation as it allows the Company to achieve an advantage (differentiating factor) and thus distinguish itself from its competitors.

- ***Service Innovation.*** *The services that offer the highest degree of innovation are:*
 - The availability of an in-store workshop
 - The possibility of hiring sports services.
 - On-line shopping.
 - Active clientele in the store.
 - Trocathlon, a section for the second-hand market.
 - Client orientation.
 - Valued customer card.
 - Social networks: Facebook, Twitter etc.

All these innovative services contribute to creating a differentiating factor that allows them to distinguish themselves from the competition.

- ***As for process and product innovation:***

Decathlon Castellon has invented a growth model primarily based on the development of its own brands. The company has established a centralised R+D department and also has own-brand dedicated R+D departments which allows them to distinguish themselves from the competition as far as innovation is concerned. Each R+D department has an assigned budget and administers it so as to be able to continually launch innovative products into the market.

2.1.2.5. Corporate Social Responsibility

Decathlon Castellon is committed to being responsible in both economic and social terms.

One area of vital importance to Decathlon is environmental sustainability. For this reason the actions of corporate responsibility are focused on the environment. They also develop social projects, seen below, which are directed by the Decathlon Foundation.

The Company has proposed different paths to follow to undertake their environmental actions. Such as:

- Create a system that allows them to comply with environmental regulations.
- Reduce environmental impact.
- Ensure that each division complies with environmental responsibility.
- Encourage eco-citizenship by going to work in non-contaminating vehicles.

In all the decathlon Stores, including Castellon, the company has adopted measures to comply with the aforementioned environmental commitment. Here are some of the most notable:

- In order to optimise illumination the company has leant towards a better use of natural light entering through the roof and by creating intelligent systems which combine natural and artificial light.
- To reduce the use of air-conditioning the company has invested large sums of money in thermal insulation in the stores, and also uses, more effectively, the combination with external air for temperature regulation.
- Lastly, the Company has installed solar panels on the rooves of the stores to increase the use of renewable energies.

All these actions allow Decathlon Castellon to reduce energy costs and benefit the environment and so improve society by reducing contamination, power consumption and CO2 emissions.

Another measure adopted by the company and its commitment to the environment is the redesign of the logistics process and the use of eco-friendly packaging.

Lastly, and of great importance, is the company's commitment to guaranteeing optimum working conditions undertaking regular checks carried out by independent companies. The aim of this is to avoid situations such as excessive work hours, underage workers, forced labour, inadequate hygiene and security etc. Everything in compliance with the Universal declaration of Human Rights.

-Decathlon Foundation

This was created with the purpose of favouring education and integration through sport. The foundation helps people in vulnerable situations with both economic support and sports material so that everybody has the opportunity to practise the sport they most desire.

The foundation was created in 2005 and has since developed more than seventy projects and has benefitted an estimated 25000 people.

2.1.2.6. Marketing resources

2.1.2.6.1. Product

As for products, Decathlon Castellon has its own brands supplying innovative and quality products at a low cost. These brands offer a wide range of products with the aim of satisfying all types of clients in more than 65 sports.

Below, in Illustration 9, we can see the own-brands that Decathlon presently offers. Some of these are: Quechua for mountain sports, Kalenji for runners, Artengo for racquet sports, Domyos for fitness, etc. Each own brand, apart from being in the official Decathlon web page, has its own independent web page.



Illustration 9. Own Brands.

Apart from these, Decathlon stores also offers leading brands such as Adidas, Nike, Salomon, etc. All these together allow the clients to choose diverse brands, quality and prices from an extensive range.

Lastly, Decathlon Castellon also works with technical brands like Novadry, Stratermic, Equarea, etc. collaborating with the own-brands to provide components, materials and techniques so as to be able to offer the best products possible in the own-brands.

2.1.2.6.2. Price

The economic crisis has seriously affected the customer' purchasing power and so expense has been reduced in those products which are not so necessary. Despite this reduction in purchasing power the desire to buy remains and this is where the low-cost brands, the intelligent purchase, play an important role.

Decathlon works every day to make sport more accessible for everybody with its aim of keeping prices low. This is clearly demonstrated every year given that this is the fourth year in a row that decathlon has lowered its prices. All this is possible thanks to the continual optimisation of internal processes from production through design and logistics. All this to offer products at the lowest price possible while maintaining quality.

As a result, Decathlon's competitive advantage lies in cost leadership thanks to all the internal work undertaken to achieve that advantage which, in turn allows the company to sell quality products at a price around 20% lower than the direct competition.

2.1.2.6.3. Place

Decathlon has a distribution network comprising of 100 stores and various logistics centres spread throughout Spain

The company has a continental supply centre in Prat de Llobregat (Barcelona) through which all the regional centres in Spain and southern Europe are supplied.

The regional centres in Spain are located in Martoller, Villfranca, Getafe, Pamplona and Sevilla and these supply all the Spanish Stores. These centres are not designed as long-term warehousing facilities as they only maintain a low stock level. They are more of a staging point for material. They also function as delivery centres for all on-line purchases and on-line clients can contact them directly for up-to-the-moment delivery information about their orders.

Thanks to this excellent logistics and distribution system Decathlon has achieved its max. 72 hours delivery time target.

Merchandise is transported by sub-contractors specialised in the transport and distribution of merchandise, such as DHL, Azkar, TNT, etc. Road transport is the norm except in the cases of the Canary and Balearic Islands where shipping and, in isolated cases, air transport are used.

2.1.2.6.4. Promotion

The objectives of Decathlon Castellon's communication strategies are:

- To increase customer awareness of the brand.
- To set themselves apart from the competition.
- To guide the client in the process of establishment choice.

To reach these objectives the Company use two types of publicity:

- On one hand Decathlon uses institutional publicity which is designed to improve the company's market position by increasing its projection and thus making customers relate Decathlon to sport.
- On the other hand there is product publicity which is used to present and promote their own-brands. To this end decathlon presents some of its more innovative products highlighting their advantages and superior benefits and finally reminding people that these products are only available in Decathlon stores.

2.1.3. CAPACITIES OF THE COMPANY

2.1.3.1. Distinctive capacities

If one thing distinguishes Decathlon Castellon it is, without doubt, its capacity for innovation, that is to say that the company makes a large investment in R+D with the aim of creating a great source of value and thus distinguish itself from the competition. We can therefore state that the strategic competitiveness of Decathlon lies in the capacity of differentiation of their products thanks to innovation. Decathlon uses its resources and capacities designed to make innovative activities both in services, processes and in products. As we have previously mentioned in R+D resources this innovative capacity allows the company to offer a wide range of products and specialisation within them.

One of Decathlon's capacities that most distinguishes it from the competition is its price-quality relation. Decathlon uses its cost-leadership strategy as a competitive advantage with the aim of offering its customers quality products at the lowest possible price and this is achieved through the optimisation of internal processes such as manufacture, logistics, design, etc.

At the same time, another distinctive capacity of Decathlon is its growth capability and to this end the Company has developed several growth strategies such as:

- Decathlon has used its commercial capacity to realise its market penetration strategy and so increase product consumption. To achieve this a price accessibility strategy has been used, but without forgetting product quality and with this same strategy aims to obtain customer fidelity. An example of this is the Decathlon card which offers numerous benefits to its users.
- The Company has also used its commercial capacity to develop its market development strategy as Decathlon means to be present in as many markets as possible.
- Decathlon uses its R+D capacity to develop its product strategy. This is one of Decathlon's most important strategies given that the company is always looking to introduce new products and to improve the existing ones.
- Lastly, Decathlon also uses its commercial, logistical and R+D capacities to achieve its diversification strategy. This is reflected in the in the new shop concept "Decat", located in city centres and specialised in particular sports such as Golf or Paddle and whose aim is to achieve a more personalised customer relationship.

To finish this analysis of the different capacities we will analyse the company's information management capacities given their enormous importance to Decathlon Castellon.

Decathlon uses its customer benefits card as a great source of information employing the data obtained from it (age, purchase frequency, education level, married status, etc.). The company makes numerous studies of its clients' characteristics. However, this isn't the only source of information for the company, Decathlon also uses the social networks (facebook, twitter, etc.) for marketing and, at the same time, to gather customer information given that here they express likes, preferences and opinions. This way Decathlon can get know its customers better and so offer them the products that they

want and so satisfy their needs.

On the other hand, Decathlon is not content with only customer information, internal information is also very important. Examples of this are company members' references, catalogues, mail, e-mail, CRM, etc. Thanks to this internal information Decathlon can undertake prospection, and more importantly, allows the sports salespeople to have customer information so as to know them better and to help them in their sales presentations and demonstrations in the store.

2.1.3.2. Organizational Capacities

Alliances

In Spain and also at an international level Decathlon has made numerous cooperation agreements. These alliances are related to product manufacture and innovation. In manufacture Decathlon Castellon reaches long-term agreements with suppliers to achieve cost benefits. An example of these alliances is the agreement reached with GMC, the supplier of textile products for the European market. This agreement is for 10 years and is renewable.

Then there are the innovation agreements. As we have seen, Decathlon has its own laboratories for product design and innovation, but it also reaches agreements with external laboratories to develop new technologies and components which in the future will be introduced into Decathlon's products. The company knows that innovation is one of its most important competitive strategies, however it is aware of the need to make open innovation with the aim of sharing knowledge, capacities and resources with other companies or organisations so as to be able to improve product development.

Decathlon Castellon has reached several collaboration agreements, like, for example, with the company Movea, or with the Ski resort La Pinilla, where they provide the school with ski equipment. They have also reached agreements with gymnasiums like Basic-Fit to complete their leisure-sport offer.

Lastly we must mention the social agreements made with the ONCE with the aim of encouraging their members' formation and the opportunity of work experience in the Decathlon store in Castellon.

2.2. EXTERNAL ANALYSIS.

2.2.1. MACROENVIRONMENT

To analyse the macro environment we will use the PEST analysis. See Illustration 10 below.

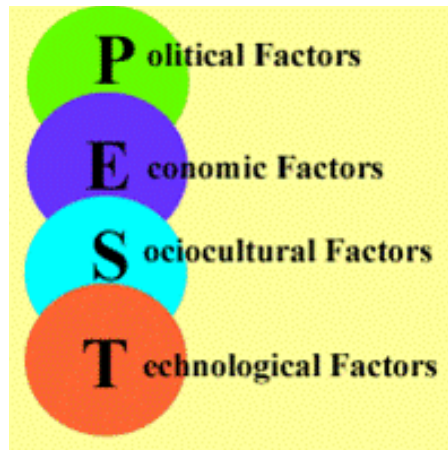


Illustration 10. PEST

-Political Factors

One fundamental aspect to bear in mind are the political factors as these will affect the development of the business activity. The company we are focusing on is Decathlon Castellon located here in Spain and as such we be affected by the politics of the same.

Spain is a sovereign country, part of the European Community and whose type of government is that of a democratic parliamentary monarchy. Its territory is divided into 17 autonomous communities and to autonomous cities.

The combination of institutions that affect the running of Decathlon Castellon at local, regional and national level are: Castellon Council, Diputación and Generalitat (both regional governing bodies), the Central Government and the European Community.

It is worth noting that the budget for the Ministry of Education, Culture and Sport for the present year (2015) is of 2273.07 million euros, which is 4.5% more than last year's (2014). Also worth noting is that the greatest increase within the Ministry has been in Sport, with the Government giving the Superior Sports Council 150.15 million euros, 5%

more than last year. This increase is due to the population's increased interest in health and physical appearance demonstrated by an important growth in the practise of sport.

Of interest is the fact that Spain is a stable country and has a mixed economy thus guaranteeing political and economic stability. It also forms part of the European Economic Community with the common currency, the Euro, introduced in 2002, being the strongest currency in the market at the present time, even more so than the Dollar.

-Economic Factors

The evolution of the Spanish economy at this time indicates a moderation in the contraction of economic activity so that the GNP will be reduced by 0.1% in the quarterly rate as opposed to the fall of half a percentage point in the first quarter. The lower fall of the GNP is a consequence, principally, of the increase of the positive contribution of the external sector (by three points, to 0.4) held up by the improvement of export of goods and services, encouraged by a greater dynamism in the world markets after the slowing-down of the initial months of the exercise.

As for national demand, this registered a quarterly fall of 0.6%, similar to the first quarter of 2013, part of an atmosphere where family and business expenses continued to suffer the contraction effects of debt reduction and budget consolidation and in which the uncertainty affecting ambits relevant to decisions about investment and consumption, as well as those related to the job market and finance conditions, has not been dispelled. The improvement in the joint indicators that have been noticeable recently indicate a more favourable short-term evolution than that projected a few months ago whilst the persistence of the anterior effects on the agents' expense suggest that the mid-term perspectives for the Spanish economy have not changed noticeably.

One last thing of note is the total allocation to the Ministry of Economy and Competitiveness for the current year (2015) is 2314.7 million euros, 1% less than last year. And from this we still have to discount previous exercises and the contribution to the Greek rescue.

-Sociocultural Factors

Demography

Spain currently has more than 46 million inhabitants, 0.2% less than in 2013. Worth noting is that this has been the first decrease in Spain's population since annual records exist. This decrease in population has occurred due to a positive balance and a negative migratory balance produced by the loss of employment of many immigrants living in Spain who, as a result, have had to return to their countries.

Education

It is interesting to note that the education period in Spain has increased over the last few years. People between 5 and 39 years of age can expect to be studying, on average, 17.6 years, whether full or part-time. The figures show the increase in participation in education in Spain: more than 90% of the population between 3 and 16 attend school and that after 16, the age at which obligatory education ends, a growing number of young adults continue their education. In 2008 81% of teenagers between 15 and 19 were studying whilst it was 21% of those between 20 and 29. In 2013 these percentages were 86% and 26% respectively. Compared to other countries in the OECD the proportion of students between 15 and 19 increased from 81% to 84% and those between 20 and 29 increased from 25% to 28% during the same period. This significant increase has put Spain above the average of the OECD and other countries like Australia (84%), United States (80%), France (84%) and Switzerland (85%).

Whilst in several countries, including Spain, the programmes for vocational training in obligatory education are useful in the implication and recuperation of adolescents in risk of leaving education, both the range and coverage of these programmes should be widened. Vocational training in the second stage of secondary education offers the possibility of acquiring the necessary competence, knowledge and practical experience for specialised occupations and helps young people to break into the job market. In this aspect Decathlon expects all its employees to have a higher level of education, such as higher level vocational training for the sports salespeople and a university degree for management.

Lastly, here in Castellon de la Plana the council is actively promoting local businesses up to the point where the department of commerce is organising many activities in the

hope of creating new businesses in the city centre and is also organising numerous promotional activities to encourage commerce by, for example, raffling mobile phones, computers, etc. for purchases over 10€ and special sales like Back Friday. And because of the increase in commerce the council has extended the tram network through the city centre to help customers move around to make their purchases in those businesses in the city centre.

Decathlon Castellon must bear this growth in mind and take advantage of the opportunity by, for example, opening a Decat shop (previously mentioned) located in the city centre in order to diversify, improve the image of their own-brands and offer specialised products through a more personalised contact with the customers.

-Technological factors

A country's competitiveness is principally based on the investment effort it makes in R+D+I, on its commitment to obtaining a human capital prepared to acquire knowledge and develop technology in any of its forms and in the existence of a business structure which is capable of making good use of the sources of knowledge and technology within its grasp to be able to produce innovative articles and services which have acceptance in the global market. The basic indicators of R+D activities in Spain reflect a clear fall in 2014 of the resources invested in the system of innovation.

Innovation and Technology in Commercial Distribution

Innovation has become a key factor in obtaining commercial success. Consequently it is a key factor in the growth of any economy. In commercial distribution activities innovation is a concept used as a response to customers' demands, to market demands and to global competitiveness (the competitive atmosphere in which we currently live obliges companies to innovate more rapidly and effectively). On the other hand, the processes of globalisation and internationalisation of markets, the broadening of communication channels and the offer of an ever wider range of services offer new possibilities for the use of IT in the commercial sector.

The development of commercial distribution in the technology sector was slight and was primarily based on imitating other sectors. The panorama has changed radically in the last few decades. Inventions have become innovations and these are spread through the commercial environment.

Information and communication technologies have generated a new scene in distribution activities.

Decathlon Castellon is well aware of these aspects and works on a daily basis to improve as it is conscious that these aforementioned factors are going to modify, to a greater or lesser degree, whatever practises are developed in the company.

Finally, as we have previously mentioned in the economic factors, the total budget for the Ministry of Economy and Competitiveness this year (2015) is 2314.7 million euros, which is 1% less than the previous year (2014). Only one positive aspect of this is worth mentioning, and that is that the allocation for R+D+I to which, in part, the Ministry of Economy contributes, has grown to reach 5668.64 million euros, which is 1.3% more than the previous year.

2.2.2. MICROENVIRONMENT

To analyse the microenvironment we will use Porter's five forces. See illustration 11 below.

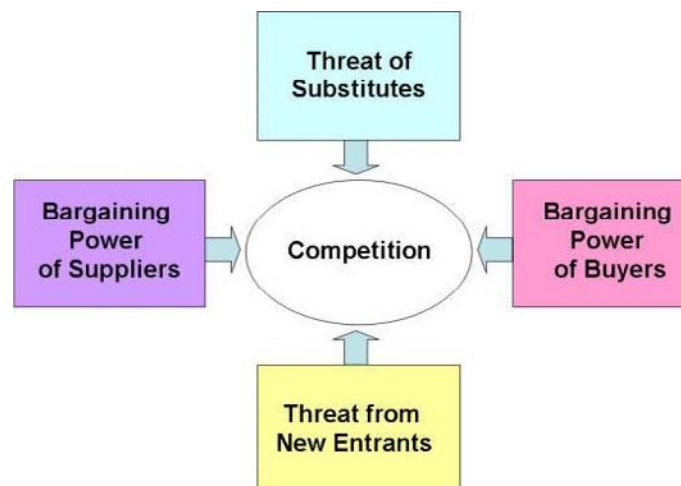


Illustration 11. Porter's five forces

-The threat of entry of new competitors.

The threat of entry of new companies in a sector depends on the level of existing entry barriers to that sector. The fewer the entry barriers the more attractive will the sector become as new participants will have it easier to take over a part of that market.

The threat of the entry of new competitors is high given that we are in a global market and that almost any company can get into almost any market in any territory.

Decathlon Castellon, however, counts on the support and international experience of Decathlon (its mother Company) and this will help and provide security when it comes to new competitors in the market. Decathlon is not only a distribution company but also a manufacturer and is currently the leading company in its sector and all of this gives the company the confidence along with commercial and economic capacity to face any competitor that enters the sports material industry.

Lastly, although the presence of new competitors is a threat to the existing companies they may find important entry barriers such as:

- Cost advantages for existing companies as new companies face important initial investments to establish themselves in the market, something that is difficult in times of crisis like those existing at the moment
- A continual and constant differentiation of the products.
- Low prices, this is an entry barrier for new companies as it will be difficult for them in the beginning to compete with the prices that, for example, Decathlon can offer.
- And lastly the economy of scale benefitting the big competitors in the market such as Decathlon or Intersport.

-Threat of entry of substitute goods.

A market is not attractive if real or substitute products are available. The situation becomes more complicated if the substitutes are more technologically advanced or can enter the market at a lower price thus reducing the real profit margin of the company and the industry.

In general, it could be said that, in almost every case, there are no substitutes for sports articles given that they are the only articles that can be used to practise each particular sport. However, these very products can be continually developed technologically up to a point where they are articles of higher quality, better design and lower priced.

We can therefore conclude that Decathlon Castellon must bear in mind the necessities of the market and both the innovations of the competitors and the market in order to avoid possible and potential threats.

-Suppliers' negotiating power.

Suppliers are a very important element in the process of a company's market positioning because they supply us with raw materials for manufacturing our goods. So, with more suppliers, lower is their negotiation capacity, because there will be more offers thus forcing them to cede a little in the price of their input which, of course, is to our benefit.

Some factors that influence the suppliers' negotiating power are:

- The concentration of suppliers.
- The importance of volume to the suppliers.
- The differentiation of production.
- The costs of the supplier's changes.

Decathlon only counts on its own suppliers, so, if more products were needed in diverse situations they could not make them with the existing suppliers and this could become a potential threat, as the company is wholly dependent on Decathlon's production countries belonging to the company itself.

-Clients' negotiation power.

If the buyers are very well organised they will be in a position to demand adjustments in the prices, more quality and more additional services leading to lower margins. We must analyse the dependence on the distribution channels, the ease of consumer change, price sensitivity, purchase frequency, the expected margin or the degree of information available to the customer.

As far as the customers are concerned we can be sure that they have almost limitless options when it comes to choosing an article that allows them to practise sport they wish. Therefore, owing to the diversity of purchase options in the market, consumers have a very high negotiating power. This is why Decathlon Castellon has focused on a strategy of product differentiation so that consumers perceive their products as advantaged compared to those of their competitors. It is also worth pointing out that Decathlon is a good purchasing option because of their high quality products at accessible prices and the availability of a range of items for all levels from novice to professional.

-Rivality between existing competitors.

According to Porter, this fifth force is the result of the four anterior forces and the most important for a company because it helps to take the necessary measures to ensure their market position at their rivals' cost. Nowadays competition exists in the majority of sectors and to beat it one must know how to control both the microenvironment and the macro environment, and, above all, if we wish to survive in the market we have to distinguish ourselves from the rest and position ourselves solidly.

The factors that influence the rivalry between existing competitors are:

- On one hand, the concentration. This refers to identifying the quantity and size of companies that exist in the market to obtain an overall view of the competition. The relation between companies and their product prices must also be evaluated to know if oligopolies exist or companies that dominate prices.
- On the other hand one must bear in mind the diversity of competitors. There are, currently, many competitors in the majority of the market sectors and everything is constantly changing as consumers demand higher quality in products and services whilst other needs that require satisfaction appear.
- Lastly, one must bear in mind product differentiation. To compete in a market we must distinguish ourselves from the rest so that the consumers remember us whether it be for product quality, image, design, prestige, confidence, etc.

To analyse this aspect we must remember that the Spanish market is extremely varied and interesting due to government investment in the last few years, especially in the fields of sport and health (previously seen in the PEST analysis).

Decathlon's executives are certain of being able to compete with the big, international prestige brands thanks to their own-brands as these offer both high quality and low price. With these they believe they can attract customers and even change consumers' pre-conceived views on brand preference.

The own-brands have a great advantage over leading brands like Nike or Adidas, the price. Thanks to own-brands, similar products with the same end-use can be offered at a lower price than that of their competitors while maintaining the same quality level.

To end this analysis here are some of the existing rivalry factors between Decathlon's main competitors:

- Publicity battles to differentiate the product. This is an attack on the other competitors.
- Price competition. Decathlon can do this thanks to its own-brands which offer a wide range of products at low prices.
- The manufacture of new products that capture new consumers' attention. Decathlon is a company that makes a continual effort to improve existing products and offer innovative new ones. The fact is that Decathlon has a specialised innovation department for each of its own-brands as well as centralised innovation department.
- Lastly, the improvement of customer service leading to greater customer satisfaction and thus repeat purchases and, above all, recommendation to friends, acquaintances and family.

2.3.3. ANALYSIS OF THE COMPETITION

In the last few decades people have started to worry more about their health and physical aspect and so the habit of doing sports in free time has grown considerably. This phenomenon has led to the appearance of big sports material chain stores. And this was how Decathlon and its principal competitors came to be.

Decathlon Castellon's direct competitors can be divided into 5:

1. Intersport.
2. Footlocker.
3. El Corte Inglés.
4. Hypermarkets (Carrefour, Alcampo etc.)
5. Retail stores.

These are Decathlon Castellon's direct competition, as all are located in the same province (Castellon de la Plana) or in nearby towns.

Here is an exhaustive analysis of each of Decathlon Castellon's competitors.

1. Intersport.

This is Decathlon's principal international competitor. The company was founded as a cooperative in 1968, creating its own-brands (Dynatour, Online, Etirel, Northbrook, Firefly...). Intersport is based in Switzerland with Spain's main purchasing centre is in Rubí (Barcelona) less than 280 km from Decathlon Castellon. In each country they have different products as these are selected by each country's national purchasing centre.

Intersport's main strategy is based on its shops' vertical integration. Currently, Intersport Spain has more than 340 stores and more than 110 partners. Some other of Intersport's basic strategies are: Differentiation, their own-brands include exclusive products from leading brands. Sales without stock, as all the products they do not sell are sent to "Outlets" and lastly market segmentation, here Unisport was born, being a shop dedicated the sale of sports clothing and footwear working in small establishments owned by the leading brands in department stores.

The main difference with Decathlon is that 80% of their sales come from leading brand products whilst Decathlon's principal source of income is from its own-brands.

2. *Footlocker.*

Footlocker is another of the big companies dedicated to the distribution of sports material although the Company is more specialised in sports footwear. Footlocker was founded in the United States where the bulk of their sales come from. The company expanded internationally thanks to their dominant position in the market. Worth mentioning is that their European stores are noticeably smaller than Decathlon's.

Footlocker's principal strategy is product differentiation as they offer exclusive products from leading brands. Another strategy to highlight is the global diversification of their shops as they are to be found on several continents. One of their most noteworthy tactics refers to distribution where they have contracts with external companies who guarantee punctual delivery, arrival in perfect conditions and in the right quantity. They also have distribution centres spread throughout the world.

Lastly, Footlocker has six different retail outlets: Foot Locker U.S, Footaction, Lady Foot Locker, Kids Foot Locker, Champs Sport and Foot Locker International.

3. *El Corte Inglés.*

Another of Decathlon Castellon's direct competitors is El Corte Inglés. In its sports department the Company offers a wide range of products which is worth noting as it is almost the only competitor that offers a range of sports goods similar to Decathlon.

El Corte Inglés was founded in 1940 when it opened its first store. From this point on the group has experienced a notable growth and has gradually opened stores in all of Spain's provinces.

El Corte Inglés's portfolio of sports products is extensive and has become the competitor which offers the widest range of sports goods. Although it has its own brand (Boomerang), its principal source of income comes from sales of the leading brands (Nike, Adidas,

Quicksilver...).

Apart from quality and design, its principal strategy is its aftersales service. Clients have total liberty to return products if they are not satisfied which reduces any of the customer's risk in purchasing. As for their tactics, we can point out the service offered in the store (there are a large number of assistants to attend customers) and their geographic position as they are located in city-centre positions.

4. *Hypermarkets.*

Apart from the important competitors mentioned before, hypermarkets like Carrefour or Alcampo are worth mentioning as they also have sports departments. Although their product range is not very extensive (not being their main line) one cannot forget them as, given their important purchasing power, they reach agreements with leading brands to offer their products in their establishments at a fairly low price. Their principal advantage lies in the display space they have available coupled with their competitive prices. Their principal defect is the lack of personalised customer service.

5. *Small Retailers.*

To end with this analysis of the competition we must bear in mind the local retailers of sports goods. These are independent businesses which are currently enjoying a period of growth in all of Spain's cities including Castellon de la Plana due to consumer growth and growing interest in sport. Their greatest advantage lies in their intimate knowledge of the needs in the neighbourhood where they are located along with the personalised and professional attention they give to their customers. Their principal disadvantage lies in their limited product range and their high prices.

As for small retailers, the main competitors for Decathlon Castellon are Decimas, Azahar Sport and Danillo.

In the map below we show, in a simple graphic form, the location of some of Decathlon's principal competitors (Illustration 12).



Illustration 12. Map of Competitors.

To finalise this analysis of competitors we include a table (Illustration 13) summarising Decathlon’s competitors using the Market Mix: Product, Price, Place, and Promotion.

Product	INTER SPORT	Foot Locker	El Corte Inglés	Carrefour	DECIMAS
Product	Limited product range Own brands with low sales representation	Limited product range No own brands	Wide product range Own brand with low sales representation	Limited product range No own brands	Limited product range No own brands
Price	Medium/low prices Low range of products High added value	High prices Low range of products High added value	High prices High range of products High added value	Low prices Low range of products High added value	Medium prices Low range of products High added value
Place	Retail chain Based in Rubí (Barcelona) Present in Castellón and surrounding area	Retail Chain Based in USA Present in Castellón and surrounding area	Retail chain Based in Madrid Present in Castellón	Retail chain Based in Madrid Present in Castellón	Retail chain Based in Madrid Present in Castellón and surrounding area
Promotion	Advertising Sales promotions Publicity Sponsorship Direct marketing	Communication Sales promotions Publicity Sponsorship Direct Marketing	Communication Sales promotions Publicity Sponsorship Direct Marketing	Advertising Sales promotions Publicity Sponsorship Direct marketing	Advertising Sales promotions Publicity Sponsorship Direct marketing

Illustration 13. Summary table

2.4.4. MARKET ANALYSIS.

Given that Decathlon Castellon is located in Spain we will undertake an analysis of the Spanish market. As we have already mentioned previously in this plan the tendency of the sports market has been that of growth in the last two years. The reason for this phenomenon is the rising awareness of consumers about health and physical well-being.

The market for sports goods in Spain reached a figure of around 4000 million euros in 2014, registering an average annual growth rate of 4% in the period between 2008 and 2014.

The large sales chains such as Decathlon, El Corte Inglés or Footlocker have increased their market share considerably. Due to this phenomenon we can affirm that more than 50% of the total sales of sports goods are made in these large establishments (see Illustration 14) and that Decathlon makes 80% of those sales.

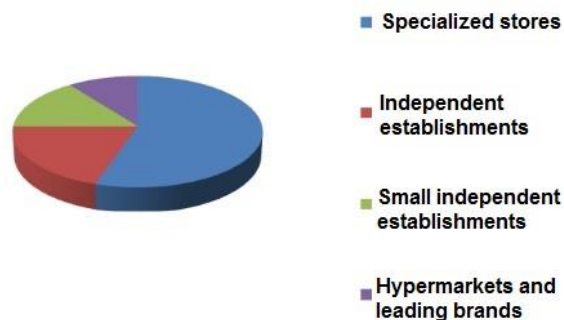


Illustration 14. Total sales.

On the other hand, 15% of the total sales were made in small independent establishments normally located in city centres or in their neighbourhoods. Another 20% of the total sales were made in independent sports goods establishments belonging to cooperatives such as Intersport. And the rest of the sales (15%) were made in Hypermarkets like Carrefour or Alcampo and in small specialised shops belonging to leading brands like Nike or Adidas.

It is worth noting that Decathlon knew how to make the best of the moment of entering the Spanish market as at that time the sports market was young and Decathlon took advantage of this also benefitting from their excellent management.

Another piece of telling information is that although Decathlon is not the Company with the highest number of shops in Spain with 100, a number exceeded by El Corte Inglés and Intersport with more than 300 throughout Spain, it is the company with the greatest amount of floor space as their stores have between 2000 and 12000 m2 each.

Another piece of interesting information is that In Decathlon 80% of the purchases are made by 20% of the customers, customers who are faithful to Decathlon and fond of sport. However the other 80% of sales come from sporadic customers and this is where the company must consider and adopt strategies to increase customer fidelity. In spite of this Decathlon offers sports good for different technical levels, different social classes and different ages. To analyse this in more detail we are going to segment the customers that Decathlon Castellon caters for.

-Young Sector

In the Young Section we can distinguish between singles, couples and couples with children.

- Singles. This is a segment where the customer looks for quality products and a certain degree of design. It is a very important sector but not the one with the greatest demand for sports goods.
- Then we have the couples. These look for products with more quality than the singles as they do not mind spending a little more to get more durable products. This is a smaller segment as they tend to make good use of existing objects they have at home rather than buying new and they also look to borrow items from friends and families.
- Lastly let's look at couples with children. These look for simpler products as children grow quickly and clothes do not last them long. It is a segment with a medium demand, but they generally go to stores like Decathlon to buy because of the quality products at low prices.

-Middle-aged Sector

To analyse this section we will use the same segments as in the Young Section.

- Singles. As we are dealing with older customers they will have more purchasing power and so lean towards higher quality products at higher prices and so this segment does not represent a great volume of demand as they usually go to specialised shops to make their purchases.
- Then we have the couples. These are in a similar situation as the singles. Being a couple and older means they have a much higher purchasing power and so can spend more money on more expensive goods with a higher quality.
- Lastly, let's analyse the couples with children. These represent the majority of the population with school-age children. As they have children and less purchasing power they look for quality products at low prices. As a result this is the segment with the highest volume of demand and worth noting is that they generally spend more money on products for their children than on themselves and are repeat customers at Decathlon. On the other hand as they generally have less time they usually make the majority of their purchases on-line.

-Senior Sector

This is a very important sector and Decathlon has known how to manage it in the appropriate manner. As life expectancy and quality of life have increased, older people do a lot of sport, for example, fishing, hunting, yoga, etc. This sector practises more sedentary sports and as they are retired people with life already sorted they do not mind spending more money as long as they get the product they want.

However, their disposable income is decreasing and therefore many of them go for offers and to large sports chains to make their purchases and so is a growing sector for Decathlon. The company has known how to manage the aforementioned aspects in an appropriate way. Decathlon also offers very complete sections with articles tailored to their sedentary sports needs in sports like yoga, fishing or hunting, these being the most demanded by this type of customer.

To complete this market analysis it is worth noting that, as a result of the economic crisis that Spain has suffered since 2008, consumers are modifying their purchasing behaviour and that this means that their needs are more basic. Another aspect is that customers look more and more for stores that adapt to their principles and life styles. To deal with this, Decathlon is studying ways to attend to these changing consumer needs with the objective of satisfying all their customers.

3. DIAGNOSTIC SITUATION (SWOT)

Before taking any strategic decision we need to make a diagnosis of our company. A SWOT analysis is the easiest and most efficient way of deciding about the future. It will help us propose the actions we must implement to make the most of the opportunities identified and, bearing in mind our weaknesses and strengths, to prepare the company against threats. The main objective of a SWOT analysis is to help the company find its critical strategic factors and, once identified, use and base on them the organisational changes.

Let's now make a SWOT analysis of Decathlon Castellon:

- ***Strengths.***

- A wide range of products and prices to satisfy all types of customers.
- A great price/quality relation in products thanks to being both manufacturers and distributors
- Financial stability from the Company and the Oxyane group.
- An excellent logistics system with a maximum delivery time of 72 hours.
- Stores with a lot of floor space which allows them to offer many additional products and services.
- The excellent store locations in commercial parks and shopping centres to benefit from the traffic of people between different businesses.
- The leading sports goods company.
- An excellent innovation policy based on the study of the human body that allows the design of pioneering products
- The availability of heterogeneous products.
- The availability of own brands.

- **Weaknesses.**

- High R+D+I costs because of its innovative strategy.
- High investment costs and costs associated with the maintenance of shops and warehousing.
- Not being in the important and extensive US market.
- Store location on the city outskirts.
- Possible communication problems derived from the decentralised innovation strategy.
- An excess of employees with short-term contracts.

- **Opportunities.**

- The population's awareness of health, sport and nature.
- The increase of people's interest in their physical aspect.
- The creation of possible sports establishments like gymnasiums making good use of its market image.
- The possibility of diversification by creating new Decat establishments in the city centre.
- The incorporation in their products of new intelligent materials, like , for example, sports clothing that permits the measurement of your heartbeat or even the possibility to charge your mobile phone using nanotechnology.
- Making studies of new materials and components to be able to introduce new sports products or improvements in the existing ones.
- The possibility of extending into new markets. For example the US market

- **Threats.**

- The purchase concentration of the big hypermarkets allowing them to obtain leading brand products at low prices.
- Elevated competition in the sector and the growth of independent shops.
- The introduction of sports clothing in more and more hypermarkets.
- The danger of product obsolescence owing to rapid technological advances in sports equipment.

- The reduction of consumers' purchasing power because of the economic crisis
- The creation of own-brands by direct competitors.

To end the SWOT analysis the Illustration 15 shows the analysis in a simpler and more graphic way.

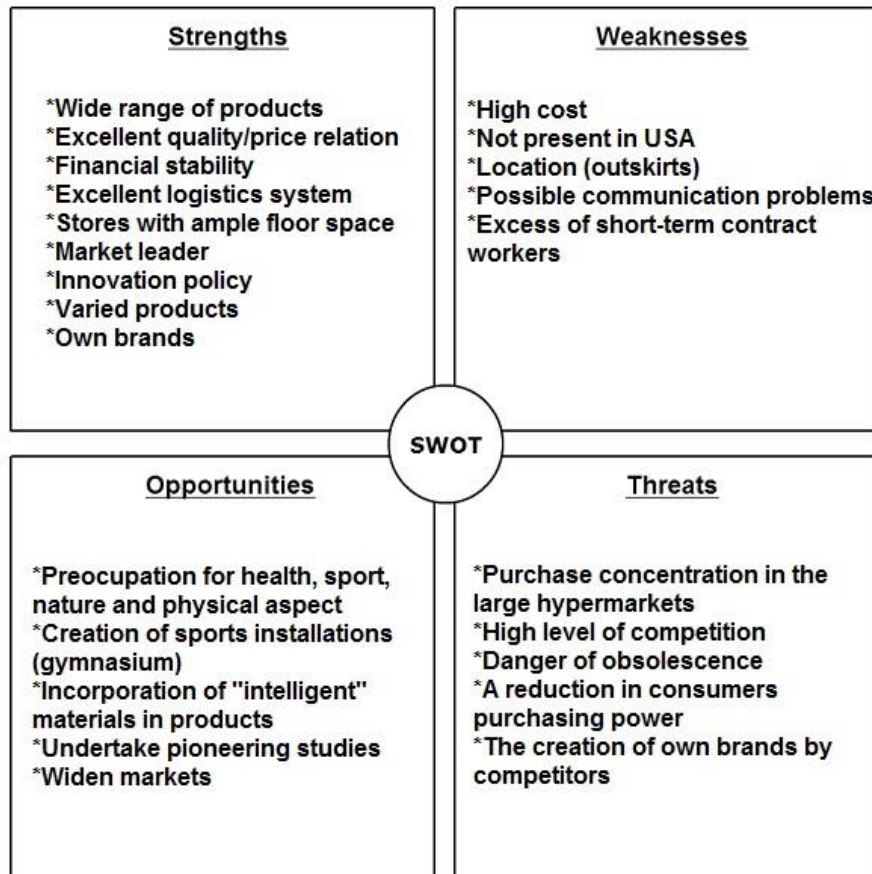


Illustration 15. SWOT

4. PRODUCT AND MARKET DEFINITION.

As we have been advancing through the presentation of the plan, Decathlon's objective is to offer quality sports products at low prices so that everybody can enjoy the benefits of sport by practising whatever sport they want to. Having said this Decathlon is aimed at two market segments.

- One is the most important market segment for Decathlon and these are the end users. These are those customers that go to their stores and buy their products (whether it be physically in the shop or on-line) or make use of their services. Within this segment Decathlon aims at all types of customers independent of the professional sport grade, social level, economic level, age, etc. Their mission is to let everybody enjoy the benefits of sport with quality products at low cost.
- The second segment that Decathlon aims for is that of those businesses or organisations where sport is practised. This is the case of gymnasiums, schools, universities, ski resorts, etc. The objective of working in this segment is to supply all the necessary sports material for them to be able to do their sports activities properly.

5. SETTING GOALS

-Overall objective

To offer quality innovation-based sports products at low cost along with an excellent customer service so that everybody can practise the sport they want to and to enjoy the benefits it provides.

-Specific goals

Goal 1: To increase market share by 10% in the next 2 years.

Goal 2: To diversify Decathlon Castellon's sales points by opening a Decat shop and a gymnasium (Decagym), both in the city centre, and a Pop Up Store located on the Grao beach. All in the next 6 months.

Goal 3: To increase the own brands' and products' recognition by about 40% in the next 2 years.

Goal 4: To create new contacts and relations with existing and potential customers in the coming year based on relational marketing and information collection. The aim of this is to get in touch with each person who has shown interest in the brand or the purchase of a service or product.

Goal 5: To reach a customer satisfaction level of 85% in the next 2 years through client service and quality treatment.

Goal 6: Reduce price levels by an average of 0.4% in the coming year. Decathlon Castellon has been reducing prices over the last four years maintaining the same quality thanks to the optimisation of the internal processes.

Goal 7: Increase investment in the own-brands' R+D+I departments by 3% in the next year.

Goal 8: Improve the quality image of the own brands through investment in publicity in the next three years.

Goal 9: Enter the extensive and promising US market within 3 years, as the company is not presently there.

6. MARKETING STRATEGIES

To reach the objectives detailed in the preceding section Decathlon intends to develop marketing strategies along the same lines as outlined below.

- Firstly, as we can see below in Illustration 16, growth strategies will be implemented.

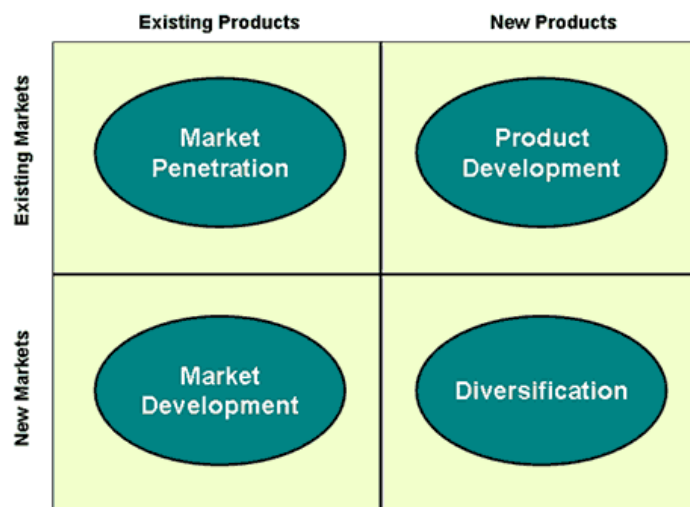


Illustration 16. Ansoff Matrix.

- To obtain an increase in product consumption Decathlon will implement market penetration. This will be price based, offering clients a lower price whilst maintaining product quality. This strategy is designed to comply with the aforementioned fixed objectives and to also achieve greater customer fidelity.
- To achieve the proposed objectives Decathlon will try to enter new markets by implementing the market development strategy.
- Another way of reaching the fixed objectives is by broadening the current range of products and services thanks to numerous innovations produced by the own-brands' decentralised R+D+I departments.
- To finish with the growth strategies Decathlon Castellon will also use the diversification of its sales points through numerous actions that we will propose below.

-Decathlon Castellon will make good use of its competitive advantage (cost leadership) to fulfil the previously determined objectives. To this end the company will work without pause towards the goal of continually optimising their internal processes: production, design, logistics, marketing, etc. This strategy will be aimed at offering the own-brand products at the lowest price possible so that everybody can enjoy doing sports and enjoy its benefits. Thanks to this strategy it is estimated that Decathlon will be able to offer its quality products at a price 20% cheaper than its direct competitors.

- Another of the marketing strategies that will allow them to reach the predetermined goals is the strategy of segmentation. On one hand, Decathlon will, as always, work with the end consumer, who are the customers who habitually purchase in the stores or on the web. Here there will be no discrimination, that is to say that it will cater to all types of public whatever their professional level, age, economic or cultural level, etc., given that the company's main goal is making sport accessible to everybody. On the other hand, it will work with sports businesses and organisations with the aim of supplying them with the necessary sports material to practise their sports, as in, for example, gyms, sports centres, ski resorts, etc.
- Another strategy the Company will use to achieve the previously mentioned goals is the differentiation of its products. Although Decathlon is decided on keeping low prices the company has decentralised R+D+I departments for each of its own brands, which will allow them to manufacture pioneering products, that is, with superior benefits and advantages which can be perceived by customers and in this way will be able to distinguish itself from its direct competitors.
- Lastly, Decathlon will utilize its location strategy to achieve the fixed goals. To this end the company already has 100 stores spread throughout Spain and located strategically, for example, in shopping centres so as to benefit from the flow of customers and so get as many people as possible to visit their stores and enjoy their products and services.

As for Decathlon Castellon itself, it is located in the Grecia street on a commercial estate in Castellon de la Plana where it can benefit from customer traffic between other stores such as Kiabi and Leroy Merlin and with the La Salera Shopping Centre only 1.5 km away.

7. ACTION PROGRAMS

7.1 Action 1: The opening of a Decat shop in the city centre.

-Action description

Action 1. Consists of opening a Decat shop in the centre of Castellon de la Plana. As we have mentioned before in this plan, Decat is a new concept in shops to be located in city centres and specialised in specific sports, such as golf or paddle, in the hope of forming a more personalised relationship with customers (see illustration 17).



Illustration 17. Decat.

As anticipated in the PEST analysis, in Castellon there is a growth in city centre commerce promoted by the Local Council. Taking advantage of this factor and the population's interest in health and physical appearance, we will open a Decat shop specialising in 2 sports, running and paddle, as they are the 2 most popular sports in this locality. The shop will also specialise in other sports depending on the season, for example aquatic sports in summer as it is close to the coast.

The shop will be located at Carrer Vera number 11. This is a business premises in a well transited pedestrian street in the city centre (see illustration 18).



Illustration 18. Decat Shop

The premises has a floor area of 180 m² divide in two showrooms of 60m² and 120m². We can use the larger showroom for the running and paddle products and the smaller one for the products associated with the seasonal sports as they change,

In the shop there will be 5 employees, all form Decathlon Castellon, as with the products. There will be a Shop Manager, two sports salespeople offering the customers a personalised service and two cashiers.

-Assigned Budget

The rental for the aforementioned premises will be 1700€ monthly, which will be 20400€ annually for the company. Utilities costs (electricity, water, gas), estimated in 4200€ annually, will have to be added. Apart from this, all personnel and merchandise will come from the Decathlon store that will take care of these costs.

-Time Frame

The first two months of 2016, January and February, will be dedicated to preparing the shop for its opening in March.

-Contribution to Objectives

Action 1, will contribute to reaching objectives 1, 2, 3, 4, 5, 8 and 9.

7.2 Action 2: The opening of a gymnasium in the city centre.

-Action Description

Action 2 consists of opening a gymnasium in the centre of Castellon based on the same criteria as in Action 1 (the growth of commerce in the centre and interest in health and physical appearance). So, taking advantage of its brand name image, Decathlon will open a gymnasium called Decagym.

Decagym will be located in Plaza Cardona Vives number 3, in the very centre of Castellon. See illustration 19



Illustration 19. Decagym Gymnasium

The premises have a floor space of 565 m² distributed in two floors of 150 m² and 415 m². The larger space will be dedicated to bodybuilding, running machines, showers and changing rooms. The other space will be dedicated to activities with monitors, dance, martial arts, aerobic, etc.

Decagym will have 15 employees: 1 General manager, 2 Room Managers, 1 Receptionist, 6 Personal Trainers and 5 Sports Monitors. Thanks to Decathlon's exhaustive personnel selection process used to find the right employees, many of the store's members of staff are sportspeople or monitors and have a personal trainer's title, so all the staff for the gymnasium as well as all the equipment, running machines, weights etc. will be supplied by Decathlon Castellon.

-Assigned Budget

The rental for the aforementioned premises will be 3600€ monthly or 43200€ yearly. In the future there is the possibility of buying the premises for 750000€. To the rental costs utility costs (electricity, water, gas, etc.), estimated in 11500€ a year, must be added. As with the Decat shop, all the personnel and equipment for the Decagym will come from Decathlon Castellon, which will take care of all the costs.

-Time frame

The first five months of 2016 (January to May) will be dedicated to preparing the premises for the opening in June.

-Contribution to objectives

Action 2 will contribute to reach objectives 1, 2, 3, 4, 5, 8 and 9.

7.3 Action 3: Product Withdrawal.

-Action Description

The third action to be undertaken by Decathlon Castellon, concerns taking decisions about product withdrawal. What do we mean by product withdrawal? As little merchandise is actually warehoused some products often remain for long periods without being sold in the store. So, Decathlon must keep a close eye on those products that stay on display for more than two months. It is better to withdraw them from display so that every time a customer visits the store they see new products and thus appreciate the company's desire for innovation.

-Assigned Budget

The budget for Action 3 is zero as this is a task that can be undertaken by any member of the existing staff.

-Time Frame

Action 3 is an on-going task so it has no particular time frame.

-Contribution to Objectives

Action 3 will contribute to achieving objectives 1, 3, 5 and 8.

7.4 Action 4: Associating prices to the clients' perception of value.

-Action Description

When it comes to setting the prices of the products and services that Decathlon Castellon offers, factors such as demand, costs and competition must be considered. It is important to be cautious in this aspect as it is the company's competitive advantage (cost leadership) that we are talking about, and pricing setting is therefore a fundamental aspect for the company.

Therefore Action 4 will consist of complementing the methods of applying a price margin, that is to say, by bearing in mind not only the competitors' prices, costs, etc. but also by associating them to the value perceived by customers. In this way prices will be established on the expectations and needs of the customers and by extension their satisfaction is guaranteed (magic moment). Besides, the prices will continue in the same line. That is to say that no noticeable changes will be produced in the pricing strategy followed by the company as this is correct and represents its competitive advantage. A price increase could lead to customer dissatisfaction (moment of misfortune) on not understanding this decision given that Decathlon Castellon strives to make sport accessible for everybody by offering high quality products at low prices and could thus create a poor image of and a bad reputation for the company.

-Assigned Budget

The budget for Action 4 will be zero. As this is a decision that will be taken by those responsible: the heads of the department of marketing and commerce and the Director and Assistant Director of Decathlon Castellon.

-Time Frame

Action 4 will be undertaken continually during 2016 and the following years.

-Contribution to Objectives

Action 4 will contribute to achieving objectives 1, 5 and 8.

7.5 Action 5: Establishing CRM (Customer Relationship Management).

-Action Description

Action 5 will consist of establishing a client database CRM system. This will help in Decathlon Castellon's adoption of a business strategy based on the use of methodologies which will assist in the management of all the customer related information in an organised way. Besides the CRM will help the sports salespeople to get to know each one of their clients better (age, address, cultural level, purchase history, etc.) and will therefore help them when it comes to organising presentations and

demonstrations in the store. To ensure the success of this action it is important to have the support of higher management, that it is 100% customer orientated and that all responsibility for success is not based on the CRM technology.

-Assigned Budget

The Budget for Action 5 will be 600€, of which 500€ are to pay for the CRM program and 100€ for installation costs. The IT department under the supervision of the Director and Assistant Director will be those responsible for completing the CRM database with all existing and potential customers. They will also be responsible for updating and maintaining the program.

-Time Frame

Action 5 will last a month (January 2016), the time it will take for its installation. The rest of year it must be updated and new clients' information entered.

-Contribution to Objectives

Action 5 will contribute to achieving objectives 1, 4 and 5.

7.6 Action 6: Creation of Physical and Online Catalogues.

-Action Description

Action 6 will be the creation of catalogues containing all of Decathlon Castellon' products and services along with their prices. Currently, the Company has pamphlets with the latest products or promotions but it does not have general catalogues. The physical catalogues will be for those clients that ask for them in the store and in the Decathlon web page there will be a downloadable PDF version. These catalogues will be produced every year and will be sent by email (in PDF) to every client, or potential client, in the CRM database mentioned before

To help with their presentation, these catalogues will also contain all the relevant information about location, products, services, prices, etc. of the new Decat shop and

the new Decagym gymnasium.

-Assigned Budget

The Budget for Action 6 will be 15000€ for the printing of 1000 units (estimated cost 15 € each one). The online catalogue in PDF format will be free. This Action will be the responsibility of the Marketing, Commerce and Design department.

-Time Frame

Action 6 will last 2 months (January and February 2016). This will be for the elaboration of the catalogues. Throughout the years there will be updates on products, services and prices.

-Contribution to objectives

Action 6 will contribute to achieve objectives 1, 3, 4, 8 and 9.

7.7 Action 7: Production of a Publicity Spot.

-Action Description

Decathlon uses different types of advertising; on television with conventional adverts promoting innovative own brand products and other advertising actions in many social and sports events. So Action 7 will be based on strengthening and increasing investment in advertising by broadcasting a conventional 30 second advertisement on the major TV channels at peak viewing times where an innovative own brand product will demonstrate its advantages and benefits along with its price. Customers will be reminded that these products are only available in Decathlon.

To help promote the new Decat shop and the new Decagym gymnasium they will also be featured in the advert with their location, products and services.

-Assigned Budget

The Budget for Action 7 will be 8500€, the cost of broadcasting the 30 second ads.

-Time frame

Action 7 will last all year (2016) and will be increased in the summer and Christmas seasons.

-Contribution to objectives

Action 7 will contribute to achieving objectives 1, 3, 4, and 7.

7.8 Action 8: Become the Official Sponsor of CD Castellon.

-Action Description

Action 8 is based on reaching an agreement with Castellon Sports Club (CD. Castellon) to become the official sponsor of the football team. The own brand Kipsta (collective sports material) will become the official sponsor and will supply all the sports material necessary to the club. All of this is to promote Decathlon, improve the quality image of its own brand products and increase sales. Also as a way of promoting the new Decat shop the team's official shirts will only be available at the Decat shop.

-Assigned Budget

The Budget for Action 8 will be 4500€ the cost of the sponsorship of CD Castellon.

-Time Frame

Action 8 will last all 2016 and will continue in the coming years.

-Contribution to Objectives

Action 8 will contribute to achieve objectives 3, 4, 6 and 8.

7.9 Action 9: The opening of a Pop Up Store on the beach at Grao de Castellón.

-Action Description

Action 9 will be the opening of a Decathlon Pop Up Store, to be located on the beach at Grao de Castellon, as shown in Illustration 20.



Illustration 20. Decathlon Castellón Pop Up Store.

The Pop Up Store is a new model of shop that is currently revolutionising the market. Its objective is based on: arrive, set up, impress, sell and take down. So, taking advantage of Decathlon's brand awareness and seeking a way to increase sales and improve the quality image of the own brands, a Pop Up Store will be opened on the Grao de Castellon beach during July and August offering articles like swimsuits, bikinis, flip-flops, surf boards, diving goggles, etc. All these products belong to the tribord and Nabaiji own brands which are dedicated to water sports.

In the Pop Up Store there will be 3 employees; 2 sports salespeople and 1 cashier, all of them from the Decathlon Castellon store. They will be in charge of creating customer satisfaction and promoting the own brand products.

The aim of Action 9 is to look for a new way to sell products, to reinvent themselves and to move away from the traditional. Thanks to opening a Pop Up Store, Decathlon's innovative image will be reinforced and this will be noted by the clients as they become more involved in the brand.

-Assigned Budget

The Budget for Action 9 is 7000€, the cost of creating and maintaining the Pop Up Store.

-Time Frame

Action 9 will be done in the months of July and August, taking advantage of the high season and the arrival of tourists in the city.

-Contribution to objectives

Action 9 will contribute to achieve objectives 1, 2, 3, 4, 5, 8 and 9.

8. TIME FRAME

Now that all the actions have been analysed we can see in Table 1 all of their time frames.

Table 1. Time frame.

2016	1	2	3	4	5	6	7	8	9	10	11	12
Action 1	Store preparation											
Action 2	Store preparation											
Action 3												
Action 4												
Action 5		Update and maintenance										
Action 6			Update and maintenance									
Action 7												
Action 8												
Action 9	Store preparation											

9. BUDGET

In the table 2 we can see a detailed estimate of the cost of each action. The budget amounts to € 114.900.

Table 2. Budget.

ACTIONS	IMPLEMENTATION	BUDGET
Action 1: Decat.	Production, design and marketing department.	€20.400 rental + 4.200 expenses = €24.600.
Action 2: Decagym.	Production and marketing and sales department	€43.200 rental + 11.500 expenses = 54.700€.
Action 3: Product withdrawl	Marketing and sales department	€0.
Action 4: Associating price to perceived value	Marketing and sales department	€0.
Action 5: CRM.	Computer science department and upper management	€500 CRM + €100 labour cost = €600
Action 6: Catalogues	Marketing, sales department and design.	Offline: €15 (1000 units)= €15000. Online: €0.
Action 7: TV spot.	Television spot during emission	€8500.
Action 8: Official sponsor of CD. Castellón.	Sponsor CD. Castellón, third division	€4500.
Action 9: Pop Up Store.	Production, design and marketing department.	€7000.
TOTAL BUDGET		€114.900,00

10. CONTROL

In Table 3 we can see each control mechanism used for each of the objectives

Table 3. Control.

GOALS	CONTROL
Goal 1: Increase market share.	$(\text{Market share 2016} / \text{Market share 2015}) * 100$
Goal 2: Diversification of sales points.	$(\text{New establishments' sales 2016} / \text{total sales 2015}) * 100$
Goal 3: Increase Brand awareness of the own brands	$(\text{Visits to the shops, web and social networks 2016} / \text{visits 2015}) * 100$
Goal 4: Create new contacts y relations with existing and potential clients	$(\text{Number of clients 2016} / \text{number of clients 2015}) * 100$
Goal 5: Reach a client satisfaction level of 85%.	$(\text{Satisfaction surveys 2016} / \text{surveys 2015}) * 100$
Goal 6: Reduce price levels	$(\text{Average prices 2016} / \text{average prices 2015}) * 100$
Goal 7: Increase investment in R+D+i.	$(\text{Investment R+D+i in own brands 2016} / \text{investment 2015}) * 100$
Goal 8: Improve the image of quality in own brands	$(\text{Investment in advertising 2016} / \text{investment 2015}) * 100$
Goal 9: Entry in the US market	$(\text{Number of current markets 2016} / \text{number of markets 2015}) * 100$

11. BIBLIOGRAPHY

BASIC BIBLIOGRAPHY

- *Guerras, L.A., y Navas, J.E., 2007. La dirección estratégica de la empresa. Teoría y Aplicaciones. 4th ed. Madrid: Civitas*
- *Kotler, P. y Armstrong, G., 2008. Principios de Marketing. 12ª edición. Madrid: Pearson.*
- *Kotler, P., 2012. Dirección de Marketing. 14ª edición. Madrid: Pearson.*
- *Santesmases M., 2012. Marketing: conceptos y estrategias. 6th ed. Madrid: PIRÁMIDE.*

COMPLEMENTARY BIBLIOGRAPHY

- *Ayuntamiento de Castellón, 2015. [Online]*
Available at: <http://www.castello.es/web30/pages/inicio_web10.php?id=cas>
[Accessed 10 January 2015].
- *BOE, 2007. Boletín Oficial del Estado. [Online]*
Available at: <<http://www.boe.es/boe/dias/2007/10/24/pdfs/A43229-43250.pdf>>
[Accessed 2 December 2014].
- *BOE, 2007. Boletín Oficial del Estado. [Online]*
Available at:
<<https://www.boe.es/buscar/pdf/2007/BOE-A-2007-12946-consolidado.pdf>> [Accessed 3 December 2014].
- *Communique de presse. CP Innovations Awards 2010. [Accessed 21 December 2014].*
- *Corte inglés, 2015. Página web oficial. [online]*
Available at: <<http://www.elcorteingles.es/>>. [Accessed 12 January 2015].
- *Decathlon, 2015. Página web oficial [online]*
Available at: <<http://www.decathlon.es/>>. [Accessed 10 January 2015].
- *Decat, 2015. Página web oficial. [online]*
Available at: <<http://www.decat.com/es/>>. [Accessed 20 January 2015].
- *Decathlon, 2015. Página web corporativa. [online]*
Available at: <<http://corporate.decathlon.com/es/>>. [Accessed 13 January 2015].
- *DME award 2007 selection Honourable Mention Large Companies. Design Management Europe. DME; Case Study Decathlon. [Accessed 20 December 2014].*

- *El Mundo*, 2015. *Las cuentas del Estado, ministerio a ministerio* [online] Available at: <<http://www.elmundo.es/espana/2014/09/30/542ac47be2704e35068b4587.html>> [Accessed 19 January 2015].
- *El Portal del Comerciante*, 2009. *¿Han cambiado los hábitos de compra?* [online] Available at: <<http://www.portaldelcomerciante.com/es/articulo/han-cambiado-habitoscompra>> [Accessed 3 January 2015].
- *Footlocker*, 2015. *Página web oficial*. [online] Available at: <<http://www.footlocker.eu/es/k/es.aspx>>. [Accessed 12 January 2015].
- *INE*, 2014. *Instituto Nacional de Estadística*. [Online] Available at: <<http://www.ine.es/daco/daco42/daco4211/epa0114.pdf>> [Accessed 10 December 2014].
- *Intersport*, 2015. *Página web oficial*. [online] Available at: <<http://www.intersport.es/>>. [Accessed 10 January 2015].
- Jacques J., Fady André [et. al] *Factores de competitividad en el comercio minorista. Col·lecció estudis comercials. Generalitat Valenciana*. [Accessed 3 April 2015].
- *Oxylane*, 2015. *Página web corporativa*. [online] Available at: <<http://oxylane.vn/en/oxylane-network.html>>. [Accessed 9 January 2015].
- *Pop Up Store*, 2015 *página web oficial*. [online] Available at: <<http://www.popupstorespain.com/index.html?5>>. [Accessed 26 January 2015].
- *The Dual Management of Innovation by the Decathlon Group. A distinctive strategic system on the sport goods market. De Boeck Université. Journal of Economics* (2009). Hillairet, Dieter, Richard, Guillaume & Bouchet, Patrick. [Accessed 1 April 2015].

12. ANNEXES

Table 4. Wages.

WAGES 2014	ANNUAL SALARY	MONTHLY SALARY	PRICE HOUR
GROUP 3	16.251,15 €	1.354,26 €	8,38 €
GROUP 4	13.204,06 €	1.100,34 €	6,81 €

Table 4 shows the salaries received by workers at Decathlon Castellon. Included are extras and holiday period days are discounted. Therefore part time workers have to do the hourly total without bearing in mind the festive season. Group 3 refers to department heads and group 4 are the sports salespeople. Directors (group 1) and assistant directors (group 2) are not included

An Interview with Alberto Pereña, Director of Decathlon Castellon:

1- What type of segments does Decathlon cater to?

Decathlon caters to all those people who practise sport as our aim is to make sport accessible to all those who can benefit from it.

In one hand we cater to sportspeople (end consumers) and on the other we also cater to sports organisations (universities, schools, ski resorts, gymnasiums)

2- What are the current opportunities and threats in the market?

-As for opportunities, the market is growing steadily because people are becoming more interested in their physical and psychological well-being and that is why they practise sport in their spare time.

-On the other hand threats come from competitors.

3- What are Decathlon's strengths?

-We manage human resources well as we are people orientated. We give them courage and confidence so that they can be autonomous and happy as this is the only way they can make our customers happy.

4- What are Decathlon's weaknesses?

As we form part of a pioneering project, some of our projects aren't well established and so we have to be mindful and proactive to adapt to each situation.

5- What is Decathlon's organisational structure?

Decathlon is divided in departments (hunting, fishing, cycling, etc.) and each department is managed independently.

In the store we have a Manager, an Assistant Manager and then there are the department Managers and lastly the sports salespersons.

Then there are the Regional Directors and National Directors and each department also has a National manager.

The Department Managers have many responsibilities as all of Decathlon's employees are versatile and deal with different tasks: marketing, HR, logistics, etc.

6- Decathlon's competitive advantage is cost leadership. How and where are prices set?

-Prices are set at both national and local levels. Decathlon guarantees the consumers the lowest prices in the market and to that end we work on the optimisation of all internal processes (manufacture, logistics, design, etc.) Decathlon is implicated with its customers to the point that we offer our products at prices around 20% cheaper than our competitors and we have been lowering our prices for the last four years.

7- What brands and products make up your portfolio?

-The own brands are our principal source of income accounting for about 80% of the total. Each of these (Kipsta, Quechua, etc.) has a decentralised R+D department and our aim is to offer innovative products to distinguish ourselves from our competitors but at a low price.

-On the other hand we work with leading brands like Adidas, North Face, Nike, etc. so

as to be able to offer our customers a wider range of products and so satisfy them all.

8- Who are your principal competitors?

The competition is extensive but our direct competitors are:

In first place Intersport, as this is our main competitor. Then we have El Corte Inglés offering a wide range of products like decathlon. Then we have Footlocker although it is more specialised in sports footwear, and then there are the hypermarkets (Carrefour, Alcampo, etc.) they have gained force over the last few years. Lastly are the independent neighbourhood businesses.