Lion of Porches: Portugal is going abroad – development strategy of a fashion business

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Dissertation written under the supervision of Nuno Cardeal

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ABSTRACT

Dissertation Title: LION OF PORCHES: Portugal is going abroad - development strategy of a fashion business

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The thesis here presented, in the form of a case study, has as a purpose explaining the growth path of the Portuguese clothing brand Lion of Porches through its strategic development options. The case study can be used as a teaching tool, as it provides students with a base to apply the strategic frameworks taught in class.

Lion of Porches is a brand owned by company "Têxteis Cães de Pedra", which initially was a knitted clothing producer, that specializes in the distribution of clothing articles for men, women and children in the Portuguese market and other locations across the world using a franchising strategy. In its growth strategy, the brand takes different strategic decisions as to improve its business focus, concentrating its efforts only in distribution and outsourcing support activities; and increasing its market coverage, either by expanding its segment reach or, as mentioned, its retail presence. With this development, alteration to the way the brand business was conduct had to be made in order to support its strategic intentions; this view provides the reader with a chance to understand the resources that allow a company in the fashion industry to conduct its business.

The topics here mentioned, based on a real life example, revolve around the different types of business strategies used by the brand, the importance of its resources to give it a sustainable competitive advantage and the reasons that lead it to choose the franchise model as an entry model for internationalization.

RESUMO

Título: LION OF PORCHES: Portugal is going abroad - development strategy of a fashion business

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A tese aqui apresentada, usando o formato de um caso de estudo, tem como propósito explicar o caminho de crescimento da marca Portuguesa Lion of Porches através das suas opções de desenvolvimento estratégico. O caso de estudo poderá ser usado como uma ferramenta de ensino, sendo que providencia aos alunos uma base para aplicar as teorias estratégicas lecionadas em aula.

A marca Lion of Porches é detida pela empresa "Têxteis Cães de Pedra", que era inicialmente uma produtora de roupa de malha, que se especializa na distribuição de roupa para homens, mulheres e crianças no mercado português e em outras localizações pelo mundo usando uma estratégia de franchising. Na sua estratégia de crescimento a marca tomou diferentes decisões estratégicas de modo a melhorar o foco do seu negocio, concentrando os seus esforços apenas na distribuição e delegados a terceiros as atividades de suporte; e aumentando a sua cobertura de mercado, quer aumentando o numero de segmentos servidos ou, tal como mencionado, aumentando a sua cobertura de retalho. Com este desenvolvimento, alterações ao modo como o negocio da marca era conduzido foram efetuadas de modo a suportar as suas intenções estratégicas; esta perspetiva providencia ao leitor uma oportunidade para perceber que tipo de recurso permitem a uma empresa na industria da moda conduzir a sua atividade.

Os tópicos aqui mencionados, baseados num exemplo da vida real, revolvem em torno de diferentes estratégias de negocio usadas pela marca, a importância dos seus recursos em providenciar vantagem competitiva sustentada e as razões que levaram a marca a escolher o modelo de franchise como modelo de entrada para a internacionalização.

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I – CASE STUDY

1. Introduction

Upon entering the Lion of Porches offices, you leave behind the industrial area of Guimarães and access the brand's world. The first thing you see is a mock-up store straight in the middle of the entrance, in which a new window display is being tested. Moving forward you get to explore the brand showrooms, in which the next year's selling collection is on display; both give you a full sense of what the brand is and stands for, more importantly, you see the team behind the vision just in the background of this two client engagement elements.

By moving through the office, you understand how each department works and what is the purpose of that task, the connection and the sense of a unified purpose running from room to room. You also understand the history behind the brand, given its location on an industrial area, and its future growth, as a result of the talks of future international openings and current scheduling of the merchandising team trips.

2. Textile and Clothing industry

2.1. Defining changes and establishing character

The profile of the modern clothing and textile industry was defined by the aftershock of important historical developments. More recently, and in this instance the term is loosely applied, the late XVIII century English industrial revolution stood ground as one of the more defining elements; thus, industry prices decreased, production increased and the development of new processes allowed the sector to evolve.

Moving forward a few decades, a defining moment is once more found. In 1960 the European Free Trading Association – EFTA is established and with it countries can participate and compete in international markets. By 1974 rules and quotas are introduced to the commerce of fibbers and clothing with the Multi-Fibre Agreement - MFA, much affecting the industry. As the years passed some disagreement rose as to the ill effects of the MFA and the World Trade Organization – WTO intervenes setting a ten-year period during which, slowly and with careful planning, quotas were to be eliminated. On the 1st of January 2005 the full effect of the Agreement on Textile and Clothing – ATC, in which trades of clothing and fibbers were to be freely allowed to members of the WTO, of which China was a recent member, is officially applied.

In parallel to the above events, the creation of the then European Economic Community – EEC, also altered the way goods were traded within member countries, allowing economies to expand their potential by reaching new clients. On the textile and clothing sector an impactful introduction came from the new members of east Europe, which provided a new source of lower labour costs and the advantage of being close to the home country of the now European Union – EU members, and the sharing of common trading laws. Additionally, one of the most dynamic changes occurred due to the introduction of the Euro, a single currency to be shared by the majority of the members. It would reinforce the sense of unification and help to build a stronger economy against non-member countries.

Industry fluctuations also took place due to economic variations; as is example the 2008 crises that was felt throughout the world; changes in differentiating factors, as are examples labour costs, product quality, and delivery time; and most importantly changes in consumer tastes and wishes. On the last element, it is important to recognize that the industry has a strong connection to the "fashion world" and so, it will undoubtedly be connected to the ups and down that characterise it and compose its nature.

Looking at WTO – international trade statistics information for 2014, as to provide a global overview of the market, China was the leading country in share of world exports in textile with 34,8%, growing 12% from the previous year, and EU (28) the leader for importations with 24,2%, representing a 5% growth. In what concerns clothing the leaders maintain their positions both in exports and imports changing share values to 38,6% and 37,9%, respectively[1].

2.2.The Portuguese evolution

On the course of its existence the sector was primarily located in the northern stretch of the country, due to historical and geographic reasons, there it was born and there it developed[2]. Firstly, with the production of the sails that would enable sailors to discover new "worlds" and later on in the region of *Vale do Ave,* due to its geographical advantages (CENIT - Centro de Inteligência Textil, 2009). No reason came to alter this evolution and so it kept on going, as of 2014 the Braga region generated 57% of the industry business, followed by the Oporto region with 24%[3].

As all others, Portugal was impacted by all the industry crucial moments and by some that entailed to its personal development.

The industrial revolution had blended effects, as it helped upgrade the local industry, and so evolving the sector, but it also led to the closing of small workshops and family owned business

[1]Source: WTO, see figure 01 and 02
[2] Source: ATP
[3] Source: ATP, see figure 03 and 04

that were not able to subside alongside the new technological introductions. Even though this no longer characterizes the industry, as it has evolved to adopt the latest technologies in the field and to create its own in partnership with local universities as is "Universidade do Minho" – UM, they still help to shape the way the sector grew as some of the currently working companies are family run and have been growing during generations.

From 1961 until 1974, a new source of raw materials and exports was found in colonial trading, which coincided with the introduction of the EFTA, giving the country a new motivation to move its productions outside boarders[4].

After three decades of increasing exportation levels during the 60's, 70's and 80's, as boarders were lifted and free trading was settling, Portugal had difficulties stating its ground among other exporters in Asia, eastern Europe and India. The labour force price was higher, in some instances less educated, the industry depended much on private-label production and so, as business deals dwindled, the industry took a considerable fall. Many companies closed doors permanently due to lack of financial sustainability and even a proper internal structure, erasing certain specialities from the country production catalogue. The tip of the crises in the sector took place with the 2008 economic crises, that said, the industry was able to evolve and react and the recent exportation levels reflect it[5].

3. Presenting a Portuguese twist on a British classic

3.1. Facing crises with a new face

"Herculano & Pimenta" was created in 1963 by Herculano José Fernandes in the northern region of Guimarães. The company began by focusing on the production and storage of textile fabrics, growing into exportation and acquiring a good market reputation through its efficient service offer (Herculano & Pimenta, S.A, 2003). Being a family company, as new members began to be involved in its activities, the group started to diversify into new business areas, as hotels, a Ford car dealership in the north of Portugal, and real estate investments, creating new subsidiaries. One of those is "Têxteis Cães de Pedra", born in 1964 as to focus on the production of knitted clothes to private labels.

With the changes that took place in the Portuguese textile industry during the late 80's the company business model evolved to adapt to changing market conditions, one of the key points in its evolution was the ability to sense that the textile industry opportunity laid in changing

[4] Source: ATP, see figure 05
[5] Source: ATP, see figure 07 and 6

focus from being a private-label producer, which had no added value and implied a constant search for new clients, to an own-label owner. The straight forward outcome would have been to create their own brand, process which would have been too time consuming and implied a substantial risk for the company, or alternatively, to take a shortcut and acquire an already existing brand, in this case – "Lion of Porches".

In 2006 "Têxteis Cães de Pedra" took the opportunity and acquired the brand and its exploration and commercialization rights from the "Califa" group, that at the time was going through some financial difficulties, with whom it had prior business relations as it supplied knitted clothes to brand Lion of Porches. The acquisition proved to be the exact match sought for, Lion of Porches, which at the time already had a developed concept and some notoriety, provided the needed diversity and differentiation factor to escape the dwelling market.

Entering the group, the brand which was created in 2002, was only offered in multi-brand stores and included only menswear in the classic Lion Line, with time "Têxteis Cães the Pedra" grew the brand and increased its offer, availability and global presence.

With the increasing success of the newly acquired clothing brand, production was no longer a key element of the strategy, and it was gradually closed. Firstly, private-label production ceased to exist, allowing the company to focus its efforts in the in-house need for knitted clothes; finally, by 2013, production was completely interrupted since distribution became the focal element of the brand strategy, moving all production to external suppliers.

In 2015 the company, "Têxteis Cães de Pedra", acquired a second brand – Decenio. The new brand originally belonged to the "Ricon" group, that due to a change in its organizational structure decided to sell some of its assets, and was created in 1993 counting with a considerable presence in national territory (Cardoso, 2015). The group recognized the potential of the deal as a way to diversify the product portfolio and to reduce the risk inherent to fashion brands. The brand also posed another offer, as it was not a direct competitor to Lion of Porches, it would act as a complementary product to the current clients, as the offered lines are much more formal in style.

3.2. The personification of a Concept, Mission and Vision

"*Lion of Porches is a British inspired brand designed for sophisticated men, women and children. Dedicated for those who appreciate an original and distinct colouring, Lion of Porches offers an elegant casualwear stylish and superior quality. Clearly urban, the brand surprises with the creativity of its collections, the fine detail dedicated to each item and the elegance and comfort provided for each season*."[6]

[6] Lion of Porches

Mission and vision aim to set the above presented brand concept in practise, both nationally and internationally, all while pleasing their clients by maintaining their high standards.
The brand stores[7] are the physical impersonation of the message. The sophisticated feel, with exclusive interiors and architectural design, aims to provide the best experience to all its customers.

3.3.One brand three lines

Notwithstanding its start in menswear with a casual line, the brand is now available to three audiences: men, women and children in three distinct lines: lion, preppy, city[8]. In all the lines attention to detail is keen as it allows the wearer to show individuality, while helping reinforce its British identity.
In the outset, by 2009, the feminine line was not able to match the sales numbers brought in by its male counterpart, but in just four years it grew its consumer base and now both lines amount to similar sale shares. Children wear, introduced in 2012, represents a residual sale value but complements the brand offering and falls in line with the brand philosophy of having a complete range in one place, a "complete look" approach. The policy to feature a complete look allows its offering to extend to product such as shoes, and accessories such as: scarfs, small jewellery and even boxer pants for men. That said, it is not in their practise to offer basic versions of featured pieces.

3.4.Growing nationally

Initially Lion of Porches was sold in multi-brand retailers, outsourced distribution partners, and it was only after being acquired by "Têxteis Cães de Pedra" that it opened its first two physical stores in "Arrabida Shopping" and "Norte Shopping", to improve the brand autonomy and reduce the high competitive level experienced. From there the brand strategy was to maintain some of its multi-brand stores presence, as they connected the brand to a valuable and experienced client, and open mono-brand stores according to local demand and opportunities that presented it selves. The strategy was executed with the opening of stores across the country as a way to increase brand awareness and coverage.

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[7] see figure 08
[8] see figure 11

After three years, a deal was struck in department retailer El Corte Inglês as to open brand corners on their two Portuguese locations: Lisbon and Gaia; which proved to be a very successful partnership for both parties.

The brand national strategy proved to be fruitful, expanding to have national coverage with mono-brand stores, even though a few multi-brand locations were still maintained, in all the country district capitals, islands and even allowing the introduction of some outlet locations. To its physical presence an online store, included in the brand website, was combined, starting in 2012, helping to increase in-store traffic, increase brand recognition and to bring the brand closer to and ever evolving consumer, as it displays the current collection and allows consumers to contact the brand trough a contact form. Initially the store was only available to the national market, evolving to feature Spain and later on 16 different countries, all within Europe, to which delivery is available using one of three methods: physical store pick-up; pick-me points, using a network of partners spread across Portugal; directly to the client house using mail postage.

As to boost consumer recognition and to elevate the brand, presences in the Portuguese Fashion Week are common as is the featuring of known personalities as the brand face, more recently "Victoria Guerra"[9] or the sponsoring of Portuguese celebrities, such as "Rui Unas"[10].

4. Internationalization

4.1. Taking the right opportunity

The partnership created with El Corte Inglês, opened the doors to international growth while erasing the physical limitations the national market imposed. As both parts had a successful outcome from the Portuguese endeavour, the Spanish market fell as a natural next step, and by 2011 Lion of Porches was available in the neighbouring country in corner stores in "Galerias Preciados" and "Galerias Parque Sur" in the Madrid area.

As visibility grew business opportunities appeared and so the first franchise deals rose and the first mono-brand store locations opened outside Portugal in Spain - Zamora and Africa - Angola. Sensing the opportunity, the brand drafts its international strategy plan and sets it into motion. To increase visibility and to meet new business partners, appearances in international trade fairs in cities like Milan, Madrid and London become part of the yearly brand agenda. As an added measure, new showrooms opened outside Portugal in six new locations: Madrid, Barcelona, Lugo, Manchester, Geneva and Paris; this allowed the brand to be closer to

[9] see figure 09
[10] see figure 10

prospective clients both in multi-brand locations and corners stores. Growth granted its presence in 62 mono-brand and franchise stores as well as 270 shop-in-shop corners and dedicated areas [11].

Expansion was always done with resource to a local partner that better understood the challenges that may be faced. Connection with local associates comes in both ways, either the brand sought out for an exact one for a given new market entry or it was sought after, given its appreciation. The commercial team will assess the partner match in terms of fit and expectations, and together, evaluate the new location and the better way to enter it. In the study of the new position, elements such as a liability study, cost/profitability measures, experience and local opponents will be taken into consideration.

4.2.Market entry strategies

Outside of Portugal the brand is available in three main settings: mono-brand shop, multi-brand shop and shop-in-shop. The first, represents the concept in which a store contains only Lion of Porches articles, obeys the brand guidelines and follows a defined set of rules in regards to the store layout and presentation. This type of store can be managed either by the direct guidelines of the brand or under a franchisee agreement following strict instructions given by the main management team. Shop-in-shops, or corner stores, follow the same reasoning except for two elements; the selling space is located in department stores, as for example El Corte Ingles, and administrative duties can be shared with the department store management team or fall solely on them. Lastly, multi-brand stores, are options strictly done through a franchise deal in which the brand loses all control over the way a certain store will be managed, as in the same place many different brands will be featured. In this type of agreement, the main brand sells the right to a specific person to market certain brand pieces.

Franchise agreements happen in cases in which the brand finds relevant to export their specific concept but lacks the right set of skills to manage the stores everyday activities. Reasons may vary from lack of knowledge of the regional market to distance to the closest managing team available.

[11] see figure 14

4.3. Adapting to a global presence

Given the brand presence in distinct climate and culture countries some adaptions to the collections design had to be integrated. If the summer collection can generally fit all locations, the winter assemble suffers some adjustments as to cater to the most extreme weather locations. For the "summer" climates it includes lighter pieces as to provide variety year-round; for extreme winter regions additional items are also included as to give a more protective option to clients. Given some locations cultural background, other considerations are taken in mind as to assure that consumers feel comfortable shopping in the brand stores. This include the introduction of scarfs or longer length pieces that allow local individuals to follow their religion's guidelines.

Pricing strategy also had to be revised, meaning that two pricing systems are in place. Firstly, recommended retail price - RRP, which is the base selling price or sale/resale price, representing the base selling price with an extra mark-up. The first system is applied to countries within the EU. Clothes are sent to clients with the tag prices already attached and prices are monitored by the brand as to avoid cannibalisation within different suppliers of a same region. The second system works in countries in which extra costs are factored to the selling price, as exportation taxes and transportation costs. The mark-up above the base selling price covers the added costs and provides the seller with a percentage of revenues. In this setting tag prices are only added in location.

Distribution configuration was also an element to adapt given the new international strategy, in this case three alternatives are in place. In countries within EU south region, daily to weekly deliveries are done by Lion of Porches using a partner company. Within the other EU countries deliveries are also in the brand responsibility but with a broader schedule. In the rest of the world and Switzerland, deliveries oversee the franchise partners both logistically and cost wise. Usually they are done in three parts, matching the collection evolution, as to decrease the financial and logistical effort.

5. Running a fashion house

Lion of Porches is run by the communal effort of different teams[12], that together allow consumers across the globe to acquire the brand products from its three retail models. As the brand grew, so did the team behind it, and so did the issues being dealt with. Upon acquisition the managing team was small, as the brand was only focusing on male clothing and only using

[12] see figure 12

franchise deals on multi-brand stores. With the introduction of the own-brand model, alterations were included as new needs arose, such as defining the brand market image, where should new stores be opened, and how to partner with other management teams, in the case of the shop-in-shop market approach. These decisions allowed the team to grow and the brand to evolve across national borders, then internationalisation came as a new challenge. Once more, managing had to be adapted to entail the alterations that having an international presence posed. One of the ways the brand chose to surpass this difficulty was to have local partners - franchisees, that better understood how each market behaved and how the brand should be introduced to it.

Aside from management considerations, logistically[13], several different aspects also need to be addressed. One of the first factors relates to the materials sourcing, being 90% produced nationally and the remainder from international sources, which are picked taking into consideration the in-house designers seasonal preferences and industry tendencies exposed in textile fairs. Some materials do come from the mother company, “Herculano & Pimenta”, but they are treated just like any other supplier. With designs finalised, components need to be reunited and then sent to outsourced producers located mainly in the area close to the brand offices, as it is decisive for the brand image to maintain Portuguese production. The pieces produced outside national frontiers, 10% of total production, come from China or India and represent products that do not have production capability in Portugal, like outerwear (e.g.: parkas), and can be found in these locations with high quality and response level. The producers are a mix of fixed partners, working for the brand for over 10 years, relating to productions which are not seasonally bound; and variable production locations, relating to each collection needs. Producers will obtain from the brand a product file, for each item to be assembled, entailing the garment specifications and the list of adornments to be added that will allow them to first produce a test sample, for designers, then a vendor sample which will be displayed in the showroom, in which store representatives can decide which pieces will be feature in their stores, and only afterwards final production can take place.

With the selling collection chosen, production will commence and the quality team will assure that it meets the brand stipulated standards, allowing for delivery only once each piece is granted approval. In parallel, all the branding activities will take place merging in-house and outsourced efforts, for example using marketing agencies to connect to personalities.

Sales tracking and analysis serves as a validation of the entire process, and as an internal benchmark guide. Analysis will range from a seasonal global perspective, to a piece by piece

[13] see figure 13

approach, allowing for a complete overview of how the consumer is interacting with the brand on a constant base. With the information, the commercial team can provide feedback to the design team, which will be implemented on future collections and will allow for the creation of flash collections. This are smaller lines that will only be created as a complement to certain high selling pieces, or even to cover lack of stock, to make the most out of a certain buying tendency. Final consumers will not be aware of the difference between the main and flash collection, but will know when promotions and sales take place. This help the company to move the final pieces in the end of a season, sales, but also to introduce a new collection by enticing consumers to make the first purchases at a lower price point, promotions. With this strategy, total sales of a given collection are equally distributed between the three price levels: sales price (up to 50% discount), promotion price (normally 20% discount) and normal price.

Lastly two other elements need to mentioned, the brand office location and their human resources policies. Regarding the main office location, it is close to the initial "Têxteis Cães de Pedra" factory and the Portuguese "textile and clothing production district". Being so close to production allows the design and quality check team to have a higher control level over the finished product. Additionally, proximity creates a much-needed client-producer relationship and so an easier turn-over when pieces need to be adjusted or corrected. Acquisition and training of employees, are very important for the brand as it is what allows its proper functioning. The first is done following one of three process, according to the position to be filled in: social media and LinkedIn; using specialized recruitment companies; or direct contact to valuable new acquisitions. As for the team training, it is done on a regular basis to assure that all members are up to speed on important developments, and it is even more valuable with employees that interact directly with consumers, as to assure they can provide the best experience.

6. Looking forward

Lion of Porches focused on growing its presence outside national boards on the last few years, being the last new entries in Russia and Iran, given that the national market was seen as mature. With that, as mentioned, the group recently acquired brand Decenio, which currently shares some functions with Lion of Porches.

For the future, current plans lay in increasing Lion of Porches presence in the less saturated markets locations as Iran, not forgoing new entries; as for Decenio the plan is to improve brand image and positioning.

Keeping these future developments in mind, the brand future outcome may be affected on a given number of ways. As the brand moves into new markets cultural and geographic distance becomes an ever-growing concern, and these will impact it. Local perception is also a big consideration, as the British theme is quite prominent and new local interpretations of it may affect the brand growth. Additionally, how will the new acquisition impact future sales, or what will be the actual the impact on both brand consumers.

These are a few of the questions to be answered in years to come, and the outcome of those will determine the prosperity of Lion of Porches.

II – EXHIBITS

Table II.53

Leading exporters and importers of textiles, 2013

(Billion dollars and percentage)

	Value	Share in world exports/imports				Annual percentage change			
	2013	1980	1990	2000	2013	2005-13	2011	2012	2013
Exporters									
China a	107	4,6	6,9	10,4	34,8	13	23	1	12
European Union (28)	72	-	-	36,7	23,6	0	13	-10	3
extra-EU (28) exports	23	-	-	9,9	7,5	2	15	-6	3
India	19	2,4	2,1	3,6	6,2	11	20	0	24
United States	14	6,8	4,8	7,1	4,6	1	14	-3	3
Turkey	12	0,6	1,4	2,4	4,0	7	20	3	10
Korea, Republic of	12	4,0	5,8	8,2	3,9	2	13	-3	1
Hong Kong, China	11	-	-	-	-	-3	0	-7	2
domestic exports b	0	1,7	2,1	0,8	0,1	-15	-19	-8	-11
re-exports b	10	-	-	-	-	-3	0	-6	0
Chinese Taipei	10	3,2	5,9	7,7	3,3	1	13	-7	0
Pakistan	9	1,6	2,6	2,9	3,1	4	16	-4	7
Japan	7	9,3	5,6	4,5	2,2	0	13	-3	-12
Viet Nam b	5	...	...	0,2	1,6	27	23	3	23
Indonesia	5	0,1	1,2	2,3	1,5	4	16	-5	2
Thailand	4	0,6	0,9	1,3	1,3	4	8	-14	10
United Arab Emirates b, c	3	0,1	0,0	0,8	0,9	9	6	16	23
Mexico a	2	0,2	0,7	1,7	0,8	2	11	5	9
Above 15	**281**	-	-	**90,5**	**91,8**	-	-	-	-
Importers									
European Union (28)	78	-	-	35,2	24,2	1	14	-12	5
extra-EU (28) imports	29	-	-	9,9	9,0	4	17	-14	7
United States	27	4,5	6,2	9,8	8,4	2	8	2	4
China a, d	22	1,9	4,9	7,8	6,7	4	7	5	9
Viet Nam b	11	...	...	0,8	3,3	15	24	4	17
Hong Kong, China	10	-	-	-	-	-3	-2	-6	1
retained imports b	0	3,7	3,8	0,9	0,0	-20	...	...	...
Japan	9	3,0	3,8	3,0	2,7	5	28	-2	-3
Turkey	7	0,1	0,5	1,3	2,1	5	16	-15	5
Bangladesh b	6	0,2	0,4	0,8	1,9	12	48	-12	6
Mexico a, e	6	0,2	0,9	3,6	1,9	0	14	2	3
Indonesia	6	0,4	0,7	0,8	1,8	29	34	-1	4
Korea, Republic of	5	0,7	1,8	2,1	1,6	5	17	-14	7
Canada e	5	2,3	2,2	2,5	1,4	1	8	2	-1
Russian Federation b, e	4	-	-	0,4	1,3	17	25	5	-6
Brazil e	4	0,1	0,2	0,6	1,3	18	14	0	-2
India	4	0,1	0,2	0,4	1,1	8	22	-2	8
Above 15	**193**	-	-	**70,0**	**59,8**	-	-	-	-

a Includes significant shipments through processing zones

b Includes Secretariat estimates.

c Mainly re-exports.

d In 2013, China reported imports of textiles from China amounting to $3.2 billion. For further information, see the Metadata.

Figure 1 - Leading exporters and importers of textiles, 2013; Source: WTO, International trade statistics 2014, table II.53 – Leading exporters and importers of textile 2013

Table II.57

Leading exporters and importers of clothing, 2013

(Billion dollars and percentage)

	Value	Share in world exports/imports				Annual percentage change			
	2013	1980	1990	2000	2013	2005-13	2011	2012	2013
Exporters									
China a	177	4,0	8,9	18,3	38,6	12	18	4	11
European Union (28)	118	-	-	28,7	25,6	4	17	-6	7
extra-EU (28) exports	31	-	-	6,5	6,7	6	26	3	8
Bangladesh	24	0,0	0,6	2,6	5,1	17	29	3	19
Hong Kong, China	22	-	-	-	-	-3	2	-8	-3
domestic exports b	0	11,5	8,6	5,0	0,0	-35	-14	-29	-11
re-exports b	21	-	-	-	-	1	2	-8	-5
Viet Nam b	17	...	...	0,9	3,7	18	27	10	19
India	17	1,7	2,3	3,0	3,7	9	31	-6	22
Turkey	15	0	3	3,3	3,3	3	9	2	8
Indonesia	8	0,2	1,5	2,4	1,7	6	18	-6	2
United States	6	3,1	2,4	4,4	1,3	2	12	7	4
Cambodia b	5	...	...	0,5	1,1	11	31	8	19
Malaysia a	5	0,4	1,2	1,1	1,0	8	18	0	1
Pakistan	5	0,3	0,9	1,1	1,0	3	16	-7	8
Mexico a	5	0,0	0,5	4,4	1,0	-6	6	-4	2
Sri Lanka b	5	0,3	0,6	1,4	1,0	6	21	-5	13
Thailand	4	0,7	2,6	1,9	0,9	0	6	-6	-4
Above 15	**410**	-	-	**79,0**	**89,0**	-	-	-	-
Importers									
European Union (28)	182	-	-	41,1	37,9	4	15	-10	6
extra-EU (28) imports	95	-	-	19,6	19,7	5	15	-11	5
United States	91	16,4	24,0	33,0	18,9	2	8	-1	3
Japan	34	3,6	7,8	9,7	7,0	5	23	3	-1
Hong Kong, China	16	-	-	-	-	-1	4	-5	1
retained imports	...	0,9	0,7	0,9	...	...	...	...	...
Canada c	10	1,7	2,1	1,8	2,1	7	15	-2	6
Russian Federation b, c	9	-	-	0,1	1,9	33	23	0	-2
Korea, Republic of	8	0,0	0,1	0,6	1,6	13	38	3	20
Australia c	6	0,8	0,6	0,9	1,3	9	21	4	3
Switzerland	6	3,4	3,1	1,6	1,2	4	16	-7	3
China a	5	0,1	0,0	0,6	1,1	16	59	13	18
United Arab Emirates b	4	0,6	0,5	0,4	0,8	12	21	13	10
Saudi Arabia, Kingdom of b	3	1,6	0,7	0,4	0,7	11	28	5	14
Mexico a, c	3	0,3	0,5	1,8	0,7	3	20	8	9
Turkey	3	0,0	0,0	0,1	0,7	19	15	-18	17
Singapore	3	0,3	0,8	0,9	0,6	4	19	2	22
Above 15 d	**368**	-	-	**93,1**	**76,4**	-	-	-	-

a Includes significant shipments through processing zones
b Includes Secretariat estimates.
c Imports are valued f.o.b.
d Excludes retained imports of Hong Kong, China.

Figure 2 - Leading exporters and importers of clothing, 2013; Source: WTO, International trade statistics 2014, table II.57 - Leading exporters and importers of clothing, 2013

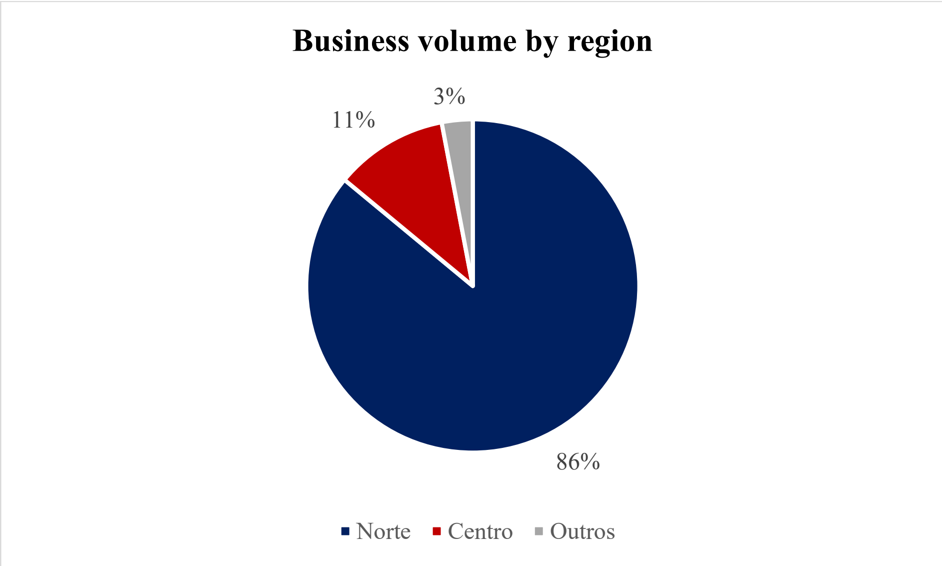

Figure 3 –Business volume by region, Source: ATP 2016. Fashion from Portugal – Directório, page 11

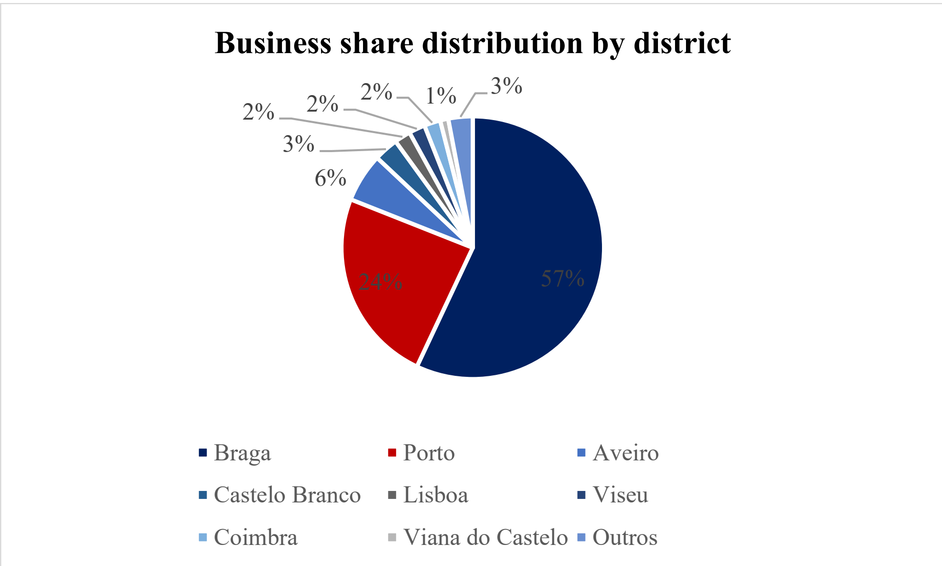

Figure 4 - Business share distribution by district, Source: ATP 2015, Brochura comemorativa 50 anos, page 57

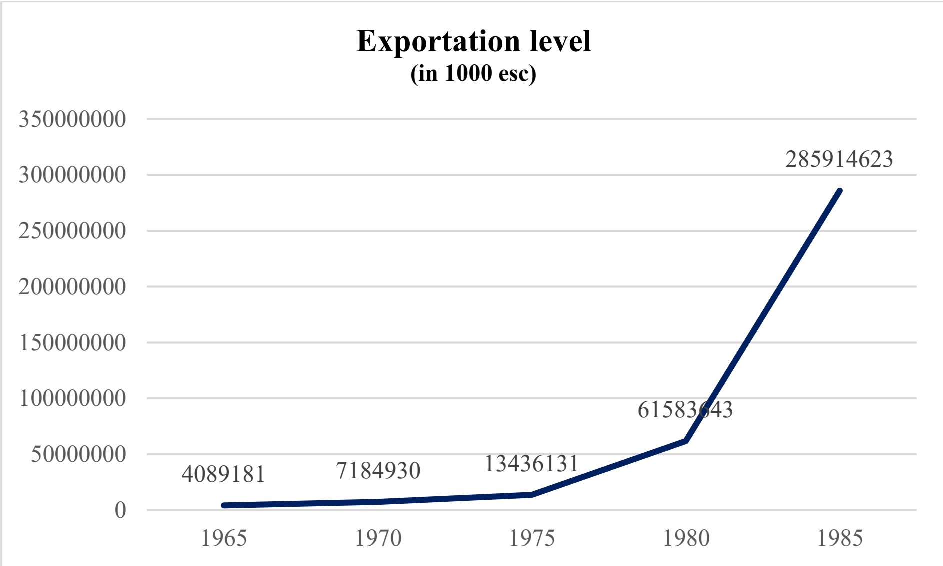

Figure 5 - Exportation level from 1965 - 1985, Source: ATP 2015, Brochura comemorativa 50 anos, page 50

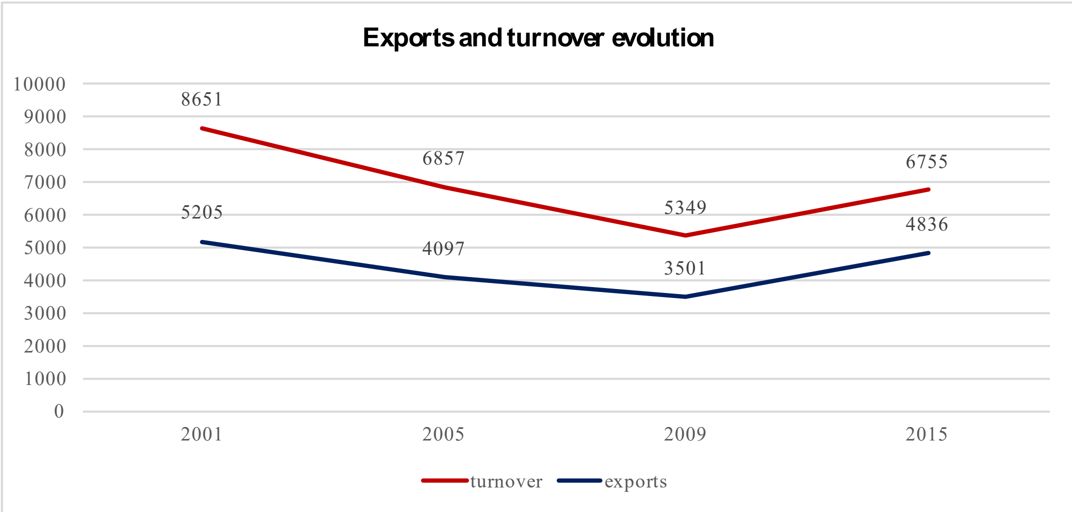

Figure 6 - Evolution of exports and turnover from 2001 - 2015, Source: ATP 2016. Fashion from Portugal – Directório, page 14

Industry elements	Year					
	2010	2011	2012	2013	2014	2015
Production (milion €)	5640	5770	5647	6028	6485	6359
Turnover (milion €)	5815	5983	5838	6296	6712	6755
Exports (milion €)	3844	4167	4127	4283	4620	4836
Imports (milion €)	3419	3467	3116	3344	3608	3795
Trade balance (milion €)	425	700	1011	939	1012	1041
Employment	137264	132133	124329	124147	128414	129452

Figure 7 - Industry outline from 2010 - 2015, Source: ATP 2016. Fashion from Portugal – Directório, page 10

Figure 8 - Store details, Source: Lion of Porches

Figure 9 - Brand ambassador "Victoria Guerra", Source: Lion of Porches

Figure 10 - Product Placement with "Rui Unas", Source: Lion of Porches

Figure 11 - Brand line details, Source: Lion of Porches

Position	Job Description
Marketing and PR	Brand communication and imagery.
Design	Design collection pieces for all three departments.
Quality check	Assuring clothing fit, cut and details match specifications throughout the production process.
Social media and online stores	Managing online presence and online store functioning.
Graphic	Layout of brand deliverables and imagery.
Logistics	Managing order from retailers, suppliers and communication between both parts.
Financial and administrative	Responsible for overall organization and administration.
Commercial and sales department	Link between retailers and management teams, sales analysis among others.
Merchandise	Preparing the brand physical image in store and visiting all different clients as to pass on brand knowledge.

Figure 12 - Company departmental organization

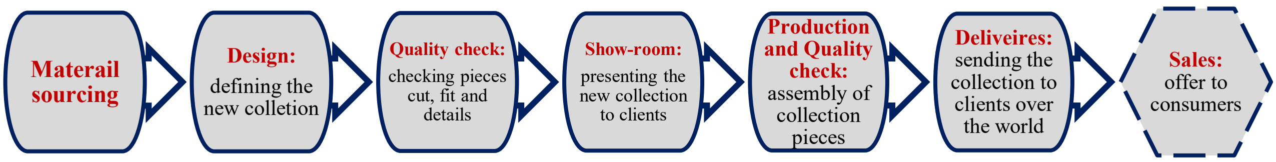

Figure 13 - Brand logistics

Country	Strategic approach
Portugal	Own store, franchise, outlets
Spain	Franchise: 4 mono-stores, 12 corners, 1 outlet
Switzerland	Franchise: multi-brand, 1 mono-store
Russia	Franchise: multi-brand and 2 mono-stores
Rest of Europe	Franchise: multi-brand
Iran	Franchise: 2 mono-stores
Angola	Franchise: 3 mono-stores
Mozambique	Franchise: 3 corner stores
South Africa	Franchise: 1 corner store
South-America	Franchise: multi-brand stores

Figure 14 - Brand international presence: entry strategy

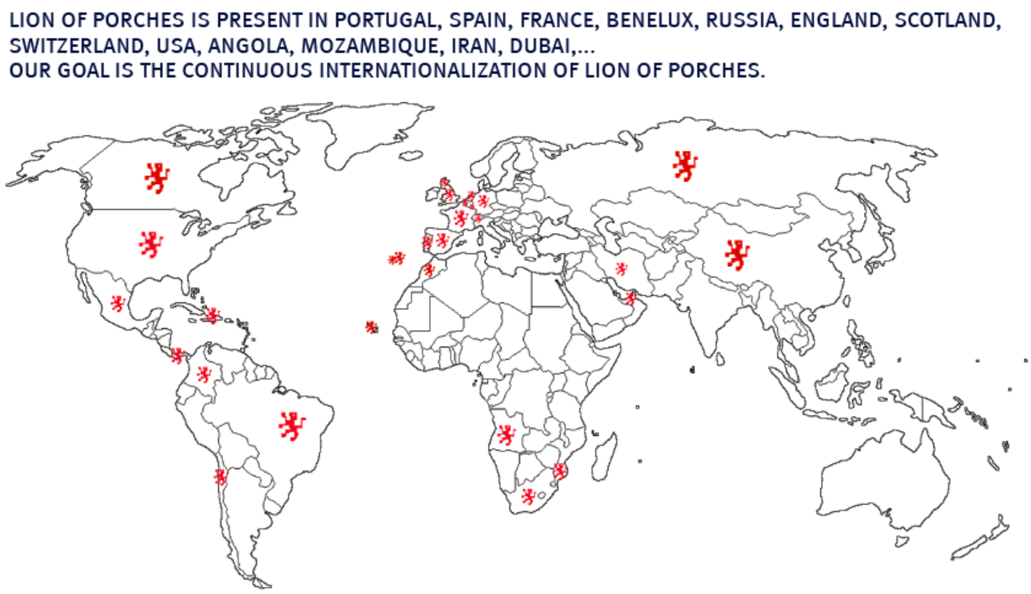

Figure 15 - Brand international presence: map, Source: Lion of Porches, Brand presentation, page 24

III – THEORETICAL BACKGOUND

1. Company analysis

1.1. Resources

A certain firms resources and capabilities englobe all the elements used to allow consumers the use of its products and services (Barney J. B., 1995). To better understand them, they can be grouped in four categories (Cardeal, 2014):

- Physical resources;
- Human resources;
- Organizational resources;
- Financial resources.

1.2.VRIO Model

The VRIO model will analyse the firm resources, and check if they possess the correct attributes to allow the company to achieve competitive advantage (Barney & Hesterly, 2000). That is, resources that posse a complete set of given characteristics, will allow a company to create and sustain a competitive advantage over a long period. The resources should be *valuable*, allow a company to pursue opportunities and overcome threats; *rare*, not available to many competitors; *inimitable,* competitors should not be able to reproduce them or create a replacement; and *organization*, can the firm use the full potential of its resources; (Barney J. B., 1995).

1.3.Porter's Value chain

In one company, its value chain will be a system of activities which are dependent and connected to each other. This connection will happen if the effectiveness and cost of one activity is affected by the performance of another one (Porter & Millar, 1985). By looking at the company, taking into consideration its set of activities, we can better understand how it works to create value and deliver a more desirable product to its consumers.

In defining a value chain, support and primary activities are considered. The first entails a company infrastructure, human resource management, technology development and procurement. The last includes inbound logistics, operations, outbound logistics, marketing and sales, and services. The optimal use of these activities will allow the company to create a competitive advantage.

2. Business strategy

Adapted Ansoff model

The Ansoff matrix (Ansoff, 1987), allows the identification of four strategic development options: market penetration, market extension, product extension and diversification. In this case, the adapted model by (Cardeal, 2014) is introduced, in which strategic development options are analysed using the product-market matrix presented below:

- Market penetration: in this case the company will increase sales by improving on its current market offer.
- Market extension: the company will increase its market coverage by serving new segments using the same base product.
- Product extension: market coverage increases by increasing the product offer, serving the same base clients.
- Semi-diversification: in this point the two models, the original and the adapted Ansoff, differ. New market offer and increase in market coverage without entering a new industry.

		Market	
		Existing	**New**
Product	**Existing**	Market penetration	Market extension
	New	Product extension	Semi - diversification

Figure 16 – Adapted Ansoff model, source: CARDEAL, N. 2014. Pensamento Estratégico, Lisboa, Universidade Católica, page 205

3. Internationalisation strategy

3.1. Internationalisation levers

According to (Cardeal, 2004), companies will suffer a certain set of pressures in order to internationalize. These can be grouped into four main categories:

- Market levers – information is more easily spread across the world allowing for universalisation of tastes and preferences.
- Cost levers – the increase in scale can lead to cost efficiencies.
- Governments levers – according to local and global policies, internationalization can either the fostered or inhibited.
- Competitive levers – according to your competitors' global presence.

3.2. Entry methods

Different methods can be used to enter new markets (Cardeal, 2014). These will depend on the existence, or not, of direct investment.

- Without direct investment:
  - Exportation – when companies have low international experience and/or low product development capabilities. It can be either *direct* or *indirect.*
  - Contractual agreements – the company will use another one to perform local management activities. It can be done using three types of contracts *licensing*, a company will license its products or technologies in a new country in return of a fee; *franchise*, the franchisee will pay a base amount plus a regular fee for the right to use a brand; or *service and "key-on-hand" projects*, a company will be hired to performer a certain project.
- With direct investment:
  - Joint-ventures – companies join forces, without losing their individuality, as to achieve a goal. Companies can be involved in the deal in one of three ways: majority; 50/50; minority.
  - Subsidiary – creating or acquiring a new company in a new location.

4. Corporate strategy

4.1. Diversification

As previously introduced, diversification will happen when a company enters a new industry by supplying a new product to a new segment profile. As presented in the matrix below (Cardeal, 2014), depending on the way the diversification process happens, companies will be able to extract synergies from their base business or product. As the author expressed, these synergies can be perceived in four main groups according to the diversification context:

- Diversification with commercial and technological synergies – company enters a new industry, targeting the same or new consumers, with a fresh offer either taking advantage of exiting technology and the previously used distribution channels.
- Diversification with commercial synergies – the new product is not related with the previous offer but the company can benefit from marinating the same audience or distribution channels.
- Diversification with technological synergies – the new product is related with the company previous offer, allowing it to enjoying the use of pre-existing technology.

- Non related diversification – the new products do not relate with both the previously used technology and its distribution channels.

		Current industry		New industry	
		Current segments	New segments	Same segments or channels	New segements or channels
Current industry	Current range of products	Market penetration	Market extension		
	New range of products	Product extension	Semi-diversification		
New industry	New products (related)	Diversification with commercial and technological synergies			Diversification with technological synergies
	New porducts (non related)	Diversification with commercial synergies			Non related diversification

Figure 17 - Diversification context, source: CARDEAL, N. 2014. Pensamento Estratégico, Lisboa, Universidade Católica, page 255

4.2. Vertical integration

Vertical integration involves a variety of decisions concerning whether corporations, through their business units, should provide certain goods or services in-house or purchase them from outsiders instead (Harrigan, 1985). A company vertical integration strategy can alter in function of the industry and the company needs (Harrigan, 1984):

- Nonintegration – materials are obtained from outsourcing.
- Quasi-integration – the company has established contracts with other firms providing the needed elements.
- Taper integration – the firm is either backwards or forwards integrated, but is still dependent on others to satisfy its full needs.
- Full integration – the company is the sole owner of all the activities needed to provide its product or service.

IV - TEACHING NOTES

1. Introduction

The present case study aims to present the development of a Portuguese clothing brand, and some of the relevant analysis tools that can be employed as to perceive its development. Its analysis is relevant not only to understand how this tools can be applied but also to have a real life example of how their outcome can affect a company development.

The case is also accompanied by a "theoretical background" and a set of "teaching notes", both meant to be used as a complement to the case analysis. The first will provide an overview over the analysis tools thought to be relevant to its analysis and the second provides a possible view over said analysis.

2. Synopsis

The case study focus on the evolution of Portuguese clothing brand Lion of Porches, covering its growth nationally and internationally. The case evolves to give a detailed explanation over how several areas of the business developed to allow for the growth that moved the brand from being offered only in multi-brand stores in Portugal, to being available in several different countries.

Lion of Porches was acquired by a knitwear manufactured "Têxteis Cães the Pedra" in 2006, from that moment on the owner brand worked to improve its strategic objectives as to grow brand presence and improve brand performance. The brand worked to establish its presence nationally and to develop its product portfolio so that it could evolve to have a complete range offer across national frontiers. Having a solid base, the next step was to approach international markets. The first attempt developed as a natural growth in neighbouring country Spain, and from that successful result a complete strategic plan was developed and it is still being followed.

In parallel the company operations also had to be adapted to accompany the different stages the brand grew into. In the case, it is visible how that evolution took place, but also how a fashion brand works and which resources need to be in place to allow for the successful implementation of a strategic plan.

The elements included in the case allow for a complete evaluation of the brand business decisions in the different aspects that led it to its current position. In the assessment, corporate, business and international strategy elements should be analysed.

3. Teaching objectives

The present case was designed to show a real-life business instance of how a clothing brand can grow its retail presence in national markets and how it can be transferred to an international setting. With it students will be able to understand the value of having a structured evolution and the importance of focusing your business in its key elements.

The presented analysis is structured so that it follows the case structure but also requires that students have read and understood it fully before beginning analysis. By following the analyses process students should be able to apply different theoretical frameworks learned in previous classes and also relate some of its topics as to obtain a better understanding of how frameworks can be applied in real-life scenarios and a deeper understanding of the topics here displayed.

The case analysis will cover the importance of having internal and external activities, and which elements should be considered when going through that decision process. It gives different examples of strategic development options and relates them to the diversification strategy, in so giving a complete overview of a company possible options and how they differently relate to the brand objectives. Introduces the internationalization topic highlighting reasons and methods to accomplish it. Finally, it will explain the importance of a company resources in order to create sustainable competitive advantage.

4. Suggested assignment questions

The following set of questions was intended to help teachers guide students trough the case analysis. Students should be able to answer them by applying the frameworks and concepts previously studied.

- **i.** Taking into consideration the case information about Lion of Porches and owner brand "Têxteis Cães the Pedra", analyse their vertical integration strategy.
- **ii.** In the case, we can find three distinct types of strategic development performed by "Têxteis Cães de Pedra": acquisition of Lion of Porches, the women and children wear line extensions, and the acquisition of Decenio. Analyse the differences of each strategy applying the adapted ansoff model by (Cardeal, 2014).
- **iii.** Now, looking only at the strategic diversification approach, analyse it considering the following elements: reasons; type of diversification; synergies.
- **iv.** After having a solid national position Lion of Porches initiated its international approach. What are the motives behind this strategic decision and the ones that led it to choose a franchise agreement contract?

v. Considering all the elements exposed in the case, identify the brand resources using Porter's value chain as support and then applying the VRIO framework.

5. Analysis and discussion

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i. Taking into consideration the case information about Lion of Porches and owner brand "Têxteis Cães the Pedra", analyse their vertical integration strategy.

A company vertical integration strategy can take different versions according to the degree to which certain operations are internalized and others are outsourced. In the development of the brand in analysis, an evolution of its integration level was observed, as certain activities that used to be internal became external, as is the case of part of the production process, and others that were external became internal, as is part of their retail strategy with the introduction of own-brand stores. That said, Lion of Porches is running a tapper integrated structure.

On the production and resource supply side, currently all activities are outsourced to external partners, though some have been working for the company for 10 years and in the case of "Herculano & Pimenta" there are existing business ties. Additionally, some marketing activities and stock transportation are delegated to specialized firms. In these first examples, a quasi-integration strategy is visible and it allows the company to have a better knowledge of their partner abilities and so be able to quickly react to unexpected situations, as in the case of flash collections production. In regards to distribution activities, the brand runs a mixed integration. Own-brand stores are internally integrated, but they are complemented by franchise agreements, which allow the brand to have long-run ties with certain partners. Again, part of its strategy can be seen as quasi-integrated.

The choices made by the brand have their advantages and disadvantages, but together should work to improve the overall strategy. The decision to outsource production came as the result of two elements, firstly the existing production capacity was not enough to cover all of the brand needs, as they focused only on knitted products, and the investment needs to do so would be quite expensive, secondly its location close to the Portuguese textile sector allowed it to find the right partners and not have to incur in high related transportation and management costs. Moving to the externalization of part of its distribution channels, it came about as a way to allow the brand to grow outside national borders without high investment levels and as a way to surpass the lack of knowledge of local markets. Finally, the introduction of own-stores into the internal structure gave the brand a higher control level over its national operations, decreased the competition levels, as the alternative were multi-brand stores, in which several brands are sold in one single space, and provided an extra market information source, as they are able to analyse all the selling patterns information.

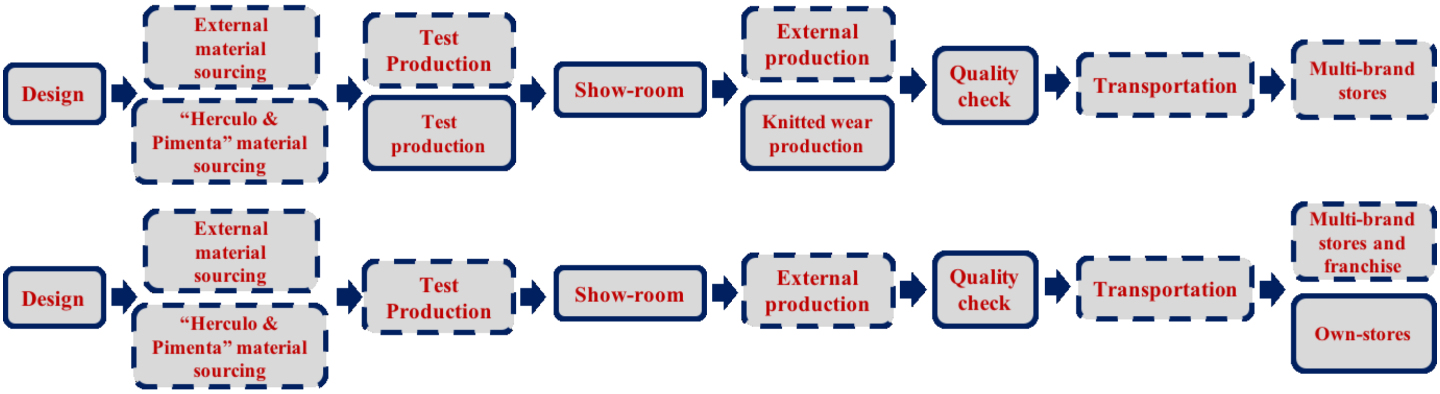

Figure 18 - Vertical integration comparison top: before, bottom: after (dashed-line: external activities, full-line: internal activities)

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ii. In the case we can find three distinct types of strategic development performed by "Têxteis Cães de Pedra": acquisition of Lion of Porches, the women and children wear line extensions, and the acquisition of Decenio. Analyse the differences of each strategy applying the adapted Ansoff model by (Cardeal, 2014).

The three development strategies relate to different moments in the company development, so their significance was different. The acquisition of the brand Lion of Porches was done by a company whose business was textile production, more specifically knitted clothes, so they were moving to a new market segment, the final consumer of clothes, and were offering a new product range, as the offer now included more than just knitted pieces. This first move is considered as a diversification strategy, the company is moving into a new industry - clothing distribution. The second moment came when the company was both a distributer and an internal producer, and meant to reach new segments, first women and afterward children. As it was reaching a new segment with a new product offer, it was a case of semi-diversification. Lastly, the acquisition of brand Decenio is done in a different setting as the first acquisition. The company was only a distributer at this point, so the new member did not move "Têxteis Cães de Pedra" into a new market nor did it increase its segment reach, assuming a basic segmentation of the market in men, women and children. This strategic development is so classified as a product extension, given that the new brand offers a more formal alternative to clients.

iii. Now, looking only at the strategic diversification approach, analyse it taking into account the following elements: reasons; type of diversification; and synergies.

As it was identified in the previous question, "Têxteis Cães de Pedra" diversification strategy was the acquisition of brand Lion of Porches while it was a textile manufacturer. The decision was done as a way to reduce the risk inherent to their industry as it was mentioned in the case, the Portuguese textile industry was undergoing a crisis; by moving from being a private-label producer to an own-label producer and owner the company could reduce some of the risk associated with having to acquire new clients and depending on a third part for business.

From the acquisition, no scale benefits can be encountered, as the company already produced for the brand, but as it was an extension of the business, a forward integration, some management advantages were created, making this a diversification with technological benefits. Some of the mentioned benefits can relate to a better industry experience, as they now have a complete overview of what happens from production to distribution, better capacity management in the knitted clothing production, as they became the only outlet for the factory, and business development on the clothing distribution side as they can benefit from being related to a textile producer, "Herculano & Pimenta".

iv. After having a solid national position Lion of Porches initiated its international approach. What are the motives behind this strategic decision and the ones that led it to choose a franchisee agreement contract?

Moving to international markets was a fruit of two main reasons: markets and governments. The first relates to the known recent developments in our world that allowed for a liberalization of communications, with the improvement of internet connection services, communication software and social media, which made it easier for information and even tastes to be shared in distinct locations. This points relates to the second, as it mentioned in the case, in recent years, markets evolved in a way that allowed for a smoother process in going global, reducing entry barriers and incentivizing exportation as a way to increase market share. Furthermore, national market was already saturated, as they had full national coverage, so if the brand wanted to grow the only solution would be to look for new markets. Their strategy first followed a natural growth to neighbour country Spain, and then added new locations and adjusted the base strategy as to properly support the evolution.

In order to follow its goal of moving beyond borders, Lion of Porches choose to use a franchisee contract, which is a strategic alliance with a new partner that is allowed the right to commercialise the brand products in a given location. The franchisee needs to follow a given set of guidelines in order to be able to maintain the connection with the brand, allowing the brand not to lose total control over its activities, but in return will receive its support. The option allowed the brand to increase its market coverage while having lower risks and investment cost associated. It also allowed them to surpass possible problems related to local legislation and cultural adaptation, as the partner would have the knowledge of how to overcome such barriers.

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v. Considering all the elements exposed in the case identify the brand resources using Porter's value chain as support and then applying the VRIO framework.

Applying Porter's value chain to Lion of Porches:

Primary activities:

- Inbound logistics – outsourced to external partners which in some cases have a long-standing relationship with the brand.
- Operations – includes the activities necessary to design the garments, completed by the design department; to produce them, performed by outsourced partners; and the quality checks performed during the production process to assure that the final product meets the company standards, performed by the quality department.
- Outbound logistics – outsourced to external partners.
- Marketing and sales – participation in fairs or in the Portuguese fashion week, using celebrities as the brand ambassadors or product placement opportunities. Previous sales analysis as a tool to improve future collections in order to meet clients tastes, and to improve the current selling collection with the introduction of flash-collections.
- Services – physical sale channel in which the client can express their opinion, as they are in direct contact with a brand representative, and online contact form with the same intent, available on the brand website.

Support activities:

- Provisioning – resources are mostly acquired from local producers which allows for a good relationship between the two elements, and for the quick solution of possible problems either in production or in the event of a stock shortening with the introduction of flash collections.

- Human resources – different hiring methods applied to different positions and running formation as to assure that clients receive a proper service.
- Technological development – online sales channel available to different countries and respective delivery system.
- Infrastructure – all the main activities, including a mock store display and showroom, which are located in a shared office space close to the brand main producers and suppliers. Complementary elements, as extra showroom spaces, are located close to clients as is the merchandising team which moves from client to client.

From the above presented activities it is possible to encounter a defined set of resources that are owned by the brand and allow it to develop its strategy. They can be classified into three different categories:

- Human: relating to the design team competencies, knowledge and experience, as to assure that the brand is able to maintain its specific image and style; the managements team competencies that enable the brand to maintain its presence both nationally and internationally by managing contracts with suppliers, producers and franchise partners. To that the experience the team has in the textile and distribution industry from the years it has been managing the brand.
- Physical: the company location in Guimarães, close to the textile and clothing production district, which allows it to have access to key resources for its business.
- Organizational: company relations and industry awareness. The first relates to the relationships the brand has been developing over the last 10 years with certain producers and also the relationships it has been developing with franchisee partners scattered over the world. Some of this franchisee relations were initialised because the brand was contacted by other companies in order to establish a partnership, given its presence in certain industry fairs.

Financial resources are not included in the analysis as the case does not involve a financial analysis.

Following the resource analysis, the identified resources were tested using the VRIO framework:

Resource					Competitive implication
	Valuable	Rare	Inimitable	Explored by the organization	
Management team competencies	yes	no	no	yes	Competitive parity
Management team experience	yes	yes	yes	yes	Sustainable competitive advantage
Design team knowledge	yes	no	no	yes	Competitive parity
Design team experience in-house	yes	yes	yes	Yes	Sustainable competitive advantage
Location (close to suppliers and producers)	yes	no	no	yes	Competitive parity
Industry brand awareness	yes	no	no	yes	Competitive parity
Company relations	yes	yes	yes	yes	Sustainable competitive advantage

Applying the VRIO framework, resources were sequentially tested to the four elements that compose it. Firstly, they were all accounted as valuable as they enabled the company to pursue new opportunities or overcome future threats. Requirements were fulfilled either on the first element, management team competencies, design team knowledge and industry brand awareness; or the second, the existing experience as to understand possible problems and how to overcome them and the resources to do so, both from their location and connections. Analysis then moves to evaluate the resources rareness, in which only the elements that are not available or controlled by other competitors can be approved. As the case thus not mention competitors' strategy the analysis will go on the bases of which elements cannot be available to others, such a given company experience as it is a result of its specific strategic path and the relations it creates with a given set of suppliers, producers and partners. Elements as competencies can be acquired if the personal has the same set of skills and brand awareness, as it is presented in the form of industry awareness, can be replicated by following the same strategy the brand applied. Resources that fail this step, can help the company achieve competitive parity but not sustainable competitive advantage. The third step of the analysis focus on the ability of competitors to be able to replicate the firm's resources, once more resources as experience and relations are complicated to replicate. Lastly, the organizational analysis focus on the ability the firm has to use said resources to their fullest potential. As they enabled the firm to achieve its developments so fair, and were all essential to do so, all are approved in the last parameter.

In the end of the analysis only three of the resources were seen as providing the company with a sustainable competitive advantage: company relations, management team experience and design team experience.

V – CONCLUSION

The worked developed during the elaboration of this thesis was a great opportunity for me to understand how a company in the fashion industry behaves and more importantly what are the key elements to have a successful evolution in this industry.

During the process it was very interesting to be able to partner with Lion of Porches and have access to information about their business, how decisions were made and which elements need to be in place to allow for their perfect execution. All of these allowed me to develop a business case that taps into different areas of a company and properly shows the impact that each area has on the strategy. From the correct location of the company, deciding which elements of the business need to be focused on and how important it is to understand our resources in order to make the best use out of them.

By applying the tools presented in the "theoretical background" section it was possible to analyse and understand Lion of Porches and owner company "Têxteis Cães the Pedra" business decisions and why alternatives would not have worked. That said, the presented analysis is biased as the outcome of said decisions is known, which does not happen in a real setting. That said, the brand evolution in an unknown to all parts an in that setting some questions maybe be raised as the franchisee policy, as the brand grows into new markets it will increasingly loses control over part of its business; and the evolution of recently acquired Decenio.

Lastly, the worked I was able to develop was not without its share of setbacks, from having trouble to find a company to work with and afterwards some scheduling conflicts with the brand I worked with, as the majority of the information I need was not available from any other source. That said, I learned how to better manage my time, and tried to do my best given my time limitations, and was introduced to some of the difficulties I may encounter in future jobs. The "teaching note" section also represented a challenge as it was a completely different task to what we, as students, are used to do as to some extended we need to play both the teacher and student role.

VI – REFERENCES

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