A subscription boxes service providing fashionable infant clothing

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Preface

In front of you lies the marketing proposal in which will be explained how a subscription clothing boxes service would conquer the Mexican market of baby clothing. This proposal is written as part of graduating in the Master Marketing and Sales at EAE Business School in Madrid. This report is written in the period of April 2018 until January 2019.

Firstly we want to thank our tutor, Pablo Martin Antoranz for providing us with sufficient feedback and support to end this thesis in a correct way. He has always been available for us within short notice, being able to be contacted via email, phone, and in person. Also we want to thank EAE business school and in particular Javier Pollán Gorostiza for the periodical meetings to support us in the process of writing this thesis.

We hope that our thesis will pick your interest as it has done to us, and that we can successfully complete our Master in Marketing and Sales at EAE Business School in Madrid.
Executive Summary

Lúlu and Núnu is an e-commerce that sells baby products, mainly clothes using the new marketing strategy of Subscription boxes. A method of recurring product distribution that removes the hassle of having to buy products every month, for a quickly growing infant child.

This project consists of a business plan focused on marketing both online and offline, highlighting digital strategies. Unifying the values and the mission of the company with the quality and image of the product. Our target, women from 18 to 50 years of upper middle class, usually do not find time to go shopping but they look at the design, quality and price.

Our main objectives are:

- Sell more than 400 packages per month in the first year.
- Create awareness with more than 100,000 people per month.
- In the first year create around 170,000 leads.
- Create more than 150 sales per month via Instagram.
- Create awareness with at least half a million people via Facebook.
- Make almost 8,000 sales in year two.

Almost all of these objectives will be achieved. Through a sales-funnel we explain our action plan, in which we will need almost 5 million ads, with a click through rate (CTR) of 3%. This results in almost 150,000 people as ‘traffic’. Eventually this kind of traffic results in 440 clients, who will subscribe for a package every month. Because these will be reaccuring sales, we show it through 1 month of sales, and when taken over a full year, we calculate the marketing costs of 30%.

The search for convenience in shopping due to the result of the busy life of the main cities of Mexico has made it one of the fastest growing countries in the digital commerce industry. The penetration in this market of giants like amazon have opened a range of possibilities. In 2017, ecommerce in Mexico generated more than 100 million dollars in profits, increasing by 50% in the previous period.

We want to consolidate Lúlu and Núnu as a leader in the market of subscription boxes in Mexico by creating content and an extraordinary user shopping experience. And cover every costumer expectations and needs.
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1. External Analysis and Research

1.1 Pestel-analysis

1.1.1 Political Factors
This factor includes to what degree a government intervenes in the economy that surrounds Lúlu & Núnu. In this Spain is in a favourable political situation for entrepreneurs. The government provides subsidies and co-working places, especially in Madrid.

Still on this day there stands a Free Trade Agreement between Mexico and the European Union (FTA EU-MX). The goal of this agreement is to establish a framework to encourage the development of trade in goods and services between the different continents. In this agreement the taxes applying to importing large quantities of goods, were completely eliminated or reduced. Mexico is very eager in working with Spain, to give a boost to their own economy. Also the fact that in both countries the same language is spoken, makes it easier to trade between the two.

Providing the Mexican people with subscription boxes there aren’t any restrictions.

1.1.2 Economic Factors
Subscription e-commerce is a fast growing and innovative way of buying online for both parties. The existing customer does not have to make a new purchase every month, but can just slightly adjust their previous order until they have the exact amount of clothing coming in over the right amount of time. The business (Lúlu & Núnu) do not have to request new orders from existing customers every month, or at least not a complete new order, just adjusted old ones.

Overlooking this factor we will find the factors that have a significant impact on how Lúlu & Núnu does business and how profitable they can be.

Because Parental Care is an essential part of human nature, parents want the best for their children, regardless of the level of wealth. In many economies, parents tend to spend a lot on their children. This offers a great opportunity for babies and toddlers clothing/products. There are two factors that determine the well being of the market for baby clothing and products. These are the amount of baby’s and the buying power of their parents/guardians. Even when the economy is down, parents are still willing to buy products for their children. According to Euromonitor International, per child aged 0-3 parents spend more than $1500 per year. In Western Europe even more than in the United States and in Japan.
Of course an increase in household income is directly correlated to a positive spending on baby clothing. This, together with the higher labour participation of women in emerging markets contributes the demand for relevant and high quality products for babies. For example, working parents are more likely to buy products for their children as a sort of compensation. Here is where also the convenience of a subscription service comes in. Parents who both work have too little time on their hands, that they would rather do something else than buying clothing for their children (Ma, 2013).

1.1.3 Social Factors
- Today a big trend in fashion is accessorizing your child in clothing comparable to adults. People tend to spend more in order to give their children a fashionable look. Hand-me-downs are not the trend anymore.
- Nowadays, the new generation called the millennials (1980 - 2000) has emerged and this generation totally disrupted the traditional buying behaviour: they are hyper-connected, they want to communicate and buy what they want really quickly and for the majority of them, they are going to buy online a lot. As our business model is an e-commerce website, Lúlu & Núnu could benefit from this dynamism and increase our sales.
- The first criteria to choose this way of buying clothes for babies are the price, the brand and the ease. Then the quality, ease of use and the impact on the environment. Like mentioned above, Lúlu & Núnu wants to become an affordable brand with good quality products and a total transparency about our activities, which means that our mission match with the consumer’s expectations.

1.1.4 Technological
- Internet has changed consumer behaviour and purchasing which most likely will benefit our company but it could also create threats, based on companies such as Amazon.

Technology is a very important factor that influences the fashion and clothing industry. A big part of the technological advances can be blamed on the technological developments that have occurred this century. The growth of internet, mobile devices, and IT in general have made it a lot easier to shop and browse clothing. All of these factors have an effect on the sale, marketing and consumer decision-making. Nowadays consumers make well thought of choices and do thorough research before buying products. All the information they need is available and easily reachable. Consumers tend to discuss their choices with friends and internet and mobile devices have made this a lot easier. Marketing of fashion items is improved by the growth of Technologic factors, and it has also made it easier to expand and sell abroad. The role of e-commerce has helped cross borders and to sell to a larger client base.

Consumers nowadays love to shop online, out of the comfort of their own home. They love to have a personal experience when it comes to customer retention. Company’s
have to lure the consumers with the experience, and keep them satisfied or they’ll leave in a heartbeat (Pratap, 2018).

1.1.5 Ecological
- Our packaging will be recyclable in order to minimize the environmental impact.
- Lúlu & Núnu will cause people not to go to the store for buying children’s clothing, so there will be less environmental impact.

Just as the other factors in the PESTEL analysis, the environment and the sustainability of fashion and retail is extremely important. One of the biggest polluters of this planet, are fashion brands. This is the reason why they try to market themselves as new and improved, green hands in the air and feet in the soil kind of company’s. The start is of course where your product leaves the door, and in what kind of packaging. Companies try to use more raw materials and to minimalize the carbon footprint of their packaging systems. It is an upcoming trend and consumers tend to show more and more interest in how ‘eco-friendly’ the brands they wear really are. Big companies such as Nike and H&M are trying to reduce their carbon footprint a lot, showing their customers that they really do care about the planet.

1.2 Sector and Market

1.2.1 Size

CENSO INEGI:
- 12.4% Mexican citizens are woman between 20-34 years old: 14,872,371px (2015)
- 2,293,708 babies were born in México (2016)
- In 2017 8.5 Billion USD were spend in E-commerce and 7 out of 10 of the 37.7 million internet users bought something online
- 53% of the online purchases were in fashion making it the number one category in E-commerce

1.3 Current situation of the children apparel sector

Mexico has the second largest Economy in Latin America, with a constant growth year by year. There are some economic indicators like modern industries, inflation, exchange rate and the GDP as our main indicator of consumption among the Mexicans’ slowed to 2% in 2017 from 2.9% in 2016, because of the partnership and political situation in the United States, being trade as one of the most valuable income remaining strong. Generating jobs and distributing a good GDP, financial intermediation is the largest contributor of productivity because of the business operations. It is expected the GDP to grow in 2.5% over 2018-2021. Inflation as one of the principal problem in consumer expenditure.
According to EMIM, in January 2018 the manufacturing sector has increased in 3.2% compared with January 2017. The number of employees increased 3.7%. The hours in manufacturing industry increased in a 1.9%, the hours of work of employees also in a 2.5%.

Fiscal and monetary policy in the last years have affected in the domestic demand, obligating people to stop consuming and making the demand decrease. Private consumption has resist the fall associated with the inflation.

Some data from Statista said that the revenue in apparel market amounts to US$20,369m of dollars in 2018, expected that the market grows in a 7.8% annually until 2021, because of their constant demand of Mexican population, representing the market as one of the most important for international investment. The Mexican population is in constant growing, 11\textsuperscript{th} world’s biggest country in 2017 the total population was 124 million, it has been de-accelerating over the time. The average age is 29.2 years in 2017. People over 65 years represent 8.1 million in 2017 and will reach 15 million 2030. The fertility fell 50%, and the family size is smaller is bigger in rural areas than in smaller ones. The market largest segment is the women’s and girl apparel with a market volume of US$7,178m in 2018. And children apparel representing a 27.1 of the whole Mexican population.
1.4 Growing opportunity

Children apparel represent a big opportunity as a Mexican business, sales have reach 8 million dollars each year, being a 3% increase in kid apparel. Being a market fashion conscious, making the mothers buyers of suitable outfits, to keep them cool and fresh. For each season, you can change of outfit and fashion.

Even if baby wear has a lot of potential, there are few brands dominating the market. Opening the door to new designers and designs. Making consumers’ willingness to pay higher prices. Dressing them as young adults.

Prices increase
Because of the inflation the prices increase or decrease, also it depends on the consumer demand, and the new seasons. Children are more likely to dress fashionably, making the prices comparable to adult clothing. Families are more willing to spend because of the power in household income. Also kids are involved in the buying decisions, being them who choose the clothes and their outfits, girls are demanding when there are about to choose their outfit.
1.4 Children apparel Market in Mexico

Retail stores have been evolving with a great power and fast than expected. This means that there is more competition in the industry already covering a big part of the market. Offering national and international products. Clothing and Footwear, is a new way to capture your potential buyer, making the business more demanding in terms of service, giving fidelity programs, social media and facilities for the consumer. Now a day’s generations are looking forward fashion apparel at lower costs, this is a way to show, express their personality and stand out over the Mexican society. A large budget is designated to Apparel consumption, it has been told that approximately 7.8% of a person economy is for clothing (4.8%) and footwear (3%).

Visiting different retailers and sale points 7 times a year, spending an average of 20 euros each time, representing a total of 140 per year. Divided in men, woman and children apparel. Families being more fashion conscious with their little ones, making them their priority when they are about to buy some new clothes. Mexico as the major producer and exporter of textile products. Separating the retails in different dimensions, product extensions and segments.

1.4.1 Especialidad stores
Manage a limited line of products, based in big and small retailers, dividing the stress in different segments: clothing, electronics, footwear, food, home products with its brand. You can find them in shopping centers or main highways.

1.4.2 Department stores
Large retail establishment, with several product lines as furniture, clothing and home products. Situated in crowded places and in an important place of the city. Offering payment facilities and home deliveries.

1.4.3 Supermarkets
Retail market. Large operations, low cost and low margins, they usually operate with high volume products and self-service. Selling especially foods and
household merchandise. They have expanded their market offering cloths, footwear, home decoration, electronics.

1.5 Competition/Benchmarking
As people tend to buy clothes, based on quality, design and different attributes they prefer high-end fashionable clothes at affordable prices. International players such as H&M, Zara Kids and Adidas kids, increasing their products portfolio for children. Baby Cray’s and Carters are the leaders when it is about to dress your children, and they are in constant growth because of their designs and prices. As local players, we can find Chiccoss and Payaso, they focus their designs in girls more than in boys. Even if this brand offers similar products the colors, designs will change depending on the trends. Some of those clothes companies have collaborate with international designers, making the competition more interested by shopper’s willingness to buy.

<table>
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<tr>
<th>Table 1</th>
<th>Sales of Childrenswear by Category: Volume 2012-2017</th>
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<tbody>
<tr>
<td>mn units</td>
<td>2012</td>
</tr>
<tr>
<td>Baby and Toddler Wear</td>
<td>37.9</td>
</tr>
<tr>
<td>Boys’ Apparel</td>
<td>72.3</td>
</tr>
<tr>
<td>Girls’ Apparel</td>
<td>77.5</td>
</tr>
<tr>
<td>Childrenswear</td>
<td>187.7</td>
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Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

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<tr>
<th>Table 2</th>
<th>Sales of Childrenswear by Category: Value 2012-2017</th>
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<tr>
<td>MXN million</td>
<td>2012</td>
</tr>
<tr>
<td>Baby and Toddler Wear</td>
<td>4,885.7</td>
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<tr>
<td>Boys’ Apparel</td>
<td>11,947.3</td>
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<tr>
<td>Girls’ Apparel</td>
<td>12,926.6</td>
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<tr>
<td>Childrenswear</td>
<td>29,759.5</td>
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Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

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<th>Table 3</th>
<th>Sales of Childrenswear by Category: % Volume Growth 2012-2017</th>
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<tbody>
<tr>
<td>% volume growth</td>
<td>2016/17</td>
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<tr>
<td>Baby and Toddler Wear</td>
<td>0.3</td>
</tr>
<tr>
<td>Boys’ Apparel</td>
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</tr>
<tr>
<td>Girls’ Apparel</td>
<td>1.2</td>
</tr>
<tr>
<td>Childrenswear</td>
<td>1.1</td>
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</tbody>
</table>

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources
1.6 E-commerce Market in Mexico

In the next five years, 3% will be the annual growth of sales in retail in Latin America, but in Mexico the increase will be higher, due to the strategies for adaptation models to the economic conditions. According to Statista by 2021 sales through ecommerce will grow to 4.5 billion dollars.

Mexico is one of the most important countries in America in the ecommerce industry, during 2017 the transactions made in ecommerce increased 50%, from 55.6 million to 110.1 million and 3 out of 4 Mexicans who use internet made at least one purchase through it.

The category where Mexicans spend more money is apparel. There are 3 main sale periods. Christmas being the most important, it usually starts January 7th after the 3 wise kings holiday but due to all the competition it has stared to kickoff right after Christmas. “El buen fin” witch is the weekend before black Friday, started in 2013 to compete with Black Friday sale in the USA, many Mexicans travel to the us for that. “Hot sale” is a sale period that started a couple years ago, it in the last weekend of may and it goes for 5 days.

The global development of e-commerce is a tendency that also leaves a mark in Mexico. With these data of growth and purchase, the opportunities for different sectors and industries are extraordinary.

The Last Mile is a big problem in Mexico due to the lack of a good postal service, in next years it could be fixed with large centers located on the outskirts, and linked to a network of small warehouses located in central strategic locations in the cities.

The understanding of digital payment options increased last year, mainly encouraged by PayPal, MercadoPago, and Visa Checkout. Off-line payments continue to grow as another option for online buyers who don’t trust the online paying methods, the most used were Oxxo and Banking deposit.

Amazon breaking barriers: Last year amazon made a strategy that changed the whole game. There are 3 reasons many Mexicans have never purchased online: lack of a bank account, lack of an address and distrust. Since 2018 when you purchase at amazon.com.mx you can get a QR code and pay at an OXXO (convenience store). The same stores have become pick up points so you choose where you want your package to be delivered. That convenience store chain is the most known and popular in Mexico so with this strategy amazon fixed all three main problems.
1.7 Mexican consumer behaviour

In México the consumer behaviour has developed, as time has changed the country has become wealthier. While the purchasing power of Mexican consumers has grown, time has become a lot more challenging due to the fact that everything has more hassle, traffic, communications in general and working hours are getting longer. Due to all this facts, many look for products of better quality that help them use less resources: time, money and effort. The days of the 'transactions' were left behind; Most consumers now seek a 'relationship' with the brand or business. Along with price, Mexicans tend to seek comfort. That’s the main reason customer service is a very important factor in the decision making in the Mexican culture.

Mexican consumers are generally loyal to brands. The global financial crisis of 2008 forced consumers to pay more attention in to their expenses and buying patterns so the focused to buy lower-cost brands, they may have developed a new loyalty to them. According to Euromonitor International, the fall of the Mexican peso in relation to the dollar (42% between 2013 and the end of 2016) forced Mexicans to consider different options when buying clothes and household goods. In general, Mexicans appreciate purchases in monthly installments without interest.

These are some facts that affect directly our market:

- 2.5% of sales in Mexico were made through the Internet in 2016
- 24% of total sales in Mexico where made through mobile Internet sales
- The penetration of smartphones is 133%; that is, there are more smartphones than homes in Mexico.
- Facebook is the most used social network.
1.8.1 Threats of new entry:
Is really high. Even if Lúlu and Núnu is a company that sells subscriptions boxes for babies, it is a model that will be easy to copy, so there are not enough barriers for new entrants, so the business gains a big part of the market, it has an advantage, it opens 24 hours, giving the consumers a quality service. Clothing is considered a basic need in Maslow pyramid, kids grow up fast and parents usually buy the more convenient clothing and the best prices.

Economy of scale: The actual market in retail in Mexico is really large, there are retail companies that can give us support in case we want to increase our production.
Product differentiation
We have different packages for different stages of growing of the kids, also our store is online so the costumer can buy whenever they want and at any time (24/7).

1.8.2 Bargaining power with suppliers:
In this case we will have a partner that provides us the clothing reaching with them an agreement so both parts can be satisfied with the products and its quality, making a long-term commitment in which input prices would be relatively low.
making Lúlu and Núnu able to control clothing in high quantity for selling by our web.

1.8.3 Bargaining power with buyers:
Depending on the type of subscription boxes that the costumer wants they will have different options. Giving the parents the opportunity to choose apparel for their kids, if they want an specific product it will be easier for them because there is not a direct competition making the client power lower.

1.8.4 Threats of substitution
There are many stores offering the same products, affecting our competitive environment when it’s about to sell baby clothing, this could affect our profits, making them decrease and instead of costumers buying our products can go with the completion. There are different reasons, lower prices and quality.

1.8.5 Competitor Rivalry
Online subscription boxes have a lot of potential in Mexico market, in the actual market there are no direct competitors, our business is easily to expand among the country, industry growth is really fast and there are not that much-fixed cost it will be easier for us to have loyalty programs so the consumer will be satisfied with the service.

1.9 Supplier
As for suppliers, we will use a 100% Mexican baby-clothing company. Baby Mink is the leading market provider of baby blankets, clothing, accessories etc. They distribute and sell their products throughout the world, covering over 30 countries. They want to extend their market coverage and by joining our subscription service they are easier able to do so.

Baby Mink is known to providing their clients with innovative, safe and high quality products. Ensuring that they work in a safe and sustainable environment. The values they work with are values we can find ourselves comfortable with.
Values of Baby Mink

- Client orientation
- Honesty
- Respect
- Loyalty
- Integrity
- Passion
- Social Responsibility

In the beginning we will have only a small purchase we need from Baby Mink. This because our packages do not yet vary a substantial amount. When our business is settled and the sales will go well, the next step will be launching new packages and so purchasing more and a bigger range of products from Baby Mink.

1.10 Distribution

Direct selling:
The principal selling point of Lúlu and Núnu is the web page. The confirmation of each order will be by email. Once the order has been placed in Lulu and Núnu, the company has to search the availability of the product using a system based in tracking codes, if it is available we will check the quality, register it in selling, package and give it a tracking number. Each order will be confirmed by email to the costumers and we will give them the tracking number where they can see their order and the delivery process.

We have a Mexican supplier whom we work with, Baby Mink. We buy our products directly from them. Their production process is around 10 days. Once the subscription boxes are done they will be ready to be send by ESTAFETA a Mexican shipping, courier and packaging services.

At Lúlu and Núnu the products will be distributed directly, selling online to the final user. Lúlu and Núnu will assume all the responsibilities; the storage of our products and the final delivery to the costumers. It will take about 3 days for delivering the subscription boxes depending on the location and the consumer preferences. The deadline referring to the delivery is based on our logistics and referring to labor days, from Monday through Friday.

The consumer will be able to make transactions 24/7.

- 1st day: Costumer chooses their preferences on the website. Lúlu and Núnu will prepare the packaging. Weight information, size of the package and volume.

- 2nd or 3rd day: Label the subscription boxes and prepare the products, scan distribution codes. Select the final location of the package and send it. After sales service. Contact customer that package has been sent and send tracking number.
• 4th day: Send email for customer feedback. Ask if the package is received in a good manner and everything is as expected.

If a customer wants to return or change their product it will be 15 days maximum after the order has been placed. In case of returning or changing the product should be in perfect condition. The customer can cancel the order without penalization only if it has not been placed.

Customers can contact Lúlu and Núnu during working hours during the week via email, telephone and chat. The company will do their best to respond as quick as possible.

A customer can fit all the clothing with the child. When the customer is done with this he or she can send back the products they do not want. Free of charge. This way it will seem as a sort of personal fitting room; You get the products at home, you try them on, and ‘hang back’ what you do not want.

1.11 SWOT-analysis

1.11.1 Opportunities
• Online purchasing is increasing
• It is becoming more popular to make sure your baby has nice clothing.
• Spain-Mexico trade agreements
• Ecological consciousness (packaging)
• Awareness of no planning, no shopping and no hassle required

1.11.2 Threats
• New competitors (easy to copy)
• Barriers to entry in other countries
• Depreciation of exchange rates
• Long distance between buying and selling
• Increasing of protectionism policies
• Having customers buying and sending back too much

1.11.3 Weaknesses
• Lack of experience in the market
• Lack of diverse products (In the very beginning)
• We are only entering in one market (Mexico)
• We do not have enough cash flow (in the beginning)
• Medium-High Storage Cost
1.11.4 Strengths
- Only online, no physical store so no costs in that
- Contrary to other subscription clothing boxes, we focus only on baby’s.
- Environmentally durable
- Personalized customer service
- Total transparency for the customers regarding our products (labels?)
- Takes away the inconvenience (one time to subscribe)
- Baby’s need new clothing very often.
- Lúlu & Núnu is a lot cheaper than every other baby clothing brand in Mexico

2. Marketing Objectives
- Sell more than 400 packages per month in the first year.
- Create awareness with more than 100,000 people per month.
- In the first year create around 170,000 leads.
- Create more than 150 sales per month via Instagram.
- Create awareness with at least half a million people via Facebook.
- Make almost 8,000 sales in year two.
3. Lúlu and Núnu: Who are we?

3.1 About us
Lúlu & Núnu is an e-commerce company that sells subscription boxes of baby clothing to young families in Mexico, with an option in the future to expand to Spain. We will have an agreement with a clothing manufacturer and sell our brand Lúlu & Núnu in Mexico. Babies and children grow very fast which makes that their parents/guardians have to buy clothing very often. These people also often don’t have a lot of time to do this. For this reason we will not be selling in a normal way, but we will sell only online, through subscription boxes. This provides our customers with a variety of children’s clothing on a regular basis, of which the clothes they do not like, can send back. The existing customers can just slightly adjust their previous order until they have the exact amount of clothing coming in over the right amount of time. Combining the cheap, and qualitatively good clothing with the subscription service, we will penetrate the Mexican market.

3.2 Mission
Lúlu & Núnu will change the consumer buying behaviour by providing a 24 hours’ subscription service. Lúlu & Núnu will constantly seek for growth through refilling consumers’ need for baby clothing without the planning, shopping and hustle required. Quality – price relation will be highly valued as well as design.

3.3 Vision
Being recognized as the market leader of subscription services by providing convenience of delivering baby products to your front door for each of the baby’s growth cycles and on a regular basis.

3.4 Values
- Excellence (product quality, customer service)
- On-time delivery (supplying the subscription boxes on time)
- Innovation (Variety of side products, constantly adjusting to the baby’s growth cycle)
- Transparency (customers know exactly what they’re getting)
- Integrity (E-commerce consumer’s secrecy)
- Consistency

3.5 Product portfolio & Service
The product we will be providing is clear: clothing for baby’s and toddlers until the age of 2-3 years old. This depends on the size of the child. It will be affordable high quality clothing. Because children of that age grow very fast their parents have to buy new clothing often. For this reason we expect our customers to want affordable clothing.
They way we will deliver the product however, will be different than normal retailers. This is what we call our service. The service will be through a subscription service to which customers can sign up. Here we take away the hassle people have to go through buying baby clothing. With hassle we mean time, money and effort. People need things to be as easy as possible, and least time consuming. With the subscription people can sign up and indicate how many times per year they want a new box sent. After this they give a preference in which style they want the child dressed. There are 3 styles: New-born, Boy, and Girl. These styles all have the same 3 categories: Casual, Sporty and Chic. Casual being the cheapest, then Sporty and Chic the most expensive. The customer can indicate if they want a combination of these, 1, 2 or all. In every style the customer can set the amount of sets of this style they want. So which styles does the customer want, and how many sets per style. The only thing they need to change before shipping is the current size of the infant. Then we make a selection of clothing the infant is sent. When received the parent can fit all clothing, and send back which they do not want.

<table>
<thead>
<tr>
<th>Packages</th>
<th>New-born</th>
<th>Boy</th>
<th>Girl</th>
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<tbody>
<tr>
<td>Casual</td>
<td>- 2 onesies</td>
<td>- 1 pair of pants and sweater</td>
<td>- 2 dresses</td>
</tr>
<tr>
<td></td>
<td>- 1 sweater</td>
<td>- 1 t-shirt</td>
<td>- 1 sweater</td>
</tr>
<tr>
<td></td>
<td>- 2 pair of socks</td>
<td>- 1 pair of socks</td>
<td>- 2 pair of socks</td>
</tr>
<tr>
<td>Sporty</td>
<td>- 1 sweatshirt</td>
<td>- 2 sweatpants</td>
<td>- 1 pair of sweatpants</td>
</tr>
<tr>
<td></td>
<td>- 1 sweatpants</td>
<td>- 2 t-shirts</td>
<td>- 2 t-shirts</td>
</tr>
<tr>
<td></td>
<td>- 2 t-shirts</td>
<td>- 2 pair of socks</td>
<td>- 2 pair of socks</td>
</tr>
<tr>
<td>Chic</td>
<td>- 1 dress OR</td>
<td>- 1 formal pair of pants</td>
<td>- 1 formal dress</td>
</tr>
<tr>
<td></td>
<td>- 1 shirt and 1 pants</td>
<td>- 1 formal shirt</td>
<td>- 1 pair of formal socks</td>
</tr>
<tr>
<td></td>
<td>- 1 pair of formal socks</td>
<td>- 1 pair of formal shoes</td>
<td>- 1 pair of formal shoes</td>
</tr>
</tbody>
</table>

There are a lot of advantages of subscription services. For instance, it is simple. The customer doesn’t have to make repeated purchases every month, it is almost automatic, and after the sale the customer receives the bill. It adds productivity to the business because the time and effort needed is reduced. Also the customer retention is higher. It is known that it is easier to sell to existing customers than gathering new customers.
When sold to the customer once you have a big chance of keeping this customer in the future. The subscription model also ensures that you can reach your customers easier and on a regular basis. Because it is a subscription service customers need to fill in their preferences. With these preferences already gathered you can sent customized content marketing campaigns.

**Huff’s Gravity model**
To show why taking away the hassle of going to the store is so important, we will give an explanation of Huff’s Gravity model.

When explaining distance decay, it becomes clear that when the distance between two places (customer and store) increase, the activity between these two decrease. This is why Huff’s Gravity model is used. People use it to predict the probability of consumer behaviour with other competitor retailers. You calculate the stores attractiveness by comparing the *Distance (travel time)* with the *Store size (m2)*. When calculated the attractiveness you calculate the probabilities where your customers are more likely to go to.

It is said that when people are closer to a retail store, that store will achieve a larger share of the market. The longer the travel time (distance increased), the lower the probability they go to that store. Hence the fact that when you take away the travel time in general, the attractiveness will grow even more (Huff Gravity Model).
3.6 Target
To give our target market a more physical form we have a target persona we want to focus on. It will be a woman, or already a mother, pregnant, or planning to get pregnant. Meet Maria:

- Between 18 and 50 years old, female
- Middle/upper class, 9 to 5 job
- Uses mostly Instagram, Facebook and Twitter, is up to date on the latest trends
- In charge of the main decisions of the household
- Has trouble with finding time. For herself but also for buying things
- Biggest need: free time, status
- Sales funnel: Awareness phase
- Interested in being an early adopter. Eager to try new things. Has a big group of friends which she meets and talks to regularly

3.7 Buyer persona’s

Name: Frida Goméz
Gender: Female
Age: 36 years’ old
Location: Mexico City, Mexico
Occupation: Real state promoter
Income: mid to high
Motivations: For Frida it is really frustrating to go shopping as she has no time between the new Baby and work. She is tech savvy which has helped her to turn to online shopping to make her life easier and Avoid the hassle to go traditional shopping due to Mexico city’s traffic: Frida found about Lúlu and Núnu through Instagram ads.

Goals:
- Make her life easier
- Help her with her monthly purchases
- Hoping she doesn’t have to sacrifice quality and price over convenience

Frustrations:
- She doesn’t know the brand as it is brand new

Name: María Jose Villa

Gender: Female

Age: 30 years’ old

Location: Puebla, Mexico

Occupation: graphic designer

Income: mid to high

Motivations: Maria Jose is always working, spending time in social activities and with her family. She loves fashion and design but due to her schedule she doesn’t have a lot of time to go baby shopping for baby casual everyday stuff, she loves to shop for the most formal and chic stuff. Maria José heard about Lúlu and Núnu trough a friend and she has chosen the casual everyday packages

Goals:
- Get a monthly package with casual clothes
- Have more time for social activities and work
- Fashionable everyday baby clothes

Frustrations:
- time delivery
3.8 Marketing mix

3.8.1 Product
Lúlu and Núnu convenient baby clothing subscription service. Helping the consumer chose sizes and styles of clothing for their new born, focusing on the quality and price. Filling out a form where you will have to put your style profile and make a payment. Customized clothing order will be delivered each month.

3.8.2 Price
The target audience for Lúlu and Núnu is new born until age of 2 years. Targeted to middle and upper-class families. It will be high quality clothing, not priced very heavily but being a competitive and strategic in price.

3.8.3 Place
Lúlu and Núnu being in a world of online market, our product will be sold exclusively online, managing and shaping a new experience to the customer. Basically, our web will be head-quarter in Mexico, and will focus on customer needs, and tracking systems that deals with storage and receipt of the final merchandise in different locations.

3.8.4 Promotion
In order to promote the clients purchases and fidelity, we have to use diverse publicity channels. There are many platforms that will be used: Facebook, Youtube, Twitter, Instagram, where our possible users will see product images, and some promotional adds.

3.9 Offline actions

TV
We plan to have offline actions on TV during a couple of months. This will be a short description of our different product packages.

Trade shows
At different trade shows we will have a stand presenting our collections. At the stand people can see our different subscription boxes and how much they cost. Also if they sign up then and there and order their first box, they will get there first delivery cost from us.
The different trade shows we want to attend are:
- IM Intermoda Mexico, in Guadalajara, Mexico. 15 – 18 Jan 2019.
4. Digital Strategy

4.1 Objectives
Lúlu and Núnu.com will be the window display of our business so making it as likable as possible is our main objective. Lulú and Núnu’s personality, image and values will be reflected as well as providing an excellent buying experience.

Our social media platforms will build a community where important and interesting information can be shared, that content will get leads to the main site that will convert visitors into buyers.

We will try to link all of the buttons to the subscription page because there we will ask for their personal data and that is our main goal, to then create different strategies, such as personal emailing, etc.

4.2 SEM

Objectives:
Positioning Lulu and Nunu in the top three in Google’s paid search.

Strategy:
Paid announcements by using key words, so the user can know about our products, generating sails on our platform and branding awareness.

Tactics:
Online campaign for launching the subscription boxes by selecting a group of announcements, there will be a total of three announcements.

Boxes for different seasons
Special occasions
Núnu and Lulu will use calls, message and prices, giving the user more information about the products and increasing the ranking.
Shopping announcements motivating the consumer buy instantaneously.
4.2.1 Campaign announcements

Announcement 1

Vista previa del anuncio

Ropa de bebé | Subscription boxes-Lulu and Nu

Recibe la mejor subscription box de ropa creada para tu bebé

Announcement 2

Ropa online para bebé | Paquetes mensuales-Lulu and Nu

Recibe la mejor subscription box de ropa creada para tu bebé

Announcement 3

Ropa de niños y niñas | Paquetes de ropa-LuluandNunu

Recibe la mejor subscription box de ropa creada para tu bebé
4.3 Wireframe summary

The website will be structured with a basic landing page, two product categories which are boys and girls, a subscription section where visitors can see how to get the boxes, an “about us” page that contains information about the business.

We will have a contact page, where we will contain our contact information in case of any doubt form part of the visitors. Also, our website will contain an English and Spanish option, and beside that option, there will be a shopping kart where visitors can see what they have ordered so far.

We will also include a BLOG just beside the “about” section where we will create some more content for the visitors, for them to be more entertained and to try to be more interactive with them.

There will be a Log-in page for users that are already subscribed or new subscribers, and they will find there a history of the things they have already bought, other recommendations and comments from other users.

We will try to link all of the buttons to the subscription page because there we will ask for their personal data and that is our main goal, to then create different strategies, such as personal emailing, etc.
4.4 Detailed mock-up

The first thing visitors will see in the landing page are images of some of our products with the logo of the company, by clicking on the images, the page will automatically redirect you to the subscription page, where they will find a page to fill their information in order to buy.

In the same homepage, after the images we will have a simple 3 step guide on how our business works, this guide is clear and very simple for the visitors and at the end, there will be a “Let’s get started” button, which will also redirect you to the subscription page, where they have to fill their info in order to get more info.
After the simple guide of how it works, there will be images of the different product categories, which are clothes for girls and for boys, and depending on which one they click they will be redirected to the girl's section or the boy's section.

In every product section “boys” or “girls” there will be shown some images of the product lines and when they click in a product they like, they will be redirected to the subscription page as well.
At the end of the homepage, we will have some pictures from our Instagram and Facebook in order to create some content and make it more interactive with the visitors, with a “show more” button which will immediately redirect them to our social media pages.

The website is structured and built to obtain visitor's data quickly and easy, which is our main focus, and also contains a lot of content with interactive features. It is user-friendly, simple and also very esthetic.

About the payment/checkout we will accept payment by MasterCard, Visa, Oxxo pay or PayPal, with a high-quality security service and anti-hacking software to protect our customer's payment information. We also will use post-sales digital strategies, such as sending promotions to our loyal and frequent clients and also give discounts or credit when they bring a new customer from their part.

4.5 Platform, Hosting Domain

Wix is all about freedom, creativity and possibilities. They make it really easy for everyone with basic online knowledge to create an amazing webpage that can bust your online chances to get leads. Endless possibilities with all the services that they offer will make it very easy to grow our online business.

They offer many templates with different themes that at the same time are easy to edit to make it your own. There are over 125 million pages worldwide that have chosen to use this platform.

While researching the competitor’s offers we have decided to use Wix do to this facts:

- It runs in your own web browser, you don’t need to install any new other software +500 MB storage, many template designs, that can be easily edit to match you company aesthetics
- It provides your own web hosting
- Connection to domain
- Google Analytics
- Secure pay with SSL
- Premium online 24 hours’ help

www.lúluandnúnu.com
4.6 Main KPI’s

Key Performance indicators are meant to measure the performance of our marketing campaigns. We will use these tools in order to analyse, collect information and make a better optimization for our web usage. The idea of using KPI’s is to boost the content that is useful for the users and the information that after analysing these indicators is relevant to our idea, also to improve the content that is not being helpful to make a conversion from visitors into buyers.

We want to focus on several important KPI’s that at the end, by analysing all of them will give a more complete output than if we analyse them by separate.

- **Pages Views** - This metric will help us how many times our page has been visited, it gives us a nominal number
- **Pages views / visits** - This metric is really important because we can measure how interesting is our content for the users, which can help us to boost it, or in the contrary, improve the content if the value is low.
- **Bound rate** - This metric is the most important ratio for the optimization of our page. This value tells us, how many people left our page without interacting with it, that saw just the first page and didn’t find it interesting
- **Average time spent** - This parameter tells us the average time the users spent in our page.
- **New users** - Despite the number of visits, this metric help us to tell how many users are visiting our website. Different to the number of visits, this parameter will show us the exactly number of people that came to our page

4.7 Analytics Software

**Google analytics**

We want to support all these KPI’s with the usage of Google analytics, this tool will help us to track the behaviour of the users and will create important information to us to create a more content to engage with them.

Google analytics is a good tool for a new company like ours to measure these KPI’s due to some valid reasons:

- It’s free
- Easy to implement
- Easy to use and understand
- We can create our own goals and track the performance of them
- It is partner with our host Wix
For example, in the Site usage we have basically been able to analyse the main KPI’s we chose as our parameters. In the map Overlay we can see where in Mexico is our main visitors and we can improve our strategy to target directly those markets. In the traffic Source overview, we can see how our visitors found our page and we can use this information to boost this channels and we can make marketing strategies to promote our page in the ones that are more useful for us. And last but not least, we can see what part of our content is more useful to our visitors in the part of content overview.
5. Inbound Marketing
With a 4-step strategy we will turn leads into customers

- **I** Attract
- **II** Convert
- **III** Close
- **IV** Delight

5.1 | Attract
Interesting and useful content

5.1.1 Social Media

As our products are only sold online social media is really important to get the word out there. Nowadays people need as much information as possible in order to be confident about their purchases. We will create accounts on listed below social media platforms, also supported by statistics to have better understanding who is our target and how useful each channel will be for us and our potential customers.

**Objective:**
- Increase traffic through other accounts (mentions, tags)
- Prioritize engagement with customers
- Create everyday content that lead users to main web page

**Instagram**

- **New launches**: Inform of new products
- **Photo-shoots**: of the packages, trends, use of products
- **Giveaways**: Promote prices through new followers. Eg. Follow us and like our post and you’ll enter a giveaway ruffle
- **InstaStories**: Share live content to stay in costumer’s mind
- **Videos**: short videos that lead to our YouTube channel (tutorial, new season commercials)
- **Hashtags**: always use #hashtags in every post
- **brand guru’s=moms’ influencers and ambassadors**: partner with Mexican mommy influencers
- **Ads**: create Instagram ads
Interesting statistics:

- women users (38%)
- 18-29-year-old segment 59%
- Urban-located users 39%
- Mexico: out of 16 million users, 54% are females
- 3rd most used social network

**Facebook**

- **Events**: Get the word out there of our offline and online events
- **Share**: With our Instagram daily feed
- **Advertise**: Promotions and Instagram giveaways
- **Complement**: As Instagram and Facebook are very much alike it will complement
- **Communities**: Join groups and communities where we can share all of our content
- **Adds**: Create Facebook ads in the area where the page is most viewed
- **Follow button**: Add a follow button on our website
- **Share news**: relevant information that can interest our target

Interesting statistics:

- 18-29-year-old segment 88%
- Users with some college experience 82%
- Mexico users: 53.9 million, 51% females
- Most used social network
**YouTube**

- **Tutorial video**: tutorial video that show how subscription boxes work
- **Upcoming launches**: Video of new products
- **Trends**: New trends in the market
- **Tips**: Interesting and useful information for new mothers, guest speakers
- **Youtubers**: Collaborate with famous youtubers that will share our content or place or products in their videos

**Interesting statistics:**

- 48% of YouTube users are **woman**
- 9% of small businesses are on YouTube
- Millennials prefer **YouTube** over TV
- 37% of 18-34 years old segment is binge-watching **beauty videos**
- Females are primarily watching **beauty videos** on YouTube
- **50 million creators** on YouTube
- Mexico is the 3rd country with the most presence on YouTube

**Twitter**

- Hashtags
- Promotion, hashtags, retweets
- Make the company popular

**Pinterest**

More creative and artistic approach, to show sketches and future model concepts

- Pinterest will help us to engage with more female customers
- show sketches and new products
- build a relationship with customers of with high income
- create a loyal fan base and increase brand awareness

**Some interesting demographics about Pinterest:**

- 81% of users are females
- 60% of new users (signups) are Women; 40% men
- Millennials use Pinterest as much as Instagram
- Average age of Pinterest user is 40, but majority of the active users are below 40
- Half of the users earn at least **$50 K or above/per year**, with 10% Pinterest households making greater than **$125K**
- 30% of all US social media users are Pinterest users and **50% are from US**
- Mexico: 1m users, 5th country in terms of users
Some additional ways of promoting our products and services would be events such as:

- Sales and seasonal discounts
- Photo-shoots for mother and their babies
- Charity events
- Passarellas for babies

### 5.1.2 Web Optimization

- SEO strategy: create content that is attractive and relevant to our product
- Working on web UX designs and esthetics
- Speed of the website
- Not only using “keywords” but also other strategies such as Link-building
- Trading links sharing with local businesses in exchange of shout-outs

### 5.2 II Convert

**CTA: Calls to actions**

- Promote eBook download with attractive content for moms
- Use CTA keywords like “Buy here,” “last in stock,” “On Sale”

**Creation of Pop-ups**

- Sales, information, promotions, discount on the first purchase

**Landing page**

- Promote material of interest when the customers register

**PPC**

- Adwords
- Keywords

**Inbounding**

- Existing PopUp: Promote promotions or coupon to return and make a frequency in visits

### 5.3 III Close

Qualify and make contacts so that they become clients

1. **Segment client:** identify those who are in the process of purchasing and those who are about to buy differentiates:
   - **MQL = qualified potential customers in marketing**
   - **QSL = qualified sales leads - final purchase process**

Marketing automation software
2. **Main score: define groups of contracts**
   - Contact buyer personas
   - Contact committed to the brand: downloads, emails
   - Contact in the process of purchase: have investigated the product
   - Contacts prepared for the purchase: they have left some products in the shopping cart

5.4 **IV Delight**

After the deal/Falling in love
We want loyal customers that promote our brand
   - Measuring satisfaction
   - Surveys
   - Comment section
   - Suggestions

MGM: member get member, promo discount codes to our customers
They can share them with their friends and increase brand awareness and the number of visitors converting into our customers

5.5 **Key words and campaign proposal**

- #Subscription
- #Subscription boxes
- #subscription box
- #kids clothing
- #kid clothing
- #ropa de bebe

<table>
<thead>
<tr>
<th>PALABRA CLAVE</th>
<th>TENDENCIA</th>
<th>VOLUMEN</th>
<th>CPC</th>
<th>PAID DIFFICULTY</th>
<th>SEO DIFFICULTY</th>
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Objectives:
- Increase purchase frequency
- Increase brand awareness
- Increase traffic on our website

Main segment:
- Women 18-34
- Interested in fashion but not willing to leave their homes for shopping
- Average and above level of income

Campaign proposal:
- Collaborate with Moms to advertise the brand
- Reality shows
- Social media

Goal: to promote exclusiveness
- Use website as the main communication channel
- Feature the CSR initiative to build awareness
- Feature videos and photos
- Including tutorials, advices for moms
6. Strategy and Actions

To quantify and consolidate our Marketing objectives we will use the well known sales-funnel. Here, the numbers reached in our financial plan will be justified and explained. The largest part of our ‘action’ will be through Digital Marketing. We define Digital Marketing as traditional marketing, only carried through the internet. It is seen as measurable, targeted, interactive and optimizable. This makes it attractive for many companies and end users. The negative part, though is that there is a loss of customer intimacy & contact which is being missed. Also the excessive amount of information is a negative part of Digital Marketing. Sometimes there is just too much of it. It needs to be filtered into the necessary amount, and then sent to your target group.

All of the customers getting in contact with us via our online marketing, clicking through and landing on our page are our Traffic. This is also called the Click Through Rate (CTR). This is the number of click throughs divided by the number of impressions (times the ad is shown and seen).

Traffic is the awareness phase. Here we try to collect as much customers as possible. What is left from the CTR will become our Traffic. This CTR will be an average of 3%, what is more or less seen as the average CTR for the e-commerce sector.

After the Traffic phase, we reach Leads. Here the bounce rate shows how many customers leave directly. The final Leads stay on the website and create an account. They Land and register. This will be 10% of the Traffic phase.

Lastly we reach the Sales. The Sales will consist of 3% of the Leads. All of this is narrowed down from the Google Ads, Facebook Ads and Email Marketing. What is left of the Leads will become the potential customers who need to be convinced to make a purchase. Here comes the next phase.

In the end, when the sales have been made of course you have the Loyalty phase. Here we make sure that the customers get emailed how their purchase and product was. Also how they liked the service, and if they maybe want to give us any feedback. Keeping existing customers happy costs less than attracting new ones. This is called customer retention. For this reason, the leads that do not turn in a sale will be updated with a newsletter every month. Also offers and discounts will be sent to these leads.
6.1 The ‘Funnel’

We will generate the largest part of our sales through Google Ads, Facebook Ads and Instagram. In Google Ads we will need 1.500.000 ads, with Facebook Ads as well, and with Instagram we will need 2.000.000. That makes a total of 5.000.000 ads. These numbers are rounded up. In reality it will be 4.888.888 ads. These ads need to have a click through rate of 3%.

\[4.888.889 \text{ Ads/}\]

\[x \text{ 3\%} = 146.667 \text{ people landed on our page. The CTR}\]

\[x \text{ 10\%} = 14.667 \text{ make an actual account, the rest are prospects.}\]

\[x \text{ 3\%} = 440 \text{ will make a purchase.}\]

Almost 150.000 people landing on our page we see as reasonable because there are 78 million active mobile social media users in Mexico, according to Statista, 2018 (Digital Population Mexico, 2018).

The number of sales (440) is used to show the amount of people making a purchase. This to make it easier to calculate the number of ads needed. Because it is a subscription service, people making purchase will receive a package every next month. For the 5280 packages sold every year we cannot say how many customers will buy these, because it is possible that one customer wants more than one package, and the other wants just one. To make it easier visible, we assume that one package = one subscription = one customer.

To live up to these predictions, we will need to invest in Google Ads, Facebook Ads and Instagram. As we expect to reach about 5 million people with our ads, we only pay for the ones actually clicking on your ad, and becoming ‘Traffic’. Using the CTR, that ends in 146.667 clicks.

**Google Ads (30\% = 44.000)**

According to the website Wordstream, a specialist in online marketing, the average CPC for Google Ads in Mexico (and in Spain), is 41 – 61% lower than the
average CPC in the US. The average CPC in the US is around $1. This will eventually bring us to a $0,50 per click. That amounts to $22.000 to reach 132 clients (sales) (How much does Adwords cost, 2015).

**Average Cost per Click Around the World**

Facebook Ads (30% = 44.000)
Luckily, the lowest CPC for Facebook Ads is in the apparel industry. This industry has an average CPC of $0,45. For 44.000 clicks this will amount to $19.800 to reach 132 clients (sales) (How much does Facebook advertising cost?, 2018).

Instagram Ads (40% = 58.667)
According to one of the hottest digital marketing blog websites, Instagram Ads cost around $0,70 per click. In our case that will amount to $41.067 for 176 clients (sales). (Instagram ads cost, 2018).

Summed up these ads will, together, amount to 440 clients (sales). Of course this is calculated over a month, but as it is a subscription service, these ‘clients’ will stay on and make use of the subscription service. In total the ads will cost $82.867 to reach 440 clients (sales). If this manner of buying ads is kept on for a whole year, we will reach around 5280 clients whom take out a subscription. This would cost us $994.404 for one year. Because it is difficult to see the clients as 1 sale, we will take 30% of these costs to put in our financial plan. The 994.404 would be for 5280 clients, but because of our budget in the first year we will not be able to pay this.
6.2 Marketing Objectives Answered

- **Sell more than 400 packages per month in the first year.**

As seen above in our sales funnel, this number will be surpassed if there are almost 5 million ads with a CTR of 3%.

- **Create awareness with more than 100,000 people per month.**

Also seen in the sales funnel is that we will create awareness with around 150,000 people every month. These people we see as our traffic. This is calculated through the CTR, taking 3% of the total amount of ads. This is what we pay for.

- **In the first year create around 170,000 leads.**

The amount of Leads we will reach is around 15,000, per month. These leads will have signed up an made an account on our platform. In a year this will amount to 180,000 so it will be achieved. The leads, however, who will not turn into sales, will still receive information and newsletters every month to hopefully turn these potential customers into subscribers.

- **Create 100,000 leads at least through Instagram in the second year.**

In a month, we will create almost 6,000 leads with Instagram, what will result in 72,000 leads in the first year. Considering an expected growth of 10% in the second year, the leads will grow to 79,200 leads via Instagram. This means we will not yet reach the 100,000 leads we aimed to. However we do surpass this with all 3 forms of advertising.

- **Create more than 150 sales per month via Instagram.**

When looking at the sales made via Instagram, we want to create more than 150 per month. So more than 150 clients in 1 month. The 5867 leads made via Instagram result in 176 sales in a month (5.867 * 3%). So we will easily pass this objective.

- **Create awareness with at least half a million people via Facebook.**

From the almost 5 million ads we are posting online, 30% is done on Facebook. 3% of this number will result in 528,000 clicks in a full year, solely on Facebook.

- **Reach almost 8,000 clients (sales) in year 2.**

The total amount of clients (sales) made in a month in the first year will be 5,280 clients (sales). Considering our 10% expected growth this results in 5,808 clients (sales). To be honest, it is difficult to predict how the number of clients will grow.
This because it is a subscription service. So the clients made in 1 month will repeatedly purchase our products. How many leads will add to that every month is difficult to say.

6.3 Recommendations and Conclusions

Lúlu and Núnu is an ecommerce company focused on baby clothing subscription boxes, this is a new service for Mexican people, where they can find exclusive designs, quality and accessible prices for their little ones. According to national institute of Mexican statistics, Mexico is home for 122.3 million people with a growing economy, as one of the biggest countries in America, it has a big potential for retail companies, e-commerce has increased and the sales by this method are getting bigger. The revenue generated in ecommerce represents the 2% of Mexican total population and it is expected it to increase to a 16% in 2020. Meaning that the costumer buyer preferences will change, giving Lúlu and Núnu a great potential to expand in the market. The implementation of e-commerce and the marketing strategies will have a great impact in the business, it is expected a total of 5280 subscriptions per year and an increase of 10% each year.

With this business plan proposal, we are planning to reach as much clients (sales) as possible, and maintain them until their kids are no longer part of our target. All the objectives are based on real facts and we want to provide our customers the best service where time is no longer a problem, providing them an online store 24/7. We will gain their loyalty and maintain a relationship between costumer-business. Each action and communication plan is based in our target, classified in the different funnel channels (Instagram, Facebook, Google ads).

It is easy to enter the business model so we should put more barriers and limitations to make it more difficult for the competitors to enter the market and reach the Mexican population. Even if you see a big improvement in the Mexican market there are external factors that can decrease our sales and make the consumers decision difficult.

It is important for the consumers to have complete information about the packages and subscription boxes that we are using and buying politics.

In the research made we have found that consumers have the inclination to search and buy online products, more than 54% percent search for products once a day, and 75% will find it appealing to use baby subscription boxes, as a conclusion this will be a great opportunity in our business market for the willingness to buy online because of their jobs, the hassle and the lack of time.

Lúlu and Núnu seems very attractive not just to the consumer but as a business, the return of the investment will be in the first 2 years, giving us a bigger profit, the communication channels and create of awareness will be the essential parts to complete our puzzle and increase sales.
7. Financial Summary

Pricing strategy: Competitive pricing

Our pricing strategy is based on research made in the most similar competitors. Even though our strategies are more innovated, due to the fact that is not only a product but a service. We have set it below the competition to penetrate the market.

<table>
<thead>
<tr>
<th>Package Retail Price</th>
<th>Casual</th>
<th>Sport</th>
<th>Chic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>$499.00</td>
<td>$699.00</td>
<td>$899.00</td>
</tr>
<tr>
<td>Cost</td>
<td>$166</td>
<td>$273</td>
<td>$300</td>
</tr>
</tbody>
</table>

*200% gross margin
*Prices in Mexican pesos.

<table>
<thead>
<tr>
<th>Annual Sales</th>
<th>Casual</th>
<th>Sport</th>
<th>Chic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity of annual packages+10% margin</td>
<td>8580</td>
<td>18533</td>
<td>7207</td>
</tr>
<tr>
<td>Cost</td>
<td>$166</td>
<td>$273</td>
<td>$300</td>
</tr>
<tr>
<td>Total</td>
<td>$1,424,280.00</td>
<td>$4,318,124.00</td>
<td>$2,162,160.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,904,582.00</td>
</tr>
</tbody>
</table>

In the financial summary, you will be able to see the initial investment of Núnu and Lúlu, also their expenses. You can see a report of the money in order to understand where the monetary initial founds are taking place, providing our business transparency.
<table>
<thead>
<tr>
<th><strong>SUMMARY</strong></th>
<th><strong>Mexican pesos</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in assets</td>
<td>$7,165,000.00</td>
</tr>
<tr>
<td>Expenses and provision</td>
<td>$210,000.00</td>
</tr>
<tr>
<td>Current expenses</td>
<td>$6,263,000.00</td>
</tr>
<tr>
<td>Employment</td>
<td>$1,440,000.00</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$18,213,600.00</td>
</tr>
<tr>
<td>Taxes 25%</td>
<td>$783,900.00</td>
</tr>
<tr>
<td>Net income</td>
<td>$2,351,700.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Euros</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in assets</td>
<td>€311,521.74</td>
</tr>
<tr>
<td>Expenses and provision</td>
<td>€9,130.43</td>
</tr>
<tr>
<td>Current expenses</td>
<td>€272,304.35</td>
</tr>
<tr>
<td>Employment</td>
<td>€62,608.70</td>
</tr>
<tr>
<td>Total Sales</td>
<td>€791,895.65</td>
</tr>
<tr>
<td>Taxes 25%</td>
<td>€34,082.61</td>
</tr>
<tr>
<td>Net income</td>
<td>€102,247.83</td>
</tr>
</tbody>
</table>
## 8. Attachments

### 8.1 Financial Statement

The data is in Mexican pesos, 1 euro = 23 pesos

### Investment 2019

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>TOTAL</th>
<th>AMRT YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual investment</strong></td>
<td>$7,155,451.20</td>
<td>$8,384,941.44</td>
<td>$8,384,941.44</td>
<td>$12,071,195.67</td>
<td>$14,459,274.81</td>
<td>$17,359,889.77</td>
<td>$69,468,682.62</td>
<td>10% annual increase</td>
</tr>
<tr>
<td><strong>Investment in assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer equipment</td>
<td>$85,000.00</td>
<td>$15,000.00</td>
<td>$6,100.00</td>
<td>$1,200.00</td>
<td>$1,200.00</td>
<td>$1,200.00</td>
<td>$109,800.00</td>
<td>10</td>
</tr>
<tr>
<td>Furniture</td>
<td>$48,000.00</td>
<td>$1,000.00</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$51,000.00</td>
<td>10</td>
</tr>
<tr>
<td>Inventory</td>
<td>$6,972,451.20</td>
<td>$6,366,541.44</td>
<td>$10,040,329.73</td>
<td>$12,040,395.67</td>
<td>$14,459,074.81</td>
<td>$17,349,669.77</td>
<td>$69,235,882.62</td>
<td>5</td>
</tr>
<tr>
<td>Deposits (rent)</td>
<td>$50,000.00</td>
<td>$ -</td>
<td>$ -</td>
<td>$22,000.00</td>
<td>$ -</td>
<td>$ -</td>
<td>$72,000.00</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$7,155,451.20</td>
<td>$8,384,941.44</td>
<td>$10,040,329.73</td>
<td>$12,071,195.67</td>
<td>$14,459,274.81</td>
<td>$17,359,889.77</td>
<td>$69,468,682.62</td>
<td>0</td>
</tr>
</tbody>
</table>

### Expenses and Provision

<table>
<thead>
<tr>
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<th>Initial</th>
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<tbody>
<tr>
<td>Treasury provision</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>Constitutional legal expenses</td>
<td>$80,000.00</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$30,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$210,000.00</td>
</tr>
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</table>

**Total Investment** $7,365,451.20

### Annual Investment

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual investment</strong></td>
<td>$7,155,451.20</td>
<td>$8,384,941.44</td>
<td>$8,384,941.44</td>
<td>$12,071,195.67</td>
<td>$14,459,274.81</td>
<td>$17,359,889.77</td>
<td>$67,807,694.13</td>
</tr>
<tr>
<td><strong>Financing Estimated</strong></td>
<td>-</td>
<td>€ -</td>
<td>€ -</td>
<td>€ -</td>
<td>€ -</td>
<td>€ -</td>
<td>-</td>
</tr>
</tbody>
</table>

### Financing

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td>$41,000.00</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td>$7,324,451.20</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Years</strong></td>
<td>$5</td>
<td>$4</td>
<td>$3</td>
<td>$2</td>
<td>$1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>% Debt</strong></td>
<td>99%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>% Equity</strong></td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Total Year Expenses</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
<td>2024</td>
<td>TOTAL</td>
</tr>
<tr>
<td>---------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Current expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office</td>
<td>$12,000.00</td>
<td>$12,559.20</td>
<td>$13,144.46</td>
<td>$13,756.99</td>
<td>$14,398.07</td>
<td>$14,398.07</td>
<td>$65,858.72</td>
</tr>
<tr>
<td>Maintenance and cleaning</td>
<td>$6,000.00</td>
<td>$6,279.60</td>
<td>$6,572.23</td>
<td>$6,878.50</td>
<td>$7,199.03</td>
<td>$7,199.03</td>
<td>$25,730.32</td>
</tr>
<tr>
<td>Marketing and Publicity</td>
<td>$50,000.00</td>
<td>$52,330.00</td>
<td>$54,768.58</td>
<td>$57,320.79</td>
<td>$59,991.94</td>
<td>$59,991.94</td>
<td>$214,419.37</td>
</tr>
<tr>
<td>Amenities</td>
<td>$18,000.00</td>
<td>$18,838.80</td>
<td>$19,716.69</td>
<td>$20,635.49</td>
<td>$21,597.10</td>
<td>$21,597.10</td>
<td>$77,190.97</td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>$12,000.00</td>
<td>$12,559.20</td>
<td>$13,144.46</td>
<td>$13,756.99</td>
<td>$14,398.07</td>
<td>$14,398.07</td>
<td>$51,460.65</td>
</tr>
<tr>
<td>Electricity, gas, water</td>
<td>$18,000.00</td>
<td>$18,838.80</td>
<td>$19,716.69</td>
<td>$20,635.49</td>
<td>$21,597.10</td>
<td>$21,597.10</td>
<td>$77,190.97</td>
</tr>
<tr>
<td>Office supplies</td>
<td>$6,000.00</td>
<td>$6,279.60</td>
<td>$6,572.23</td>
<td>$6,878.50</td>
<td>$7,199.03</td>
<td>$7,199.03</td>
<td>$25,730.32</td>
</tr>
<tr>
<td>Legal fee</td>
<td>$24,000.00</td>
<td>$25,118.40</td>
<td>$26,288.92</td>
<td>$27,513.98</td>
<td>$28,796.13</td>
<td>$28,796.13</td>
<td>$102,921.30</td>
</tr>
<tr>
<td>Inbound marketing</td>
<td>$5,967,000.00</td>
<td>$6,245,062.20</td>
<td>$6,536,082.10</td>
<td>$6,840,663.52</td>
<td>$7,159,438.44</td>
<td>$7,159,438.44</td>
<td>$25,588,807.82</td>
</tr>
<tr>
<td>Insurance</td>
<td>$150,000.00</td>
<td>$156,990.00</td>
<td>$164,305.73</td>
<td>$171,962.38</td>
<td>$179,975.83</td>
<td>$179,975.83</td>
<td>$643,258.12</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$6,263,000.00</td>
<td>$6,554,855.80</td>
<td>$6,860,312.08</td>
<td>$7,180,002.62</td>
<td>$7,514,590.75</td>
<td>$7,514,590.75</td>
<td>$26,858,170.50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal expenses</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td># Of employees</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td></td>
<td>5.8</td>
</tr>
<tr>
<td>Gross monthly average salary</td>
<td>$12,000.00</td>
<td>$12,559.20</td>
<td>$13,144.46</td>
<td>$13,756.99</td>
<td>$14,398.07</td>
<td>$14,398.07</td>
<td>$65,858.72</td>
</tr>
<tr>
<td>% yearly variation</td>
<td>10.00%</td>
<td>10.00%</td>
<td>10.00%</td>
<td>10.00%</td>
<td>10.00%</td>
<td>10.00%</td>
<td>10.00%</td>
</tr>
<tr>
<td>Gross Payroll</td>
<td>$1,608,000.00</td>
<td>$1,682,932.80</td>
<td>$1,761,357.47</td>
<td>$1,843,436.73</td>
<td>$1,929,340.88</td>
<td>$1,929,340.88</td>
<td>$8,825,067.87</td>
</tr>
<tr>
<td>% Company Cost</td>
<td>80%</td>
<td>140%</td>
<td>140%</td>
<td>140%</td>
<td>140%</td>
<td>140%</td>
<td>140%</td>
</tr>
<tr>
<td>Personal expenses</td>
<td>$1,286,400.00</td>
<td>$2,356,105.92</td>
<td>$2,465,900.46</td>
<td>$2,580,811.42</td>
<td>$2,701,077.23</td>
<td>$2,701,077.23</td>
<td>$11,390,295.02</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales &amp; Cost of sales</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>$18,213,600.00</td>
<td>$19,062,353.76</td>
<td>$19,950,659.45</td>
<td>$20,880,360.18</td>
<td>$21,853,384.96</td>
<td>$21,853,384.96</td>
<td>$99,960,358.34</td>
</tr>
<tr>
<td>Cost Of Sales</td>
<td>$5,464,080.00</td>
<td>$5,718,706.13</td>
<td>$5,985,197.83</td>
<td>$6,264,108.05</td>
<td>$6,556,015.49</td>
<td>$6,556,015.49</td>
<td>$29,988,107.50</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$12,749,520.00</td>
<td>$13,343,647.63</td>
<td>$13,965,461.61</td>
<td>$14,616,252.12</td>
<td>$15,297,369.47</td>
<td>$15,297,369.47</td>
<td>$69,972,250.84</td>
</tr>
<tr>
<td>% Gross Margin</td>
<td>200%</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
<td>70%</td>
<td>96%</td>
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<tr>
<td>P&amp;L</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
<td></td>
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<tr>
<td>-------------------------</td>
<td>------------</td>
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<td>------------</td>
<td>------------</td>
<td>------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Sales</strong></td>
<td>$18,213,600.00</td>
<td>$19,062,351.76</td>
<td>$19,950,659.45</td>
<td>$20,880,360.18</td>
<td>$21,853,384.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost Of Sales</strong></td>
<td>$5,464,080.00</td>
<td>$5,718,706.13</td>
<td>$5,985,197.83</td>
<td>$6,264,108.05</td>
<td>$6,556,015.49</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>$12,749,520.00</td>
<td>$13,343,647.63</td>
<td>$13,965,461.61</td>
<td>$14,616,252.12</td>
<td>$15,297,369.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personal expenditure</strong></td>
<td>$1,286,400.00</td>
<td>$2,356,105.92</td>
<td>$2,465,900.46</td>
<td>$2,580,811.42</td>
<td>$2,701,077.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Operational expenditure</strong></td>
<td>$6,363,000.00</td>
<td>$6,554,855.80</td>
<td>$6,860,312.08</td>
<td>$7,180,002.62</td>
<td>$7,514,590.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$5,200,120.00</td>
<td>$4,432,685.91</td>
<td>$4,639,249.08</td>
<td>$4,855,438.08</td>
<td>$5,081,701.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation and amort</strong></td>
<td>$1,424,456.91</td>
<td>$1,424,456.91</td>
<td>$1,424,456.91</td>
<td>$1,424,456.91</td>
<td>$1,424,456.91</td>
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<td></td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>$3,776,663.09</td>
<td>$3,008,229.01</td>
<td>$3,214,792.17</td>
<td>$3,430,981.18</td>
<td>$3,657,244.59</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial expenditures - interest</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
<td></td>
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<tr>
<td><strong>EBT</strong></td>
<td>$3,776,663.09</td>
<td>$3,008,229.01</td>
<td>$3,214,792.17</td>
<td>$3,430,981.18</td>
<td>$3,657,244.59</td>
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<td></td>
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<tr>
<td><strong>Taxes</strong></td>
<td>$943,915.77</td>
<td>$752,057.25</td>
<td>$803,688.04</td>
<td>$857,745.29</td>
<td>$914,311.15</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>$2,831,747.32</td>
<td>$2,256,171.75</td>
<td>$2,411,094.13</td>
<td>$2,573,235.88</td>
<td>$2,742,933.44</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOW</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<tr>
<td><strong>Amortizations sum</strong></td>
<td>$1,286,400.00</td>
<td>$2,356,105.92</td>
<td>$2,465,900.46</td>
<td>$2,580,811.42</td>
<td>$2,701,077.23</td>
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<tr>
<td><strong>Results</strong></td>
<td>$2,831,747.32</td>
<td>$2,256,171.75</td>
<td>$2,411,094.13</td>
<td>$2,573,235.88</td>
<td>$2,742,933.44</td>
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<tr>
<td><strong>Investments</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<tr>
<td><strong>OPERATIONAL CASH FLOW</strong></td>
<td>$4,118,147.32</td>
<td>$4,612,277.67</td>
<td>$4,876,994.38</td>
<td>$5,154,047.30</td>
<td>$5,444,010.67</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>$4,118,147.32</td>
<td>$4,612,277.67</td>
<td>$4,876,994.38</td>
<td>$5,154,047.30</td>
<td>$5,444,010.67</td>
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<tr>
<td><strong>Net balance of the fiscal year</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<td><strong>Accumulated balance</strong></td>
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<td>$ -</td>
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<table>
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<tr>
<th>Amort</th>
<th>Initial</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>AMRT YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decoration</strong></td>
<td>$85,000.00</td>
<td>$8,500.00</td>
<td>$8,500.00</td>
<td>$8,500.00</td>
<td>$8,500.00</td>
<td>$8,500.00</td>
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</tr>
<tr>
<td><strong>Furniture</strong></td>
<td>$48,000.00</td>
<td>$4,800.00</td>
<td>$4,800.00</td>
<td>$4,800.00</td>
<td>$4,800.00</td>
<td>$4,800.00</td>
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<tr>
<td><strong>Machinery</strong></td>
<td>$6,972,451.20</td>
<td>$1,394,490.24</td>
<td>$1,394,490.24</td>
<td>$1,394,490.24</td>
<td>$1,394,490.24</td>
<td>$1,394,490.24</td>
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<tr>
<td><strong>Computer equipment</strong></td>
<td>$50,000.00</td>
<td>$16,666.67</td>
<td>$16,666.67</td>
<td>$16,666.67</td>
<td>$16,666.67</td>
<td>$16,666.67</td>
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<tr>
<td><strong>Construction</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<tr>
<td><strong>POP</strong></td>
<td>$ -</td>
<td>$ -</td>
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<tr>
<td><strong>Total</strong></td>
<td>$7,155,451.20</td>
<td>$1,424,456.91</td>
<td>$1,424,456.91</td>
<td>$1,424,456.91</td>
<td>$1,424,456.91</td>
<td>$1,424,456.91</td>
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50
<table>
<thead>
<tr>
<th>Provisional Balance Sheet</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>NON CURRENT FIXED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and construction</td>
<td>7,155,451.20</td>
<td>5,730,994.29</td>
<td>4,306,537.39</td>
<td>2,882,080.48</td>
<td>1,457,623.57</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,424,456.91</td>
<td>1,424,456.91</td>
<td>1,424,456.91</td>
<td>1,424,456.91</td>
<td>1,424,456.91</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>5,730,994.29</td>
<td>4,306,537.39</td>
<td>2,882,080.48</td>
<td>1,457,623.57</td>
<td>33,166.67</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>5,730,994.29</td>
<td>4,306,537.39</td>
<td>2,882,080.48</td>
<td>1,457,623.57</td>
<td>33,166.67</td>
</tr>
<tr>
<td><strong>NET WORTH</strong></td>
<td>$ 41,000.00</td>
<td>$ 41,000.00</td>
<td>$ 41,000.00</td>
<td>$ 41,000.00</td>
<td>$ 41,000.00</td>
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<tr>
<td><strong>NON CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td>$ 41,000.00</td>
<td>$ 41,000.00</td>
<td>$ 41,000.00</td>
<td>$ 41,000.00</td>
<td>$ 41,000.00</td>
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</table>
The data is in Mexican pesos 1 euro = 23 pesos

### Investment 2019

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>TOTAL</th>
<th>AMRT YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Investment</strong></td>
<td>$7,155,451.20</td>
<td>$8,384,941.44</td>
<td>$8,384,941.44</td>
<td>$12,071,595.67</td>
<td>$14,459,274.81</td>
<td>$17,350,889.77</td>
<td>$69,468,682.62</td>
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</tr>
<tr>
<td><strong>Investment in assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer equipment</td>
<td>$85,000.00</td>
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<td>$6,200.00</td>
<td>$1,200.00</td>
<td>$1,200.00</td>
<td>$1,200.00</td>
<td>$51,000.00</td>
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</tr>
<tr>
<td>Furniture</td>
<td>$48,000.00</td>
<td>$9,000.00</td>
<td>$6,000.00</td>
<td>$1,000.00</td>
<td>$1,000.00</td>
<td>$1,000.00</td>
<td>$10,000.00</td>
<td>10</td>
</tr>
<tr>
<td>Inventory</td>
<td>$6,972,451.20</td>
<td>$8,366,941.44</td>
<td>$10,040,329.73</td>
<td>$12,048,395.67</td>
<td>$14,458,074.81</td>
<td>$17,349,689.77</td>
<td>$69,235,882.62</td>
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<tr>
<td>Deposits (rent)</td>
<td>$50,000.00</td>
<td>-</td>
<td>$22,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$22,000.00</td>
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</tr>
<tr>
<td>Total</td>
<td>$7,155,451.20</td>
<td>$8,384,941.44</td>
<td>$10,046,529.73</td>
<td>$12,071,595.67</td>
<td>$14,459,274.81</td>
<td>$17,350,889.77</td>
<td>$69,468,682.62</td>
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</table>

### Expenses and provision

<table>
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<th>Initial</th>
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</thead>
<tbody>
<tr>
<td>Treasury provision</td>
<td>$100,000.00</td>
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<tr>
<td>Constitutional legal expenses</td>
<td>$80,000.00</td>
</tr>
<tr>
<td>Other expenses</td>
<td>$30,000.00</td>
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<tr>
<td>Total</td>
<td>$250,000.00</td>
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</table>

**Total Investment**: $7,365,451.20

### Annual Investment

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financing estimated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>

### Financing

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>$41,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$41,000.00</td>
</tr>
<tr>
<td>Debt</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Years</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rate</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>% Debt</td>
<td>99%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>%Equity</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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</table>
## Package prices

<table>
<thead>
<tr>
<th>package</th>
<th>casual</th>
<th>sport</th>
<th>chic</th>
</tr>
</thead>
<tbody>
<tr>
<td>new susbribers per month</td>
<td>110</td>
<td>240</td>
<td>90</td>
</tr>
<tr>
<td>price</td>
<td>$499.00</td>
<td>$699.00</td>
<td>$899.00</td>
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<tr>
<td>Total</td>
<td>$54,890.00</td>
<td>$167,760.00</td>
<td>$80,910.00</td>
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### Sales Packages

<table>
<thead>
<tr>
<th>sales subscribers Per month</th>
<th>$303,560.00</th>
</tr>
</thead>
</table>

### Annual Inventory

<table>
<thead>
<tr>
<th>package</th>
<th>casual</th>
<th>sport</th>
<th>chic</th>
</tr>
</thead>
<tbody>
<tr>
<td>y of anual packages +10%</td>
<td>8580</td>
<td>18533</td>
<td>7207</td>
</tr>
<tr>
<td>cost</td>
<td>$132.00</td>
<td>$207.00</td>
<td>$278.00</td>
</tr>
<tr>
<td>total cost</td>
<td>$1,132,560.00</td>
<td>$3,836,289.60</td>
<td>$2,003,601.60</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$6,972,451.20</td>
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### Anual sales

<table>
<thead>
<tr>
<th>Month</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package sales</td>
<td>440</td>
<td>880</td>
<td>1320</td>
</tr>
<tr>
<td>Sales</td>
<td>$303,560.00</td>
<td>$607,120.00</td>
<td>$910,680.00</td>
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</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>4</th>
<th>5</th>
<th>6</th>
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</thead>
<tbody>
<tr>
<td>Package sales</td>
<td>1760</td>
<td>2200</td>
<td>2640</td>
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<tr>
<td>Sales</td>
<td>$1,214,240.00</td>
<td>$1,517,800.00</td>
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<table>
<thead>
<tr>
<th>Month</th>
<th>7</th>
<th>8</th>
<th>9</th>
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</thead>
<tbody>
<tr>
<td>Package sales</td>
<td>3080</td>
<td>3520</td>
<td>3960</td>
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<tr>
<td>Sales</td>
<td>$1,821,360.00</td>
<td>$1,821,360.00</td>
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</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>10</th>
<th>11</th>
<th>12</th>
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</thead>
<tbody>
<tr>
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<td>4400</td>
<td>4840</td>
<td>5280</td>
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<tr>
<td>Sales</td>
<td>$2,124,920.00</td>
<td>$2,124,920.00</td>
<td>$2,124,920.00</td>
</tr>
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</table>

**TOTAL** | $18,213,600.00

**TOTAL PACKAGES** | 34320

### Employment

<table>
<thead>
<tr>
<th>Employees Category</th>
<th>#</th>
<th>Salary</th>
<th>Year</th>
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<tbody>
<tr>
<td>Office Manager</td>
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<td>$14,000.00</td>
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</tr>
<tr>
<td>IT specialist</td>
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<td></td>
</tr>
<tr>
<td>Manager</td>
<td>1</td>
<td>$24,000.00</td>
<td>$288,000.00</td>
</tr>
<tr>
<td>Warehouse Manager</td>
<td>3</td>
<td>$12,000.00</td>
<td>$144,000.00</td>
</tr>
<tr>
<td>Warehouse Employee</td>
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<td>$96,000.00</td>
</tr>
<tr>
<td>Online Marketing Specialist</td>
<td>1</td>
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<td>€ 96,000</td>
</tr>
</tbody>
</table>

**Total** | 12 | $82,000.00 | € 96,000

<table>
<thead>
<tr>
<th>Employees Category</th>
<th>#</th>
<th>Salary</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$28,000.00</td>
<td>$336,000.00</td>
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<tr>
<td>$24,000.00</td>
<td>$288,000.00</td>
</tr>
<tr>
<td>$36,000.00</td>
<td>$432,000.00</td>
</tr>
<tr>
<td>$24,000.00</td>
<td>$288,000.00</td>
</tr>
</tbody>
</table>

**Total** | € 8,000 | € 96,000

**Total** | $120,000.00 | $1,440,000.00
9. Bibliography


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