EAE BUSINESS SCHOOL
MASTER IN MARKETING & SALES MANAGEMENT

“DABx” CUSTOMIZED SHOES

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# Table of content

I. Executive summary ........................................................................................................... 6
II. Introduction ...................................................................................................................... 7
III. Brief description of the current situation ..................................................................... 8
IV. Analysis of determinants............................................................................................... 8
   1. External Analysis
      - Analysis of Macroeconomy (PESTEL)
        - Political ................................................................................................................. 8
        - Economical ............................................................................................................ 9
        - Social ..................................................................................................................... 10
        - Technological ....................................................................................................... 11
        - Environmental ..................................................................................................... 12
        - Legal ..................................................................................................................... 12
      - Sectorial Analysis
        - Trends.................................................................................................................... 12
      - Analysis of Microeconomy
        - Market .................................................................................................................. 13
        - Competence ......................................................................................................... 14
        - Consumers ............................................................................................................ 15
        - Suppliers ............................................................................................................... 18
        - Competitors ......................................................................................................... 19
        - Channel ................................................................................................................ 20
        - other intermediaries ............................................................................................ 21
        - Products, service .................................................................................................. 21
        - Substitutes ............................................................................................................ 22
   2. Internal Analysis
      - Mission, vision and Company’s value ................................................................. 22
      - Canvas Analysis ..................................................................................................... 23
      - Key Activities ......................................................................................................... 25
      - Management team/ Management Style ............................................................. 26
      - Communication plan ............................................................................................. 26
      - Brand Awareness ................................................................................................. 28
      - Distribution ........................................................................................................... 29
      - Politics, values and corporate culture .............................................................. 30
- Product portfolio ................................................................. 30
- Segmentation ........................................................................ 30
- Positioning ........................................................................... 32
  3. SWOT Analysis .................................................................... 33
V. Marketing objectives ............................................................. 36
VI. Brand review ....................................................................... 37
VII. Marketing strategies ........................................................... 41
  1. Product ................................................................................ 41
  2. Price ................................................................................. 43
  3. Placement ............................................................................ 46
  4. Promotion ............................................................................ 47
VIII. Action Plan
  1. Action Schedule ................................................................. 49
  2. Commercial Plan ............................................................... 49
  3. Sales Plan .......................................................................... 54
IX. Financial Plan ....................................................................... 56
  1. Real scenario of the company ............................................... 57
    - Investment ........................................................................ 57
    - Amortization ..................................................................... 58
    - Expenses .......................................................................... 58
    - Wages and Salaries .......................................................... 59
    - Sales ............................................................................... 59
    - profit and loss Statement ................................................... 60
    - Cash Flow Statement ........................................................ 60
    - Balance sheet Statement .................................................... 61
    - Profitability analysis .......................................................... 61
    - Balance sheet analysis ....................................................... 62
    - Ratios .............................................................................. 62
    - Investment return ............................................................. 63
    - Sales Analysis ................................................................... 63
  2. Pessimistic Scenario ............................................................ 64
    - Pessimistic Sales Statement ............................................... 65
    - Pessimistic Profit and loss Statement .................................. 65
  3. Optimistic Scenario ............................................................. 66
    - Optimistic Sales Statement ............................................... 67
X. Controls

1. Key performance indicator
   - Digital indicators.........................................................68
   - Website KPI's .............................................................69

2. Follow up strategies ............................................................71

XI. Contingency Plan .............................................................73

XII. Conclusion .................................................................74

XIII. References ...............................................................76

XIV. Attachements ..............................................................78
Table of figures:

Figure 1: Famous sneaker artist Sierato 7
Figure 2: Customized Nike AirMax 7
Figure 3: Balenciaga chunky sneakers 10
Figure 4: Statista, Top 5 countries by revenues in the footwear market 14
Figure 5: Kellie elle, Global athletic footwear market share by gender pie chart 16
Figure 6: Buyer persona 1 17
Figure 7: Buyer persona 2 18
Figure 8: Revenues made per channel 21
Figure 9: Canvas analysis 25
Figure 10: Instagram and Facebook as our communication plans 27
Figure 11: Logos of our suppliers 30
Figure 12: Survey for people if they know customized sneakers 38
Figure 13: Example of customized sneakers 38
Figure 14: Example of customized sneakers 39
Figure 15: Example of customized sneakers 39
Figure 16: Survey for the sex of people that use sneakers 40
Figure 17: Survey to know if people would buy this type of customized sneakers. 41
Figure 18: Normal Adidas NMD 42
Figure 19: Customized Adidas NMD 42
Figure 20: Normal Nike Air force 42
Figure 21: Customized Nike Airforce 42
Figure 22: Normal Converse All Star 43
Figure 23: Customized converse 43
Figure 24: Price of a customized sneakers 44
Figure 25: Comparison of different sneakers 45
Figure 26: Maslow’s hierarchy of needs 46
Figure 27: Calendar of the year that show the discounts by date 47
List of tables:

Table 1: Keywords analysis ...................................................... 28
Table 2: EFE Matrix ................................................................. 35
Table 3: IFE matrix ................................................................. 36
Table 4: Action schedule for the action plan ......................... 49
Table 5: Investment of DABx .................................................. 57
Table 6: Investment made by DABx ....................................... 57
Table 7: Amortization .............................................................. 58
Table 8: Operating expenses .................................................. 58
Table 9: Wages and salaries ................................................... 59
Table 10: Sales of DABx ........................................................... 59
Table 11: Net income / Profit and loss .................................... 60
Table 12: Cash flow Statement ................................................. 60
Table 13: Balance Sheet .......................................................... 61
Table 14: Profitability analysis ................................................ 61
Table 15: Balance sheet analysis ............................................. 62
Table 16: Ratios ................................................................. 62
Table 17: Investment returns .................................................. 63
Table 18: Sales analysis ......................................................... 63
Table 19: Pessimistic scenario Sales ........................................ 65
Table 20: Pessimistic scenario income statement ................... 65
Table 21: Optimistic Scenario Sales ........................................ 67
Table 22: Optimistic scenario income statement .................... 67
I. Executive Summary

The following report is a detailed business plan that was made for the opening of DABx Customized Shoes. A startup business that’s dedicated to collaborate with artists and give them the tools and the space to launch their own customized sneaker’s line and sell these to the public. Our business will be located in New York City one of the world’s fashion capitals. The athletic footwear market is booming, especially in the United States, which is one of the reasons we chose to open in this country among many others. Some factors that sustain our choice is that the United States is the country that has the most of influencers, YouTubers and athletes that are related to the sneaker market. Thus, bring us good opportunities because we can collaborate with them once our brand becomes recognized by the audience.

Currently, there are many known independent artists that are customizing sneakers and selling them by themselves. However, it’s getting harder every day to get recognized because being an artist is not the same as being a businessman and that’s where we take action. We want to help newcomers show their art and gain recognition in the sneaker community.

At first, our company will only customize three types of models, which are the Nike Air Force, Adidas NMD and the Converse Allstars, also we will work with 2 artists every 3 months.

Our main target customers and buyer persona’s are young people, students, athletes and collectors that are attracted to the sneaker culture, fashion and creative art. The specific word we would use to describe our target customers is “SneakerHead” which means a person that is addicted to sneakers and feels personally satisfied when purchasing and having the latest and the rarest sneakers on the market.

Our distribution channels will be direct, we will have a physical and an online store. We estimate that most of our sales will be made online. We will define a well-structured strategies regarding the digital and the physical parts of our business with the necessary KPIs.

Regarding our Action plan, the first steps are to build the space where the artists are going to work and to look for newcomer artists that wish to collaborate with us. We will also have to
hire the necessary human resources we will need in order to operate, and finally, the creation of the website.

The main goal of the company is to generate profits and be recognized as one of the tops if not the best customized sneaker store in all the United States and in the world. Furthermore, we want to create a loyal fanbase of customers and keep them devoted to us through the years by always creating value for them and giving the best service as possible.

II. Introduction

Create a space (retail store) where we will work with artists that would collaborate to create customized collection of shoes. Our market would be the USA market. We would mainly sell our products online, however, we would have a physical store in New York in the same model as Supreme New York. Our target market is men, women, and teenagers. Also, we would have a rotation of artists, for example, we would have 2 artists launching a collection and in 3 months we would have other artists. In this way we would always be refreshing our ideas and following the new trends. We would partner with those unknown artists and provide them with space where they could all collaborate and create a unique collection. Furthermore, in the future, we could have resident artists that would always create a collection or a product for us. However, the main idea is to have different artists coming frequently in order to keep the ideas “fresh” and trendy.

Sneaker artist Sierato and one of his own customizations

Figure 1. Famous sneaker artist Sierato Figure 2. Customized Nike AirMax
III. Brief Description of the current situation

The current environment for sneakers is very favorable, culturally speaking, specially in the United States. Famous artists, digital influencers, and sports players are one of the reasons behind this recent boom of the sneaker culture as well as the increase of popularity in the Afro American culture around the world. Not only socially and culturally, but economically, the sneaker market has been growing in constant rates and creating a billionaire market. The demand is mainly coming from millennials and the sneaker market has grown to $55 billion dollars around the world with most of it coming from the United States, according to GlobalEdge. Furthermore, customers are spending more and more in exclusive and customized shoes, as a result creating an exclusive demand for highly customized and styled sneakers.

The sneaker market is increasing in an exponential rate, there are many sneaker enthusiasts who would spend a fortune on customized or unique sneakers. There are a lot of artists who sell their own customized shoes by themselves, thus we would be a platform for them to show their art.

IV. Analysis of determinants
   1. External Analysis
      • Analysis of Macroeconomy (PESTEL)

         - Political

         - Higher tax rate in the US, it can affect our sneaker purchase with the shoe suppliers.
         - The United States has fantastic policies for growth which are fundamental to our company. These include low-interest rates and well arranged international tax agreements.
         - As a company that sells physical goods, we are always subject to changes in tax and manufacturing laws.
         - Various political conflicts can always make customs related processes difficult, or prevent imports and exports. As a result, make it more challenging or even more expensive for us to purchase de sneakers, for example.
- **Economical**

- Revenue in the Footwear market amounts to US$83,782m in 2018. The market is expected to grow annually by 2.6% (CAGR 2018-2021). As a result, a generation of an opportunity for us because with the positive forecasts, the tendency is the consumers spending more on shoes, and as a consequence, our profits increase.

- North America dominated the ATHLETIC FOOTWEAR market with a revenue share of approximately 30.0% in 2017 this represents a geographic and economic strategy for us to start our sneakers company there.
  “Grand view research, april 2018”

- Nike, Adidas and Converse, which are the brands and models we will be selling, led the market with the most sold shoes in 2017 this represents an easier way for us to create value and get closer to our customers.

- According to research made by Mintel Institute, in 2016 in the United Kingdom, women r the first time ever. 37% of the woman in the UK chose to buy a sneaker over a high heel. The trend is similar also in Germany and should be considered for us when doing business in the USA.

- Furtbought more sports shoes than high heels fohermore, since 2010 the sales of sneakers has continued growing in a constant rate in the United States, while leather shoes have stagnated around the 34-35 Millions of dollars around 2016-2018. The forecast says that the sales of leather shoes until 2021 will be around 34 Millions of dollars. The sneakers sales went from $3M in 2010 to $14M in 2017, with forecasts saying that in 2021, the sales will surpass $21M in the United States. This represents one more opportunity that will be available for us, due to the fact that sneakers are growing in a steady rate, thus confirming to us and our investors that the market is still trendy.
- **Social**

- “Chunky sneaker” trends such as Balenciaga Triple S. Those are key types of sneakers to penetrate the market and get market share as well as maintaining the company in a “trendy” position.

- Nowadays, there are many influencers, artists and athletes launching their own line of shoes which presents an opportunity for us to collaborate with them.

- We could use events like Sneakercon, which is one of the biggest events “sneakerheads” or sneakers fans from all over the world and receive famous artists to represent their own lines, to spread our business and our lines of customized shoes.

- The United States has a big Afro American culture which tends to buy more basketball footwear like “AirForce” line and for that reason, we decided to sell this kind of shoes.

- There is a worldwide trend increase in ‘health consciousness’ meaning that more and more people are moving towards better lifestyles. These people will undoubtedly buy plenty of sports apparel, something which would make our product very competitive in the market.

*Figure 3. Balenciaga chunky sneakers*
- **Technological**

  - Talking about foam on sneakers, the companies have also have developed the technology over the years and right now, there are two main types of foam; the open cell foam that is made of Polyurethane plastic. This type of foam is available in multiple types of densities, color, and thickness and it is mainly used in the tongues and collars of sneakers. Open cell foams are foams where the cells are open therefore air and water can easily enter and leave the foam. According to *sneakersfactory*, this type of foam allows the stitches to sink in and gives mesh extra support while reducing wrinkles. On the other hand, there is the closed cell foam which is more compressed than the open cell foam. There are many different types of closed cell foam, some examples are EVA (ethyl vinyl acetate), PE (Polyethylene), SBR Styrene butadiene rubber), PU (Polyurethane). However, Latex and Neoprene are the most commonly used. Each of those different types of foams have a different objective, Latex, for example, is common for collar linings, EVA will make the sneaker waterproof if you use 2mm or more while PE it is a very light material but not much durable.

  - 3D printers are becoming more precise and efficient, especially regarding the costs of production and maybe in a close future, we could implement this technology to our favor. Recently, Adidas has announced the mass production of 3D-printed shoes, as the brand plans to manufacture 100 000 pairs under this process until 2018.

  - On the other hand, VR and AR can definitely boost footwear shopping experience for consumers, as they will see, try and feel products in a very fulfilling and immerse way and brands won’t even have to increase the physical store size for this, we can consider using this new method to attract customers.

- **Environmental**

  - The athletic footwear industry is not eco-friendly, there are many materials used to fabric a sneaker and even though there are many procedures in order to reduce the factories contamination they are not fully developed.
- Acrylic paint is water based but petroleum-derived polymer, i.e. plastic... just buying them contributes to our reliance on petroleum.

- **Legal**

  - Respect of the Intellectual property rights of the brands we will be working with.
  - Regulations and permits from the government to run a retail store.
  - Corporate social responsibility beyond legal obligation.
  - Trade agreements to safeguard for business operation.

- **Sectorial analysis**

  - **Trends**
    
    The most recent trend in the sneaker world is the “chunky sneaker”. Chunky sneakers such as the Balenciaga Triple S, RAF SIMMONS X Adidas Ozweego and Kanye West Yeezy Wave Runner 700 are just a few examples of sneakers that dominated 2017 and is currently on the feet of many influencers and artists. Unconventional, orthopedic, bulbous silhouettes have been the new trend from sportswear brands to high-fashioned brands such as Gucci. The idea of bringing those types of sneakers back to the mainstream started back in 2013 with Raf Simmons, a Belgium fashion designer that has his style focused on futuristic designs.

    Nowadays, he is the Chief Creative Officer at Calvin Klein. Back in 2013 however, the trend of chunky sneakers didn’t hit due to the fact that minimalist sneakers such as the common project acquiles and Adidas Stan Smith were among the most popular sneakers in that time. The reason that chunky sneakers weren’t well accepted in 2013 was because they were a style completed different from the minimalist ones, therefore people were shocked by the chunky style that was resiling to the 90’s silhouettes style. After this “shock” factor worn off, those sneakers started to be present in all fashion weeks around the world, from Paris to Milan.
In addition, another factor that assisted the chunky sneakers to become the new trend was the rise of the normcore in 2014 until 2015. Normcore is referred to an attitude more than an actual style and the meaning behind it was to “find liberation in being nothing special”. The style was known for the use of unfashionable casual clothes. Due to this rise of normcore, extremes silhouettes were popularized, sneakers such as New Balance 900, Reebok Classic Leather were back in trend.

Lastly, the main reason that brought chunky sneakers to the spotlight was the relaunch of sneakers with extreme silhouettes such as Nike Uptempo and Nike Air Shake Ndestrukt. Those two sneakers had versions on the 90’s and were used by many basketball players, so with the relaunch of new models of those sneakers plus the acceptance and use of them by top level players in the basketball scene, the chunky sneakers went from nothing to spotlight.

● **Analysis of Micro Economy**

- **Market**
  The sneaker market nowadays is driven by millennials demand, according to SportsOneSource, since 2004 the sneaker market has grown more than 40%, reaching $55 billion. If you analyze the athletic footwear industry in the United States alone, it has grown by 8%, creating over $17 billion in sales. Furthermore, according to Bain & Company the personalized products are responsible for less than 10% of consumers merchandise. However, from those people, 25%-30% would be interested on having an input on the product design process. The tendency is to have customers willing to pay more and more for customized sneakers, there are customers for example, willing to pay from $200 for a simply customized Nike check pattern to over $9,000 for an exclusive pair of fully personalized and customized sneakers.

  According to Business Insider, the secondary sneaker market is also growing exponentially. The resale of sneakers in 2016 was estimated to be about $1 billion dollars. Customization will likely give companies the opportunity to increase footwear prices while reducing the need for excess inventory and discounting.
We can see that by far most of the revenues are made in the United States, as shown in the figure 4.

*Figure 4. Statista, Top 5 countries by revenues in the footwear market*

- **Competence**

  - **Innovation:** We are creating a space where artists can collaborate with us and create their own lines so that they can show the whole world their abilities. This factor is one of the points that differs us from the other sneaker stores, it is what adds value to our product.
  
  - **Creativity:** We will deliver unique products to our consumers because every shoe will have a handmade customization which will also make every line of sneakers unique and fresh. This is another important point due to the fact that we want our consumer to feel special because the sneaker that they bought, is unique, there won’t be two of the same.
  
  - **Brand awareness:** As we are working with the top sneakers brands, our consumers will already be aware about the products excellence and quality. However, it is up to us to create the awareness regarding ours customizations and the value that they add to the sneaker.
  
  - **Quality:** Even though we are searching for unknown artists we will only accept those who are qualified. We would conduct a deep analysis on the artists previous jobs in order to assure that their job match with our quality standards.
  
  - **Transparency:** As we are working with unknown artists we will give them the credit they deserve and we won't make any fault on the Intellectual properties of the brands
we will work with. As a matter of fact, it is more lucrative to put the name on the artist that customized together with the model and brand of the sneaker. People search for specific models customized by specific artists.

- **Consumers**

  - **Men:** Young adults mainly look at brand names when purchasing sneakers, indicated most (64%) of the respondents. The trendiness of the sneakers is the most important factor to sway a sale for customers in their twenties say 54% of the respondents, and 33% of the respondents report that having the latest launches and styles are most important for their customers.

  - **Women:** Women's sneaker sales are around 37% through the USA in 2017 (adidas and nike are women’s favourites.

  - **Teenagers:** For teenagers the brand name is most important, say 78% of respondents. Trendiness and having the latest launches are also the most important considerations for their high school level customers, report of 64% of respondents. There are a number of popular sportsmen, musicians and other celebrities that teenagers identify with and follow, therefore ranges revolving around these type of icons may serve to improve sales to customers in this age group.

Men’s footwear commanded more than half of the market in terms of revenue in 2017. The segment will continue to dominate the athletic footwear market until 2025. Women’s footwear is catching up gradually as the popularity of sports continues to grow among women, particularly in markets previously unexplored.

“Grandview Research, April 2018, Athletic Footwear Market Size, Share, & Trends Analysis Report By Category (Running Shoes, Sports Shoes, Aerobic Shoes, Walking Shoes, Trekking Shoes), By Gender, By Retail Channel, And Segment Forecasts, 2018 - 2025”
- **Buyer Persona:** This is how our ideal customer would look like, with specific details. We will make our strategies based on this.

**Buyer persona 1:**
Mike Johnson (e.g: Figure 6)

- Age: 23 years old
- Profession: Student
- Hobbies: Athlete/follows sports
- Follows the latest trends
- Active in social media
- Likes sneakers and fashion
- Income: Mid to high income
- Afro American

Goals:
- Be Popular in college
- Be a good athlete
- Be accepted by society
- Have the latest sneakers and mark out
Frustrations:
- Sneakers fashion may be getting too mainstream
- Prices are too elevated

*Figure 6. Buyer persona 1*

**Buyer persona 2:**

**Tyler Mckenzie (e.g. Figure 7)**

- Age: 20 years old
- Profession: Student
- Hobbies: Play video games, nightclubbing, music
- Follows trends, music influenced
- Very active in social media
- Addicted to collecting sneakers and fashionable articles
- Income: High/ rich dads
- White

Goals:

- Be popular
- Be an
- Be accepted by society
- Have many followers on social networks
- Have all the latest fashion trends and sneakers
Frustrations:

- Sneakers fashion may be getting too mainstream
- It's hard to stand out in this modern era

*Figure 7. buyer persona 2*

- **Suppliers**

We chose Nike, Adidas, and Converse because they all were in the top 10 of the most sold shoes in 2017.

Nike and its Jordan and AirForce models are currently at the forefront of the sneaker industry, owning seven of the top 10 best-selling shoes of 2017, according to NPD sports industry analyst Matt Powell, Chuck Taylor Allstars were at the second place in this top 10 just behind the Nike TANJUM, Adidas had two models in this top 10 which are the Nike tubular placed as number 8 and the Superstar placed as number 4.

- **NIKE:**

  Despite the ongoing weakness, Nike's styles dominated the charts in 2017. Air Huarache, Tanjun, Jordan XI Low, and Converse All Star OX Low were some of its successful sneakers. The Nike brand continues to dominate the U.S. market with a 37% market share.
- **ADIDAS:**
  According to *Business of Fashion*, market researchers estimate Adidas’ share of the US market at 10 percent, meaning the German sportswear brand plans on at least doubling their market share.

- **CONVERSE:**
  Converse Nike-owned brand had 3.6% in 2017.

- **Competitors:**

  **Independent Businesses**
  This category englobes the independent artist that are already in the market and have already established themselves. Artists such as Sierato and Dominic Chambrone for example. Sierato has over 200 thousand followers on his Instagram account and frequently makes customized shoes to basketball players, rappers and other famous artists. Dominic Chambrone is most known as the Shoes Surgeon, he has a huge artist fan base, going from Justin Bieber to famous athletes such as Kobe Bryant. Chambrone also has his own shop that teaches young people to personalize shoes and how to enter this market. Dominic Chambrone is a reference worldwide in terms of sneakers customization

  **Nike**
  An American multinational corporation founded in 1964 by Bill Bowerman and Phil Knight. In terms of personalization, they have their customization program called Nike ID, NikeLab and they also make collaborations with different artists around the world to launch customized sneakers. Nike has a customization/personalization that is somehow similar to ours, they do make partnerships with artists in order to launch exclusive collections with different styles of sneakers. Plus, they also offer the NikeID customization, which is the possibility of changing the colors of the tongue, sole and laces of the shoes.

  **Vans**
  An American manufacturer of skateboarding appeal, founded in 1966 by Paul Van Doren, Gordon C. Lee, James Van Doren, Serge D’Elia and Asiah Brewster. Vans offers in their online store a way to customize their shoes with different colors in the base of the shoes, silhouette, tongue, and body. We differentiate from them in the way that we customize our shoes, the types of style of painting, painting techniques,
and drawings. Vans use a similar technique as the NikeID, which is a type of customization where you can choose the color of the tongue, sole or laces of the shoes for example.

- **Converse**
  
  its an american shoe company. At age 47, Marquis Mills Converse, who was previously a manager at a footwear manufacturing firm, opened the Converse Rubber Shoe Company in February 1908 in Malden, Massachusetts. Then in 1923, a basketball player named Charles H. "Chuck" Taylor walked into Converse complaining of sore feet. Converse customize their sneakers mainly bringing from the factory the body of the shoes already with a different design, which is different from what we are proposing since we draw our own designs are handmade.

- **Adidas**
  
  is a multinational corporation founded and headquartered in Germany, that designs and manufactures shoes, clothing, and accessories. It is the largest sportswear manufacturer in Europe, and the second largest in the world, after Nike. It is the holding company for the Adidas Group, which consists of the Reebok Sportswear company, Taylormode golf company, an Austrian fitness technology company, and 8.33% of Bayern Munich the football club. Adidas was founded by Adolf Dassler who made sports shoes in his mother's scullery or laundry room in Herzogenaurach, Germany after his return from World War I. In July 1924, his older brother Rudolf joined the business, which became Dassler Brothers Shoe Factory. Adidas is another company that also has a similar style of customization than us and Nike. They make a lot of partnerships with artists such as Pharrell Williams or Kanye West for example, in order to launch exclusive collections, which are their flagship.

- **Channel**

Our main channels would be by selling online and in-store. A research made by Body Labs that surveyed 1,130 in April 2016 in the United States discovered that: 4% of males only shop digitally, 12% shop digitally more than in-store, 16% shop digitally the same as in-store, 24% shop digitally less than in-store and 45% shops only in-store. On the other hand, in the female side, 3% of females shop only digitally, 19% shop digitally more than in-store, 14% shop digitally the same as in-store, 29% shop digitally less than in-store and finally 36% shop
only in-store. Another possibility is to make a partnership with and digital influencers to have our product promoted via social media. Partner with artists to gain media exposure.

According to Statista, 34% of the total revenue in the market will be made through online sales by 2021 as shown in the figure 8.

*Figure 8: revenues made per channel*

![Figure 8: revenues made per channel](image)

- **Other intermediaries:**
  
  - The artists that are going to collaborate with us.
  - I.T people who create the website
  - Digital Influencers and artists

- **Products, services**
  
  - Products are the customized sneakers: Unique customized shoes painted by artists.
  - Our service is our online Delivery: We would provide delivery service for the people who buys on our online store. We would also have a physical store to attend our customers. It will be based in New York, United States.
- **Substitutes:**

  - Our product may have certain substitutes such as personalized shoes from NIKE.LAB which they dedicate to personalize the consumers shoes, and converse has this same service. Vans and converse offers a similar customization/personalization as well, thus we consider them as substitutes.
  - There are many independent artists who are customizing sneakers by themselves such as Sierato, Ian Jimenez and many others.

2. **Internal Analysis**

- **Mission, vision and value of a company**

**Mission**

To create an innovative and contemporary environment where artists with hunger for fame can collaborate under the same roof to customize sneakers with the best quality and produce unique pieces for all sneakerheads all over the world.

**Vision**

Be recognized as the world’s most famous customized sneakers retailer.

**Values**

- Quality
- Empathy
- Honesty
- Performance
- Integrity
- **Canvas Analysis**

  - **Customers**

    Our business is only B2C, which means we will deliver the product directly to the customers, there are no gender specifications and our main customers target are people from 15 years old to 40 years old. In this age group, we want to focus on the ones that are interested in the sneakers culture, artistic perspective and customization as well as searching for a different product an unique product such as our sneaker. Furthermore, we want to target the so called “sneakerheads” which are the people who really enjoy sneakers, collect and cherish them as something valuable for them. We are also targeting people with a high purchase power because our products won’t be as cheap as others.

  - **Value proposition**

    We are committed to deliver sneakers of the most famous brands with the best quality and with the most artistic and unique designs to our customers by collaborating with many artists from all over the world.

  - **Channel**

    We will have a physical store in NYC and also an online store in our website with a delivery system and shipping to all the world, but mainly USA.

  - **Customer relationship**

    We want to have a good relationship with our customers to make them loyal to our company, thus in order to do that, we must have a great customer service and flexible work hours as well as an user friendly website and a cool environment where our customers can feel like home.

  - **Revenue/cash generation**

    Our main distribution channel would be our physical store, however, we will also have an online store with a lot of promotions, the price would differ regarding to each model of sneakers.

  - **Key resources:**

    The main resources our project are going to need to gather are:
- **Suppliers:**
  We need to contact the suppliers, which will be Adidas, Nike and Converse to get all the permits to be an authorized distributor.

- **Human resources:**
  DABx management team will be composed by the owners themselves, the owners will **NOT** be employees in the company, but they will be more working as managers who are responsible of some task to make the company always following the right and good track, which two of them will manage all issues and situations stretching from human resources to supply, accounting, R&D, operations, acquisitions and finance. One of the three owners will be responsible to search for the artists that will collaborate in the collection and also assist and provide all the necessary equipments and requirements that the artists might have while customizing the sneakers. Besides that, this owner will be responsible for all the creative department that would be in charge to follow up with the trends changes. DABx would have as a start two salesperson that will be on a full time job and and they would be responsible for the showroom and the maintenance and well functioning of our online store, and as for future plan DABx will have to hire as well new sales people and promote old one to floor managers.

- **Artists:**
  The artists wouldn't be considered part of the human resources department, because they will not work for us, it is exactly the opposite. they would work with us. As a result, we would consider this as a type of partnership.

- **Location:**
  We must find a good location for the physical store, it must be somewhere where we can be noticed and in the center of one of the most fashionable cities in the world, New York. We analyze the street of Lafayette in New York as an ideal place to have our store due to the fact that multiple high-end related brands are also located there.

- **Technological:**
  We must find a good IT team that can create for us a high quality and user friendly website where our customers can buy online and be aware of our new designs and new releases. Furthermore, we will also develop a system which help us to find the tastes and desires of our
customers, their level of satisfaction or their dislikes so that we can improve our service and products.

Figure 9. Canvas analysis

- **Key Activities**
  
  - **Find qualified artists:**
    we must find qualified artists that are willing to collaborate with us so we can deliver a good product to our customers, we are looking for talented people doesn’t matter gender, religion, age or race.

  - **Digital Marketing and Viral Marketing:**
    We must take advantage of the new technologies and the power of social media and influencers. Also, we will heavily invest on publicity through social media, Facebook and Instagram, to try to stand out in the market so that our brand awareness increases and we have a higher recognition from our customers.
- **Online Management and Accounts managing:**
  This is a crucial part of our project, because we have to find people that can create and develop for us a first-rate website. Furthermore, we have to manage this website and our social media accounts, since our target customers will be constantly active in this platform.

- **Brand management:**
  We must take care of our brand image and make our customers aware of what we will deliver to them. We will do that maintaining good relations with our customers not only online but also offline. Factors such as respect, aggressive replies, political stands in social media, discrimination or racist comments will be things that the company will be aware to always avoid in order to maintain a good brand image.

- **Management Team/ Management style**

  DABx management team will be composed by the three owners which two of them will manage all issues and situations stretching from human resources to supply, accounting, R&D, operations, acquisitions and finance. One of the three owners will be responsible to search for the artists that will collaborate in the collection and also assist and provide all the necessary equipments and requirements that the artists might have while customizing the sneakers. Besides that, this owner will be responsible for all the creative department that would be in charge to follow up with the trends changes. DABx would have as a start two salesperson that will be on a full time job and and they would be responsible for the showroom and the maintenance and well functioning of our online store, and as for future plan DABx will have to hire as well new sales people and promote old one to floor managers.

- **Communication plan**

  - **Social Media**

    Our principal focus would be advertise our product through social media. The main platform would be Instagram due to the fact that nowadays, it is the main channel of display of not only sneakers itself but also of customized sneakers. There is also the main platform where we could search for the artists that we would partner with for our collections. The company would create their own Instagram profile and from that, build in a fan base by promoting the
products with digital influencers. Furthermore, DABx would also advertise and promote their own collections, designs and prices.

Also, we would like to create our unique branded hashtag in order to increase the engagement with our customers. For example, every time a client post something on his Instagram stories or Instagram grid using the hashtag #DABSneaks we would give him or her a shout out in our page through a repost on our grid or a repost in our Instagram stories. This is one of the approaches that we want to do in order to stimulate the engagement with our customers. We want them to feel part of the community and that the customers could be able to communicate with themselves and even share their experiences with the sneaker.

*Figure 10. Instagram and Facebook as our communication plans*

---

**Digital Strategy**

In our digital strategy we will be mainly focusing in our SEO strategy that will be in align with our corporate objectives and integrated with all of the others strategies form the communication plan. We will use the plugin “Yost by SEO” that will allow us to manage all our specifications

**Keywords**

For keywords we will be mainly using “Neilpatel” and Google Trends to see what words are the most used keywords in our field so we can be tailor our strategies and advertises. It is crucial for us to have a precise understand of what keywords are the most used and the ones that most affects our product. Using Neilpatel we will also be able to have the Cost Per Click, in any case in the future, we would like to start paying
our ads to further advertise and increase our brand awareness.

Those are some of the keywords that we are planning on use/follow the trends closely.

- Customized Sneakers
- Nike customized sneakers
- Adidas customized sneakers
- Converse customized sneakers
- Nike AirForce customized
- NMD customized
- Customized Converse

<table>
<thead>
<tr>
<th>Key word</th>
<th>Search volume</th>
<th>SEO difficulty</th>
<th>Paid difficulty</th>
<th>CPC</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customized Sneakers</td>
<td>8,100</td>
<td>51</td>
<td>100</td>
<td>$0.96</td>
<td>GOOD</td>
</tr>
<tr>
<td>Nike Customized Sneakers</td>
<td>1,000</td>
<td>43</td>
<td>100</td>
<td>$0.22</td>
<td>MID</td>
</tr>
<tr>
<td>Adidas customized sneakers</td>
<td>260</td>
<td>44</td>
<td>100</td>
<td>$0.76</td>
<td>BAD</td>
</tr>
<tr>
<td>Converse customized sneakers</td>
<td>140</td>
<td>44</td>
<td>100</td>
<td>$0.84</td>
<td>BAD</td>
</tr>
<tr>
<td>Nike Airforce custom</td>
<td>1,300</td>
<td>36</td>
<td>100</td>
<td>$0.29</td>
<td>MID</td>
</tr>
<tr>
<td>NMD custom</td>
<td>5,400</td>
<td>50</td>
<td>100</td>
<td>$0.68</td>
<td>GOOD</td>
</tr>
<tr>
<td>Customized Converse</td>
<td>22,200</td>
<td>53</td>
<td>96</td>
<td>$0.86</td>
<td>GOOD</td>
</tr>
</tbody>
</table>

- **Brand Awareness**

One of our first actions would be to create a logo and a design that would communicate the idea and values of the company. We want our image to transmit creativity and style to the market. After doing a research process about brand communication we analyzed that the decision of creating a new and fresh design would assist us to reach this objective.

1. Once you click in a product you will see all the details about it, size, description of the product, the name of the sneaker that was customized and available designs.

Once you select all of the products that you want and put them in the cart, the customer will proceed with the regular check out.
• Distribution

The company distribution channel would be done mainly by two ways:

- **Physical Store** - In our store, customers could go, see the sneakers personally, try and buy them as a regular shoe retail store offers.
- **Online Store** - Our online store would be our main source of sales. There, people who discovered our store and saw our products on Instagram or any other platform, would be able to choose their products and buy them to have them delivered at their house, or picked up in our physical store.

- **Online Store**

The online store is a key factor to the company since it would be the major source of sales of sneakers. Our first step would be to create a basic structure for our website using Shopify as our software since is one of the most popular software used to create websites. It isn’t a free software, however, we believe that paying $79.00 monthly is worthy due to its tools and praticity to use it.

The desired outlay of the website will be as the following:

2. A template that is simple, responsive and easy to use.
3. Caramel brown background
4. Our brand slogan on the top center of the website
5. A top bar section with the collection names
6. A middle section with the most popular sneakers sales
7. A bottom section with the new releases.

- **Physical Store**

The physical store would be supervised by one of our owners and besides that there would be 4 employees, 1 manager and 3 salers. It would work as a regular shoe retail store with our collection presented in shelves, a customer service department where we would use it to
returns, changes, or any other problem that may arise. DABx Store would be established in New York because the city is the main fashion polo in the United States.

- **Politics, values and corporate culture**

The company is relatively small-scaled and local so the corporate culture is aligned with a strong customer satisfaction by having an up-close relationship with them and making sure all needs are met. Given that, the reputation of the company is based on word of mouth factor and good marketing, we can say that integrity, high quality and commitment are the most significant values that the company operates by.

- **Product Portfolio**

Even though our company is capable of customizing multiple types of different sneakers, the company does not have the capacity nor enough people to customize multiple styles of shoes. That’s why we will choose main sneakers from each brand that we will partner with. Two from Nike, Adidas and Converse as you can see in figure 11.

![Figure 11. Logos of our suppliers](image)

- **Segmentation**

In order to be able to segment the market in which DABx is operating, targeting the right segment and position the business in the correct coordinates we need to gain more knowledge about the customers that currently use our services: who they are,
why are they going to choose our store, why they choose to buy online and what are they expecting from DABx.

Three technique that will help us to segment our market:

- **Demographic characteristics:** out of 55 respondents, 18 are women and 36 are men. In terms of age, the sample is well distribute: it ranges from 17 years old to 29 years old but 63.7% of it is between 22 and 26 years old.
  
  In terms of occupation the customers of DABx range from students, athletes, to people who actually like the fashion.

- **Behaviour characteristic:** it concerns the different reasons that could lead customers to turn to customized shoes.
  
  Consumer’s first indicator to buy customized shoes should be fashion by itself. The profession of our consumers has a strong correlation with the reason to bring clients to the stores in order to use our services. Usually, people who customize their shoes spend some time with the artist, so the artist can understand very well what they want. Thus our customers should be satisfied by the fact that DABx as a company try to spend more time with the client and is trying to understand the need of the customer.

- **Occasion characteristic:** In terms of loyalty of DABx customers, we should take care of our regular and loyal customer that provide stable source of revenues on a regular and monthly basis. This will be essential in the expansion process since we would have secured some share of these particular customers and can constantly rely on them.

  We are going to use the behavioural characteristic of our customer to segment the client of the store and address future strategies with specific actions for each segment. We distinguish three segments: the students/athletes, the Bloggers/vloggers, the fashion motivated people.

  Students/athletes represents our biggest segment, both in terms of numerosity and frequency of service’s usage. The segment is very diverse when it comes to the type of job they are doing but they are all looking for the same purpose to customize and personalize
their own shoes. We will be focusing on students and athletes that have above average income.

When it comes to price, 65% of the students rated very high the price of the sneakers, and only 26.5% rated it poorly. Nevertheless when asked how much they will be willing to spend for one sneakers. 21.5% of the segment revealed their intentions to pay more than then current price DABx is charging now.

We named our second segment the Vlogger, because they mostly use customized sneaker services due to the fact that there is this new trend of showing your own life in a vlog. Vloggers such as Casey Neistat or Dan Mace have a huge audience therefore partnering up with them for example, would increase our reach to the customers. The segment is increasing exponentially, it’s becoming more common to have an youtube channel talking about your life. We see this segment as a very profitable segment, therefore the focus of the company is to invest on it by sponsoring the vlogger and give them free sneakers, this can help us to target more clients due to their reach in audience.

As we can’t forget the motivational fashion people who always look forward for the new designs in the market. These people can help us to target different types of people, even people that don’t like the customized and personalized sneakers. They can do that because people in general tend to have an interest on new fashion clothes, thus sponsoring and partnering up with these kind of people, will help us to sell more sneakers and target more people.

- **Positioning**

  **Strategic positioning**
  The most important attributes that we recognize to be significant in this kind of industry and business are:
  
  - Quality
  - Price
  - Expertise of the artists
  - Delivery time
  - Diversity of sneakers/customization
  - Financial results
From the survey we were able to understand the rating that our customers assign to each of these factors in relation to what they look for in a sneaker company. In the survey, we noticed a correlation between the perceived quality and price. Price is also perceived as aligned with quality, therefore 70.5% stated that in order to pay the high value, they are expecting a high quality as well.

The price-to-quality match might indicate a willingness to pay more, since the quality is high, which will be crucial for future pricing strategies we might implement.

Expertise of the artist scores extremely high, 93.9% of the sample rated this factor with as one of the most important factors. We can say then our respondents believe that quality is related to how well we chose the artists to customize the sneakers.

In conclusion, based on our internal analysis and the results of the survey we can state that DABx Company will have to focus on this factors mentioned above in order to hold a good position in customers perceptions when it comes to quality, expertise and reputation. However to understand the position that the company will be holding in the market we have to consider competitors key features and customers perceptions. To overcome this situation, we will conduct a position analysis based on more objective features that customers value as crucial in sneakers market

3. SWOT Analysis

Strengths:

- Growing market of shoes
- Unique product with a singular differentiation strategy (the idea of having artists collaborating)
- Possibility of having different ideas and perspectives for our products due to the constant invitation of the artists.
- Sneakers are for everyone, no matter the age, therefore there is a bigger possible niche

Weaknesses:

- Unknown brand awareness
- Lack of experience in this market (owners)
- Limited only to the USA
- The number of sneakers models available. We chose to customize in the beginning only two models of each brand.

**Opportunities:**

- Worldwide trends on buying sneakers and sneakers culture
- American cultures such as afroamerican and white cultures are keen into sneakers industry since its birth.
- New york is one of the biggest and most important fashion capital in the world
- Most of the artists and athletes launching shoe-lines are Americans
- There has been an increase on online purchasing
- Newcomer artists are starting to customize sneakers

**Threats:**

- There are quite a few competitors in this market
- Trends change very quickly therefore the collections must be kept fresh
- Difficulty in find and partner with the artists
- Challenges in advertising the customized sneakers against the big players
## EFE Matrix:

*Table 2. EFE Matrix*

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>WEIGHT</th>
<th>RANK OF FACTOR</th>
<th>RANK x WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>World wide trends on buying sneakers and sneakers culture.</td>
<td>0.13</td>
<td>2</td>
<td>0.26</td>
</tr>
<tr>
<td>American culture such as Afro American are keen to the sneakers industry.</td>
<td>0.09</td>
<td>2</td>
<td>0.18</td>
</tr>
<tr>
<td>New York if one of the biggest and most important fashion capital worldwide.</td>
<td>0.11</td>
<td>2</td>
<td>0.22</td>
</tr>
<tr>
<td>Most of the artists that customize sneakers come from america.</td>
<td>0.07</td>
<td>2</td>
<td>0.14</td>
</tr>
<tr>
<td>Most of the celebs and athletes that are launching shoe-lines are Americans.</td>
<td>0.13</td>
<td>1</td>
<td>0.13</td>
</tr>
<tr>
<td>There has been an increase on online purchasing.</td>
<td>0.13</td>
<td>3</td>
<td>0.39</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>THREATS</th>
<th>WEIGHT</th>
<th>RANK OF FACTOR</th>
<th>RANK x WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are many competitors in this market.</td>
<td>0.09</td>
<td>1</td>
<td>0.09</td>
</tr>
<tr>
<td>Trends change very quickly, therefore collectors must be kept fresh.</td>
<td>0.13</td>
<td>2</td>
<td>0.26</td>
</tr>
<tr>
<td>Difficulty in finding and partnering with the artists.</td>
<td>0.05</td>
<td>2</td>
<td>0.10</td>
</tr>
<tr>
<td>Challenges in advertising the customized sneakers against big players.</td>
<td>0.07</td>
<td>1</td>
<td>0.07</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>1.84</td>
</tr>
</tbody>
</table>
### IFE Matrix

Table 3. IFE matrix

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEIGHT</th>
<th>RANK OF FACTOR</th>
<th>RANK x WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Unique products.</td>
<td>0.13</td>
<td>3</td>
<td>0.39</td>
</tr>
<tr>
<td>2. Constant innovation of the artists</td>
<td>0.12</td>
<td>4</td>
<td>0.48</td>
</tr>
<tr>
<td>3. Option of online store for the customers</td>
<td>0.10</td>
<td>4</td>
<td>0.40</td>
</tr>
<tr>
<td>4. Use of recognized and high quality brands</td>
<td>0.11</td>
<td>3</td>
<td>0.33</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WEAKNESSES</th>
<th>WEIGHT</th>
<th>RANK OF FACTOR</th>
<th>RANK x WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of experience</td>
<td>0.13</td>
<td>1</td>
<td>0.13</td>
</tr>
<tr>
<td>2. Limited for the USA</td>
<td>0.15</td>
<td>2</td>
<td>0.3</td>
</tr>
<tr>
<td>3. Limited variety of sneakers models</td>
<td>0.16</td>
<td>1</td>
<td>0.16</td>
</tr>
<tr>
<td>4. Unknown brand awareness</td>
<td>0.10</td>
<td>2</td>
<td>0.20</td>
</tr>
</tbody>
</table>

TOTAL

<table>
<thead>
<tr>
<th></th>
<th>1.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>RANK x WEIGHT</td>
<td>2.39</td>
</tr>
</tbody>
</table>

V. Marketing objectives

From the information that we gathered from the external and internal analysis, the EFE and the IFE we have identified our main strengths and weaknesses. Now with this information we have decided which are our main marketing objectives that DABx should accomplish.
- **Increase brand Awareness:**
  One of our main weaknesses is that as a startup we are not as recognized as other companies, which means that we have to get ourselves recognized by our target customers. Luckily for us, nowadays we can take advantage of the new technologies and social media, we can make deals with influencers and artists to get ourselves recognized in the digital world, which is the place where our main customer target is.

- **Get the attention of world wide artists:**
  If we can manage to get the attention of artists all over the world, from athletes, to celebrities and even sneakers artists, this would open many doors and business opportunities. As a consequence, we could be able to expand to other markets such as Italy, Japan and other big sneakers capitals of the world. Furthermore, we have the advantage that our business is related to the digital world, thus it could be easier to get ourselves known in other countries and make different lines of shoes with different artists. As a result, bigger artist will want to work with us.

- **Reach the breakeven point and estimated sales:**
  As a company, one of our main objectives is to generate income and cover our costs. At first sight, we want to generate profits to cover our costs and have money for the business, yet we must be realistic and have in count that we are a start-up, that’s why we are aiming mainly to the break even point, which is to cover our costs in the worst case. We need to sell 275,000$ in order to reach the breakeven point in the first year.

### VI. Brand review

Due to the fact that we will be a new company, we first conducted some surveys in order to have an idea of the acceptance from the public regarding customized sneakers. From our survey we asked if people knew what were customized sneakers. We asked that because it is common to confuse customized sneakers to personalized sneakers, which are mostly, sneakers where you can put your name on them or change the shoelace colors for example. Nike has their NikeID program, which they personalize football cleats and you can put your name, number, flag and even a word.
From our survey that you can see in figure 12, we could conclude that 81.82% of the people surveyed knew what were customized sneakers. This reflects in a potential market that is available inside the footwear market. Only 18.18% of the people surveyed didn't know what were customized sneakers, which is a very small percentage. Also, when they answered the survey, those pictures were showed, and those are the examples of customized sneakers as you can see in figure 13, 14 and 15.

*Figure 12, survey for people if they know customized sneakers.*

Do you know what are customized sneakers?

<table>
<thead>
<tr>
<th>Answer Choices</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>81.82%</td>
</tr>
<tr>
<td>No</td>
<td>18.18%</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
</tr>
</tbody>
</table>

*Figure 13, Example of customized sneakers*
The next survey that we did, was to measure the gender of people who would buy customized sneakers. This is an important factor in order to better understand the market niche and who are our customers.

From the result, we can analyze that our main public are man’s with 66.67% while female represent 33.33% of the surveyed persons. Usually, in the sneaker business, mostly man’s are the primary consumers, however, in recent years female consumers have been increasing at a constant rate. As a result of this constant increase in purchases by females, sneaker shops are now creating special collections just for girls in order to capture this specific niche.
We want our company, DABx to offer products to every customer no matter the age, gender, sexual orientation, etc. Therefore, having this data showing that female customers are customers in potential, really assists us to better plan our strategies.

The following graph shows the acceptability of customized sneakers in the market. 45.45% of the persons who took the survey stated that they would buy customized sneakers. In addition, 29.09% of the persons who answered the survey stated that they might buy customized sneakers, followed by 25.45% of people saying that they would not buy customized sneakers. This data place an important role in our research because we can assume that we can “convince” a good part of those 29.09% of people who maybe would buy customized sneakers, therefore increasing our percentage of customers. And as a result, increase our market share, which would make us have at least above 60% of acceptance if we could convince at least half of the 29.09%, which would be around 14.5%.

**Figure 16, survey for the gender of people that use sneakers**

<table>
<thead>
<tr>
<th>Sex</th>
<th>Responses</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>66.67%</td>
<td>36</td>
</tr>
<tr>
<td>Female</td>
<td>33.33%</td>
<td>18</td>
</tr>
<tr>
<td>Rather not say</td>
<td>0.00%</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>54</td>
</tr>
</tbody>
</table>

We want our company, DABx to offer products to every customer no matter the age, gender, sexual orientation, etc. Therefore, having this data showing that female customers are customers in potential, really assists us to better plan our strategies.

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VII. Marketing strategies

In order to introduce effective and result-oriented strategies in the business, we looked into the SWOT Matrix and matched some internal factors with exteriors ones. In this manner, we managed to take advantage of opportunities and decrease threats, by using some of our strengths to minimize our weaknesses and defining some opportunities while taking defensive actions when facing threats. Through this match-making process, we were able to develop strategies which are “Performance Excellence” oriented and mainly aim at creating barriers for possible entry of potential competitors. We also came up with “Customer Intimacy” strategies that are client oriented that aim into maintaining the overall customer satisfaction. Given the size of the business, we believe that the first set of strategies will help the business grow and become a leader in its geographical region. Due to the nature of the business, we always want to secure a high level of gratification among the customers.

1. Product

Our product isn’t something new in the market, everyone wears sneakers (Nike, converse, vans...), actually sneakers have been around for years and years, however in the last 5-8 years there was what we call as a “revamp” of the sneaker culture. Stars started to use them more
often, athletes and celebrities as well, thus the market got revitalized and it is booming once again with old and new models.

Nowadays this market is on high demand, it’s a fashion trend for children, teenagers, and even adults, but customization is what we should consider in our case, everyone wears sneakers which it could a help for us to introduce the concept of customized sneakers to the market.

At first we will start selling only three types of sneakers as you can see in figure 18,19, 20, 21, 22 and 23.

1. Adidas NMD

   *Figure 18. Normal Adidas NMD*                  *Figure 19. Customized Adidas NMD*

2. Nike Air Force

   *Figure 20. Normal Nike Air force*               *Figure 21. Customized Nike Airforce*
3. Converse Allstars

*Figure 22 Normal Converse All Star*  
*Figure 23, Customized converse*

The reason behind why we chose this three models, and is because they are all very popular and recognized in the sneaker’s market, also they were on the top 10 most sold sneakers in 2017, and mainly, because they can be easily customized.

2. Price

As for the price, it should be divided into two branches, first, the price of the original sneaker and on the other hand the price of the customization.

We will price our products with a value based model, which means we are going to sell the value that we are adding to our sneakers, in this case the customization itself, the handcraft and the fact that it is a unique product.

After doing a survey in order to discover the willingness to pay of the public we sow that the price which most customers would not pay more than that is 150$.
That is why our pricing strategy will be to take the reference price and adding the customizing value that we give to our customers, more specifically it will be like this:

1. Adidas NMD:
   - Reference price: 140$
   - Exchange value (customization): 150$
   - Final price: 290$

2. Nike Air force:
   - Reference price: 110$
   - Exchange value: 150$
   - Final price: 260$

3. Converse All Stars:
   - Reference price: 50$
   - Exchange value: 150$
   - Final price: 200$

*Figure 24, price of a customized sneakers*
According to the Maslow’s pyramid of needs we can be able to adapt the 1st, 2nd and 3rd levels to add value to our products. Many people want to belong to a certain social group in the society and feel better with themselves, thus when they buy these sneakers they feel trendy and easier to fit in a designated social group, which also boost their self esteem.

Another technique we can apply is by learning, socialization and perception, people often learn about things by experiences or by the opinions of friends, family or celebrities. People tend to follow famous celebrities and trust them more, therefore we can use celebrities or famous influencers to help us promote our products as a credible source.

We will use a premium pricing strategy because we are going to sell an unique product that has an added value to our customers, so we will sell our products to a higher price than the competition.

We will also use a psychological pricing strategy because we sell more than just normal “sneakers”, we are selling status, acceptance in society, popularity, and self esteem.
3. Placement

We will be located in New York City, which is the biggest and most important sneaker capital of the world and also an important fashion capital. This location may create many opportunities because the US sneaker market is the biggest and is the home of many artists that customize sneakers, thus it will be easier for us to find them.

Most of the famous Instagram and YouTube influencers are from the US, which gives us the opportunity to work with them closely, have more options and better communication. There are also many athletes in the USA, ranging from college to professional that are addicted to sneakers. We see this as an opportunity for us to reach out and engage with them in order to reach a bigger audience.

According to an article from complex.com New York is the number 1 sneaker city in the world.

We will have a physical store and also an online store with deliveries all around the world, in order to gain presence internationally.
4. **Promotion**

We will build our promotions strategies having in count that we are a startup and regarding our communication plan.

→ **Media publicity**

We will use ads in the main social networks at present:

- **Facebook**: Ads of our business will appear before any video, but still the visitor can skip them after some time. This in order to try to get leads and then future customers.

- **Instagram**: Ads of our business will appear among the posts on Instagram, Instagram is taking over Facebook when talking about young users, that's why we have decided this media.

**Seasonal discounts:**

*Figure 27, Calendar of the year that show the discounts by dates.*
Since we are a startup, in order to attract customers we will make multiple promotions so we can increase our brand awareness so that our brand becomes more and more popular within the market. That’s the reason behind we are having discounts on specific seasons.

- **Christmas & New year:** We will have discounts from the 23rd of December till the 13th of January.
- **Summer Sales:** There will be discounts in summer from the 6th till the 26th of May.
- **Halloween Sales:** Halloween is very famous in the United States, therefore we will have discount from the 14th till the 31st of October.

- **Promo codes:**
  We will give promo codes with discounts to our most loyal customers, whenever they bring in new customers to buy our sneakers to keep our loyal fan base happy, we will also give

- **Giveaways jan and june:**
  We are will have two giveaways every year, one in January and the other one in June. How does this works? Those who wish to participate and win a free pair of customized shoes must follow these requirements:
  - 1st. Follow us on Instagram and Facebook
  - 2nd. Post a pic of the customized shoes they like the most (made by us)
  - 3rd Tag us
  - 4rd tag in the comments 5 friends
  - 5th repost on their instagram and Facebook
    - At the end the winner will be selected by us through a randomizer

- **Free shipping only US:**
  Customers that shop online will have free shipping whenever they spend more than 150$ shopping.
VIII. Action Plan

1. Action schedule:

<table>
<thead>
<tr>
<th>Goals</th>
<th>Action step description</th>
<th>Date to begin</th>
<th>Date Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership with sneakers artists</td>
<td>Try to collaborate with artists that are already known in the sneaker customization field.</td>
<td>06/05/2019</td>
<td>01/07/2019</td>
</tr>
<tr>
<td>Social media posting</td>
<td>Posts every day on Facebook and Instagram by the Social media manager</td>
<td>Everyday</td>
<td>Everyday</td>
</tr>
<tr>
<td>Hire Staff</td>
<td>The process of selecting different candidates.</td>
<td>01/06/2019</td>
<td>01/10/2019</td>
</tr>
<tr>
<td>Website creation</td>
<td>create a user-friendly website for everyone young/adults</td>
<td>01/11/2019</td>
<td>31/12/2019</td>
</tr>
<tr>
<td>Invest in expanding the business</td>
<td>ex: Start putting our shoes in other retail stores</td>
<td>01/06/2020</td>
<td>31/12/2020</td>
</tr>
<tr>
<td>Do partnerships to increase portfolio</td>
<td>Do partnership with sports stores or fashion stores</td>
<td>01/01/2021</td>
<td>31/12/2021</td>
</tr>
<tr>
<td>Monthly meetings with the artists</td>
<td>we will meet every month with the artists in order to keep control and record of the process</td>
<td>every month</td>
<td>every month</td>
</tr>
</tbody>
</table>

2. Commercial plan:

- **Partnership with sneakers artists**: As a startup, we probably won’t be able to partner ourselves with the most famous artists in the beginning, thus we will settle with the newcomers, passionate artists who love customizing. Due to the fact that they are on their own and they don’t have a platform to show their work besides their own Instagram and the deals they made by themselves. We will contact them
formally through their emails, social media accounts or phone in order to have a deal with them.

- **Hire Staff:** We will be hiring 4 persons that will be part of the DABx shoes team.

Requirements:
- For the manager in the store:
  - Past experience of 5 years managing another retail store, preference for fashion businesses
- For the other 3 sellers positions
  - Past experience of 1 year in another retail store.

General Requirements
- Intermediary IT knowledge (Microsoft Office)
- Native or advanced English speaker any other language is a plus
- Flexibility

- **Website creation:**
  we are going to hire a professional web development company that can design and build our business’s website. The company we will use for building our site is ParallaxNYC, we have to present our requisites and standards for them to construct the site and help us create another channel to create value for our customers.

- **Digital MKT and social media management:**
  We will create accounts on Instagram and Facebook, which are the most used social networks globally and where most of our customers will be because it holds most of the millennials users on the internet. We will post everyday videos and pictures that relate to our content. One of the owners is going to take care of all the content creation and digital strategies of the company.

- **Invest in expanding the business:**
  The main idea that will drive the company towards its goals is to expand its operations to other services. From that perspective, DABx investments would be in buying new shoes, look out for new brands and to stay updated for new designs, not only to customize and personalize but also to sell in the main store. The investment for the additional services mainly deals with the construction period of the store and
its vary depends on the profitability of our business. Furthermore, for us investing as well means being able to increase the number of artists working with us. Which consequently means having more collections and more sneakers to sell.

- **Do partnerships to increase portfolio:**
  Another form of handling operations would be outsourcing by partnering with a center clothing fashion store center that is actually interested in making business with DABx. The flow of operation will be the same as outsourcing since it will be the same just adding shoes in another store and therefore expand our business and increase our sales. Partnering up with those stores represents that we would not have to intake some of the costs of buying the shoes to customize, they would be already provided for us.

- **Monthly meetings with the artists:**
  To create an atmosphere that our store isn’t just one more sneaker store, we want to do a meet up with the artists once in a month in our physical store with the consumers. The idea behind this is that we are more than a sneaker store, we are a place that values art and creativity and we would like to have our customers meeting the artists who created that single and unique piece of sneaker. This is crucial for our company in order to establish a sense of fidelity, transparency with our clients and also to give them the possibility to know how was his or hers sneaker was done, the process behind it so they see the quality of our products.

- **Market Foundation**

  - **Establish a foundation by using the sneaker market growth**
    As previously mentioned, the sneaker market has been growing constantly at a very fast rate, thus, we want to take advantage of this boom and grab our share in the market. In order to take our share of the market, we would focus on the fact that our sneakers are unique, that each pair it is one of a kind, therefore creating a sense of exclusivity to our customers.
- **Create an identity to our art**

  One of our company main weaknesses is our brand awareness. In order to deal with this problem, when we start creating our collections and inviting the artists to collaborate, we want them not only to create something unique through the sneakers, but also to share a message. One of our ideas is to have our artists to create a collection of customized sneakers inspired on the Afro-American culture, since not only they share a rich culture of relevant moments, but also because they are one of the keenest sneaker customers. Given to the fact that one of the biggest consumers of sneakers is the Afro-American consumers.

- **Develop an efficient and up to date website**

  Our website will be our primary source of sales. Due to that, we want to make sure that it is simple, efficient and has all the information necessary for our customer to buy it there. Also, because we will use social media, especially Instagram, as our main source of advertisement. We want to be sure that the two platforms, website, and Instagram, are working together effectively in perfect harmony in order to potentialize the consumer online experience. The website is one of our top priorities, it is here where we will devote a good part of our efforts in order to make sure our consumers are satisfied with their experience and especially, their product.

- **New artists, new art, new niche**

  Sneakers are for everyone, the age range of people who use a sneaker is very large and we can use this as an opportunity to take advantage. By having a rotation of artists, we will have a constant refresh of ideas, meaning that we will be closely following the new trends. Due to that, we can have different collections aimed at different niches each season. For example, we can have a collection in summer that is focused on animes and cartoons, therefore focusing on teenagers, kids, and even young adults. On the other hand, in winter, we can have a collection aimed towards the Afro-American culture. Thus, having people from every age that identify with this style as our niche. Having new artists, new collaborations season by season makes our product, our sneakers constantly fresh and always up to date with the trends. This is one of our main points of differentiation from our competitors.
• **Customer & Quality Endowment**

- **Create a Loyalty Program**

  In order to create a regular base of customers, we will have an option for customers to subscribe and register themselves into our website. The objective of this is so that customers who purchase our product can gain reward points plus also being able to give us any type of feedback regarding the shoes or the purchasing process. We want to keep our communications channels as open and transparent as possible with our customers, so they can feel that we care about them and that we want to hear their opinions.

- **Have the consumer choose the artist.**

  One of our ideas to create a closer relationship with our consumer is to have them participating in the selection of the artists for the next collection of sneakers. We would, for example, select three artists and put them into an open vote, the most voted of those three would then be selected to enter in the team of artists that would collaborate together for the next collection. For us it is crucial to have our consumer feeling that he is important for our business, we don’t want to be perceived as just one more sneaker store, we want to be perceived as a sneaker store that makes customized sneakers that values the art behind it. Plus, having the customer participating in the selection of the artists, adds value and the belief that the sneaker will have a higher quality because the consumer could see beforehand the work of the artist. All of this, of course, would be an idea for once we are already established in the market, if we would have to give time to when we would implement this, we believe that at the beginning of the second or the latest third year of our company.

- **Have a meet up with the artists**

  To create an atmosphere that our store isn’t just one more sneaker store, we want to do a meet up with the artists once in a month in our physical store with the consumers so that the artists can show how the sneakers are customized. The idea behind this is that we are more than a sneaker store, we are a place that values art and creativity, we would like to have our customers meeting the artists who created that single and unique piece of sneaker and seeing with the bare eyes how do they customize the sneakers. We would do live customization. This is crucial for our
company in order to establish a sense of fidelity, transparency with our clients and also to give them the possibility to know how was his or hers sneaker made, the process behind it so they see the quality of our products.

3. Sales Plan

Presales

In order to attract more sales and capture customers’ interest in our services, some actions are needed to be integrated as part of our pre sales plan:

- **Engage new customers**
  Given that we would have a relatively good reputation in our geographical region where word of mouth does practically all the work, we would still need to engage more with our public in order to attract new customers. This will mainly be possible by raising awareness about our current and future services so we attract different segments. The following points aim at increasing awareness about our offerings and make it easier for the customer to find our product, get informed about it, and finally, purchase it.

- **Populate website and add effective content**
  As it was a crucial need to introduce a digital presence of the business, the creation of the website was already discussed in the communication plan. However, as part of the presales plan, populating the website will directly drive sales up as people will easily access online the DABx store in order to browse through the product offered and any recent news. Thus, effective content needs to be integrated in a simple way that makes it easy for the user to navigate and find exactly what they are looking for. At this advanced phase, we will be more concerned about the conversion funnel where we need to increase the conversion rate that converts our landings into actual purchases. At this point we cannot really estimate this rate since the website needs to be designed and integrated, however, we can define key points that we believe are beneficial to populate the website and increase sales:
    - **User-friendly platform**: The platform should be rather simple and straight to the point as we want to facilitate the visit process.
    - **Agradable customer journey**: in this case we want the user to easily go through our website being adequately guided through the content in a way that it is easily possible for him to find what he is looking for. The journey should also
be smooth having a reduced loading time of the pages in order to maintain maximum efficiency.

❖ **Efficient usability**: This is mainly in more technical terms of an attractive landing page, product pages, banners headers, body, and footers. These website tools should be useful, accessible and easily used by the online visitor.

❖ **Good overview of Product/Service description**: As our ultimate goal is to raise awareness, a concise definition of all our services should be part of our website content in order to generate interest or even a willingness for purchase

- **Offline presence**

  We will also identify other action towards raising awareness by having an offline presence that could be in either local magazines, newspapers or physical environments such as coupon discount. Given that our biggest segments are fashion people, we can raise awareness among them by putting ads and announcements about the latest changes in the store in the newspapers and magazines (for example: fashion magazine).

**Sales:**

The main actions that will drive us towards our marketing goals as part of the implemented strategy are the sales-oriented actions which mainly deal with our new pricing policy that needs to be put into place. The pricing strategy is slightly hard to figure out since our customer is not buying regular shoes and should not take into consideration the price of a luxury product. In order to find the best price range, we should add the price of the sneakers, the expenses, customization, and our reward.

**After Sales**

The after-sales actions mainly aim at maintaining customer satisfaction after the product sales to make sure the perceived performance matches their expectations and higher and to encourage repeat visits to the company website and physical store.

- **Encourage Feedback**

  In order to have an overview of the customers’ experience with DABx, they need to be encouraged to have some kind of constructive input so we can have an idea about the degree of satisfaction and the gaps the business still needs to fill. Hence, a feedback system needs to be integrated into the operation process once the service is done. This can be done by putting next to the exit door a machine that you can vote if you like or dislike the service in the store.
• Address complaint form
In case of complaints about the service received or any other issue the customer may be unsatisfied with, the store should directly address it with remediate actions in order to make sure the standard of best quality services is offered to the clients. Taking serious actions is highly beneficial especially when new changes are incorporated into the business; in this manner, the implementation can be controlled, monitored and re-implemented with corrective actions in case of dissatisfaction.

• Encourage repeat purchase by offering discounts
The business wants to basically encourage revisiting and rebuying products by customers, especially in the case of new customers. From this perspective, the store will offer two types of discounts: 10% discount as a loyalty card and free shipping.

IX. Financial Plan

Concerning our financial plan we conducted a whole study.
The study consist of three scenario a real one, a pessimistic and an optimistic scenario.
As shown below all the scenario have the same inquiries (Investment, Amortization, Expenses,balance sheet, cash flow statement) but the main difference in the three scenario are only the sales who affect in first place the income statement knowing as the P&L statement (profit and loss).
thus we raised our sales of $100,000 for an optimistic scenario and lower them for $100,000 for a pessimistic scenario.
## 1. REAL Scenario

### Investment

*Table 5, Investment of DABx*

<table>
<thead>
<tr>
<th>Investment in Assets</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>Local renovation and decoration</td>
<td>30,000$</td>
<td>-</td>
<td>-</td>
<td>4,350$</td>
<td>-</td>
<td>17,240$</td>
<td>51,590$</td>
</tr>
<tr>
<td>Furniture</td>
<td>5,500$</td>
<td>2,200$</td>
<td>-</td>
<td>-</td>
<td>650$</td>
<td>-</td>
<td>8,350$</td>
</tr>
<tr>
<td>Computer Equipments</td>
<td>1,500$</td>
<td>-</td>
<td>750$</td>
<td>-</td>
<td>-</td>
<td>2,500$</td>
<td>4,750$</td>
</tr>
<tr>
<td>Vehicles</td>
<td>11,000$</td>
<td>-</td>
<td>4,000$</td>
<td>-</td>
<td>23,000 $</td>
<td>-</td>
<td>38,000$</td>
</tr>
<tr>
<td>Computer Applications</td>
<td>850$</td>
<td>250$</td>
<td>350$</td>
<td>1,200$</td>
<td>-</td>
<td>-</td>
<td>2,650$</td>
</tr>
<tr>
<td>general installations</td>
<td>1,150$</td>
<td>500$</td>
<td>-</td>
<td>200$</td>
<td>400$</td>
<td>790$</td>
<td>3,040$</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>50,000$</td>
<td>2,950$</td>
<td>5,100$</td>
<td>5,750$</td>
<td>24,050$</td>
<td>20,530$</td>
<td>108,380$</td>
</tr>
</tbody>
</table>

### Investment

*Table 6, investment made by DABx*

<table>
<thead>
<tr>
<th></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>INVESTMENT ESTIMATED</strong></td>
<td>110,000$</td>
<td>80,500$</td>
<td>76,000$</td>
<td>84,500$</td>
<td>75600$</td>
<td>426,600 $</td>
</tr>
<tr>
<td><strong>FINANCING ESTIMATED</strong></td>
<td>45,000$</td>
<td>56,000$</td>
<td>54,600$</td>
<td>48,600$</td>
<td>50400$</td>
<td>254,600 $</td>
</tr>
<tr>
<td>Financing</td>
<td>6,799$</td>
<td>12,588$</td>
<td>30,600$</td>
<td>13,500$</td>
<td>26,500$</td>
<td>89,987$</td>
</tr>
<tr>
<td>EQUITY</td>
<td>12,500$</td>
<td>16,750$</td>
<td>14,230$</td>
<td>9,870$</td>
<td>17,500$</td>
<td>70,850$</td>
</tr>
<tr>
<td>SUBSIDIES</td>
<td>4,560$</td>
<td>6,570$</td>
<td>5,780$</td>
<td>7,550$</td>
<td>6,240$</td>
<td>30,700$</td>
</tr>
<tr>
<td>DEBT</td>
<td>-</td>
<td>-</td>
<td>20,000$</td>
<td>14,000$</td>
<td>8,000$</td>
<td>42,000$</td>
</tr>
<tr>
<td>For Debts</td>
<td>-</td>
<td>-</td>
<td>2,350$</td>
<td>1,250$</td>
<td>879$</td>
<td>4,479$</td>
</tr>
<tr>
<td>interest rate</td>
<td>4%</td>
<td>3.50%</td>
<td>3%</td>
<td>3.50%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>% OF COVERAGE OF INVESTMENTS</td>
<td>2.4%</td>
<td>3.10%</td>
<td>3.39%</td>
<td>5%</td>
<td>5.40%</td>
<td></td>
</tr>
<tr>
<td>%equity</td>
<td>5.50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%debts</td>
<td>6.70%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

57
Amortization

knowing the fact that our assets has a certain life and his initial price will surely lost from his value.

Table 7, amortization

<table>
<thead>
<tr>
<th>% for amort</th>
<th>initial</th>
<th>2019 Amort</th>
<th>2020 Amort</th>
<th>2021 amort</th>
<th>2022 amort</th>
<th>2023 amort</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
<td>1,800$</td>
<td>1,800$</td>
<td>1,800$</td>
<td>2,061$</td>
<td>2,061$</td>
<td>3,095$</td>
</tr>
<tr>
<td>8%</td>
<td>440$</td>
<td>616$</td>
<td>616$</td>
<td>668$</td>
<td>668$</td>
<td>668$</td>
</tr>
<tr>
<td>20%</td>
<td>300$</td>
<td>300$</td>
<td>450$</td>
<td>450$</td>
<td>450$</td>
<td>650$</td>
</tr>
<tr>
<td>8%</td>
<td>880$</td>
<td>880$</td>
<td>1,200$</td>
<td>1,200$</td>
<td>3,040$</td>
<td>3,040$</td>
</tr>
<tr>
<td>10%</td>
<td>85$</td>
<td>110$</td>
<td>145$</td>
<td>265$</td>
<td>265$</td>
<td>265$</td>
</tr>
<tr>
<td>10%</td>
<td>115$</td>
<td>165$</td>
<td>165$</td>
<td>185$</td>
<td>225$</td>
<td>304$</td>
</tr>
<tr>
<td></td>
<td>3,620$</td>
<td>3,871$</td>
<td>4,376$</td>
<td>4,777$</td>
<td>6,709$</td>
<td>8,022$</td>
</tr>
</tbody>
</table>

Expenses

Table 8, operating expenses

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL YEAR EXPENSES</td>
<td>106,850$</td>
<td>$105,850.00</td>
<td>122,945$</td>
<td>138,880$</td>
<td>166,120$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CURRENT FIXED EXPENSES</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>RENT</td>
<td>42,000$</td>
<td>42,000</td>
<td>66,200$</td>
<td>46,200$</td>
<td>50,820$</td>
</tr>
<tr>
<td>MAINTENANCE&amp;CLEANING</td>
<td>1,500$</td>
<td>1,700</td>
<td>2,540$</td>
<td>2,250$</td>
<td>3,650$</td>
</tr>
<tr>
<td>PUBLICITY&amp;PROMOTIONS</td>
<td>2,200$</td>
<td>3,500$</td>
<td>1,600$</td>
<td>2,150$</td>
<td>3,570$</td>
</tr>
<tr>
<td>TELEPHONE&amp;INTERNET</td>
<td>750$</td>
<td>1,250$</td>
<td>1,150$</td>
<td>1,340$</td>
<td>1,670$</td>
</tr>
<tr>
<td>ELECTRICITY,GAS,WATER</td>
<td>850$</td>
<td>750$</td>
<td>905$</td>
<td>830$</td>
<td>960$</td>
</tr>
<tr>
<td>INSURANCES</td>
<td>1,200$</td>
<td>1,200$</td>
<td>1,200$</td>
<td>1,800$</td>
<td>1,800$</td>
</tr>
<tr>
<td>TAXES</td>
<td>3,500$</td>
<td>3,750$</td>
<td>5,250$</td>
<td>4,860$</td>
<td>6,600$</td>
</tr>
<tr>
<td>CUSTOMIZATIONS(INK,MA T ERIALS,ETC)</td>
<td>8,000$</td>
<td>6,000$</td>
<td>3,500$</td>
<td>5,400$</td>
<td>11,000$</td>
</tr>
<tr>
<td>IT EXPENSES</td>
<td>650$</td>
<td>150$</td>
<td>250$</td>
<td>430$</td>
<td>530$</td>
</tr>
<tr>
<td>TRANSPORTATION COSTS (Fuel an)</td>
<td>12,000$</td>
<td>11,150$</td>
<td>14,550$</td>
<td>15,420$</td>
<td>17,540$</td>
</tr>
<tr>
<td>total</td>
<td>72,650$</td>
<td>71,450$</td>
<td>97,145$</td>
<td>80,680$</td>
<td>98,140$</td>
</tr>
</tbody>
</table>
**Wages and Salaries**

Keep in mind that DABx Partners are not going to work in this company as employees, they will hire new employee and train them, and as for us the partners we will be taking kind of a salary each month for 1500$ as a start for the first 2 years and after it depends on our work we can raise our salary.

*Table 9, wages and salaries*

<table>
<thead>
<tr>
<th>PERSONNEL EXPENSES</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER OF EMPLOYEES</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Employee #1</td>
<td>15,600$</td>
<td>15,600$</td>
<td>16,800$</td>
<td>16,800$</td>
<td>18,000$</td>
</tr>
<tr>
<td>Employee #2</td>
<td>15,600$</td>
<td>15,600$</td>
<td>16,800$</td>
<td>16,800$</td>
<td>18,000$</td>
</tr>
<tr>
<td>Employee #3</td>
<td>0$</td>
<td>0$</td>
<td>15,600$</td>
<td>15,600$</td>
<td>16,800$</td>
</tr>
<tr>
<td>Employee #4</td>
<td>0$</td>
<td>0$</td>
<td>0$</td>
<td>1,560$</td>
<td>15,600$</td>
</tr>
<tr>
<td>GROSS MONTHLY SALARY</td>
<td><strong>31,200$</strong></td>
<td><strong>31,200$</strong></td>
<td><strong>49,200$</strong></td>
<td><strong>49,200$</strong></td>
<td><strong>52,800$</strong></td>
</tr>
<tr>
<td>Partners Salary</td>
<td>54,000$</td>
<td>54,000$</td>
<td>72,000$</td>
<td>72,000$</td>
<td>90,000$</td>
</tr>
<tr>
<td>GROSS PAYROLL</td>
<td>85,200$</td>
<td>85,200$</td>
<td>121,200$</td>
<td>121,200$</td>
<td>142,800$</td>
</tr>
</tbody>
</table>

**Sales**

This is the real scenario that DAB are expecting to make during the year as sales.

*Table 10, Sales of DABx*

<table>
<thead>
<tr>
<th>SALES&amp;COST OF SALES</th>
<th>5%</th>
<th>5%</th>
<th>10%</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL SALES</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td></td>
<td>$432,000.00</td>
<td>$453,600.00</td>
<td>$476,280.00</td>
<td>$523,908.00</td>
</tr>
<tr>
<td>COST PRODUCTION</td>
<td>$48,000.00</td>
<td>$50,400.00</td>
<td>$52,920.00</td>
<td>$58,212.00</td>
</tr>
<tr>
<td>COST OF DESIGN</td>
<td>2,400$</td>
<td>4,200$</td>
<td>5430$</td>
<td>4,506$</td>
</tr>
<tr>
<td>COST OF SALES</td>
<td>$94,400.00</td>
<td>$99,120.00</td>
<td>$104,076.00</td>
<td>$114,483.60</td>
</tr>
<tr>
<td>GROSS MARGIN</td>
<td>$337,600.00</td>
<td>$354,480.00</td>
<td>$372,204.00</td>
<td>$409,424.40</td>
</tr>
<tr>
<td>GROSS MARGIN %</td>
<td>59%</td>
<td>62%</td>
<td>65%</td>
<td>72%</td>
</tr>
</tbody>
</table>
### Profit and Loss Statement

**Table 11, Net income / Profit and loss**

<table>
<thead>
<tr>
<th>P&amp;L ESTIMATED</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL SALES</td>
<td>$432,000.0</td>
<td>$453,600.0</td>
<td>$476,280.0</td>
<td>$523,908.0</td>
<td>$576,298.8</td>
</tr>
<tr>
<td>cost of sales</td>
<td>$94,400.00</td>
<td>$99,120.00</td>
<td>$104,076.0</td>
<td>$114,483.6</td>
<td>$125,931.9</td>
</tr>
<tr>
<td>GROSS MARGIN</td>
<td>$337,600.0</td>
<td>$354,480.0</td>
<td>$372,204.0</td>
<td>$409,424.4</td>
<td>$450,366.8</td>
</tr>
<tr>
<td>Personel expenditure</td>
<td>85,200$</td>
<td>85,200$</td>
<td>121,200$</td>
<td>121,200$</td>
<td>142,800$</td>
</tr>
<tr>
<td>other operational expenditures</td>
<td>72,650$</td>
<td>71,450$</td>
<td>97,145$</td>
<td>80,680$</td>
<td>98,140$</td>
</tr>
<tr>
<td>EBITDA</td>
<td>179,750</td>
<td>197,830</td>
<td>153,859</td>
<td>207,544</td>
<td>209,427</td>
</tr>
<tr>
<td>depreciation/amortization</td>
<td>3,871$</td>
<td>4,376$</td>
<td>4,777$</td>
<td>6,709$</td>
<td>8,022$</td>
</tr>
<tr>
<td>EBIT</td>
<td>175,879</td>
<td>193,454</td>
<td>149,082</td>
<td>200,835</td>
<td>201,405</td>
</tr>
<tr>
<td>financial expenditure</td>
<td>5,300$</td>
<td>9,500$</td>
<td>7,400$</td>
<td>4,300$</td>
<td>7,650$</td>
</tr>
<tr>
<td>EBT</td>
<td>170,579</td>
<td>183,954</td>
<td>141,682</td>
<td>196,535</td>
<td>193,755</td>
</tr>
<tr>
<td>TAXES (20%)</td>
<td>6,700$</td>
<td>7,800$</td>
<td>8,500$</td>
<td>13,500$</td>
<td>12,300$</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>163,879$</td>
<td>176,154$</td>
<td>133,182$</td>
<td>183,035$</td>
<td>181,455$</td>
</tr>
</tbody>
</table>

### Cash Flow Statement

**Table 12, Cash flow Statement**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
<td>13,500$</td>
<td>15,701$</td>
<td>25,817$</td>
<td>75,164$</td>
<td>81,583$</td>
</tr>
<tr>
<td>Equity shareholders</td>
<td>7,770$</td>
<td>16,640$</td>
<td>28,770$</td>
<td>49,380$</td>
<td>57,300$</td>
</tr>
<tr>
<td>loans entered</td>
<td>0</td>
<td>0</td>
<td>20,000$</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>amortizations</td>
<td>3,871$</td>
<td>4,376$</td>
<td>4,777$</td>
<td>6,709$</td>
<td>8,022$</td>
</tr>
<tr>
<td>Accounts payable(suppliers credit)</td>
<td>2,560$</td>
<td>4,570$</td>
<td>7,400$</td>
<td>6,570$</td>
<td>8,590$</td>
</tr>
<tr>
<td>results</td>
<td>27,701$</td>
<td>41,287$</td>
<td>86,764$</td>
<td>137,823$</td>
<td>155,495$</td>
</tr>
<tr>
<td>investments</td>
<td>2,950$</td>
<td>5,100$</td>
<td>5,750$</td>
<td>24,050$</td>
<td>20,530$</td>
</tr>
<tr>
<td>Repaid Loans</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6,000$</td>
<td>6,000$</td>
</tr>
<tr>
<td>Net Receivable (Customers Credit)</td>
<td>5,450$</td>
<td>6,520$</td>
<td>5,850$</td>
<td>7,650$</td>
<td>8,890$</td>
</tr>
<tr>
<td>Dividends</td>
<td>3,600$</td>
<td>3,850$</td>
<td>0</td>
<td>18,540$</td>
<td>24,500$</td>
</tr>
<tr>
<td>Net balance of the fiscal year</td>
<td>15,701$</td>
<td>25,817$</td>
<td>75,164$</td>
<td>81,583$</td>
<td>95,575$</td>
</tr>
</tbody>
</table>
Balance Sheet Statement

Table 13, Balance Sheet

<table>
<thead>
<tr>
<th>Previsional balance sheet</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>9,500$</td>
<td>12,500$</td>
<td>7,500$</td>
<td>5,400$</td>
<td>8,700$</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>52,950$</td>
<td>58,050$</td>
<td>63,800$</td>
<td>87,850$</td>
<td>108,380$</td>
</tr>
<tr>
<td>Cash</td>
<td>3,450$</td>
<td>4,350$</td>
<td>3,650$</td>
<td>2,670$</td>
<td>3,950$</td>
</tr>
<tr>
<td>Banks</td>
<td>6,540$</td>
<td>9,530$</td>
<td>12,450$</td>
<td>14,500$</td>
<td>11,340$</td>
</tr>
<tr>
<td>Current assets (total)</td>
<td>9,990$</td>
<td>13,880$</td>
<td>16,100$</td>
<td>17,170$</td>
<td>15,290$</td>
</tr>
<tr>
<td>Total assets</td>
<td>62,940$</td>
<td>71,930$</td>
<td>79,900$</td>
<td>105,020$</td>
<td>123,670$</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>40,500$</td>
<td>42,640$</td>
<td>35,670$</td>
<td>41,560$</td>
<td>47,840$</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>14,670$</td>
<td>12,650$</td>
<td>15,460$</td>
<td>14,080$</td>
<td>18,530$</td>
</tr>
<tr>
<td>shareholders equity</td>
<td>7,770$</td>
<td>16,640$</td>
<td>28,770$</td>
<td>49,380$</td>
<td>57,300$</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>62,940$</td>
<td>71,930$</td>
<td>79,900$</td>
<td>105,020$</td>
<td>123,670$</td>
</tr>
</tbody>
</table>

Profitability Analysis

Table 14, profitability analysis,

<table>
<thead>
<tr>
<th>Profitability Analysis</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>125,150$</td>
<td>137,750$</td>
<td>132,835$</td>
<td>142,478$</td>
<td>143,374$</td>
</tr>
<tr>
<td>Margin over sales (%)</td>
<td>13.5%</td>
<td>16.50%</td>
<td>22%</td>
<td>22.75%</td>
<td>24.67%</td>
</tr>
<tr>
<td>EBT</td>
<td>99,279$</td>
<td>109,074$</td>
<td>96,058$</td>
<td>109,339$</td>
<td>106,312$</td>
</tr>
<tr>
<td>Margin over sales (%)</td>
<td>12.50%</td>
<td>14.90%</td>
<td>20.85%</td>
<td>21.05%</td>
<td>22.34%</td>
</tr>
<tr>
<td>ROE - Financial Profitability</td>
<td>0.6</td>
<td>0.47</td>
<td>0.45</td>
<td>0.78</td>
<td>0.89</td>
</tr>
<tr>
<td>ROA - Economic Profitability</td>
<td>1.14%</td>
<td>1.11%</td>
<td>0.82%</td>
<td>0.72%</td>
<td>0.73%</td>
</tr>
</tbody>
</table>
Balance Sheet Analysis

Table 15, Balance sheet analysis

<table>
<thead>
<tr>
<th>Balance sheet analysis</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>52,950$</td>
<td>58,050$</td>
<td>63,800$</td>
<td>87,850$</td>
<td>108,380$</td>
</tr>
<tr>
<td>% Over total assets</td>
<td>84.12774071%</td>
<td>80.7034617%</td>
<td>80%</td>
<td>83.6507331%</td>
<td>9%</td>
</tr>
<tr>
<td>Current assets</td>
<td>9,990$</td>
<td>13,880$</td>
<td>16,100$</td>
<td>17,170$</td>
<td>15,290$</td>
</tr>
<tr>
<td>% Over total assets</td>
<td>15.8725929%</td>
<td>19.2965383%</td>
<td>20%</td>
<td>16.3492668%</td>
<td>12.3635481%</td>
</tr>
<tr>
<td>Total asset</td>
<td>62,940$</td>
<td>71,930$</td>
<td>79,900$</td>
<td>105,020$</td>
<td>123,670$</td>
</tr>
<tr>
<td>Variation</td>
<td>1,340$</td>
<td>8,990$</td>
<td>7,970$</td>
<td>25,120$</td>
<td>18,650$</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>40,500$</td>
<td>42,640$</td>
<td>35,670$</td>
<td>41,560$</td>
<td>47,840$</td>
</tr>
<tr>
<td>% Over total liabilities</td>
<td>64.34699714%</td>
<td>59.2798554%</td>
<td>44.6433041%</td>
<td>38.5734145%</td>
<td>38.683593%</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>14,670$</td>
<td>12,650$</td>
<td>15,460$</td>
<td>14,080$</td>
<td>18,530$</td>
</tr>
<tr>
<td>% Over total liabilities</td>
<td>35.6530028%</td>
<td>40.7201445%</td>
<td>55.3566958%</td>
<td>60.426585%</td>
<td>61.3164065%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>55,170$</td>
<td>55,290$</td>
<td>51,130$</td>
<td>55,640$</td>
<td>66,370$</td>
</tr>
<tr>
<td>Variation</td>
<td>340$</td>
<td>120$</td>
<td>-1,160$</td>
<td>4,510$</td>
<td>10,730$</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND EQUITY</td>
<td>62,940$</td>
<td>71,930$</td>
<td>79,900$</td>
<td>105,020$</td>
<td>123,670$</td>
</tr>
</tbody>
</table>

After analyzing (As shown Table 16) our ration we can conclude from our solvency ratio and liquidity ratio that the company will be able to close any long term debt in the future. Also, our inventory year after year is getting higher which represents more production. As for the fixed assets turnover we have to make sure to use our assets efficiently to keep our ratios in a good position.

Table 16, Ratios

<table>
<thead>
<tr>
<th>Ratios</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency Ratios</td>
<td>0.25</td>
<td>0.27</td>
<td>0.28</td>
<td>0.23</td>
<td>0.22</td>
</tr>
<tr>
<td>Liquidity Ratios</td>
<td>0.68</td>
<td>1.09</td>
<td>1.04</td>
<td>1.2</td>
<td>0.82</td>
</tr>
<tr>
<td>Inventory turnover ratio</td>
<td>0.45</td>
<td>0.67</td>
<td>0.64</td>
<td>0.79</td>
<td>0.66</td>
</tr>
<tr>
<td>fixed Assets turnover ratio</td>
<td>1.02</td>
<td>0.92</td>
<td>0.76</td>
<td>0.85</td>
<td>0.99</td>
</tr>
</tbody>
</table>
Investment Returns

Table 17, investment returns

<table>
<thead>
<tr>
<th>NVP AND IRR</th>
<th>Initial investment</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project investment</td>
<td>$50,000</td>
<td>$2,950</td>
<td>$5,100</td>
<td>$5,750</td>
<td>$24,050</td>
<td>$20,530</td>
</tr>
<tr>
<td>Discount Rate (%)</td>
<td>10.4%</td>
<td>11.20%</td>
<td>9.50%</td>
<td>8.70%</td>
<td>9.90%</td>
<td>12.30%</td>
</tr>
<tr>
<td>NPV / unit</td>
<td>$150</td>
<td>$154</td>
<td>$167</td>
<td>$174</td>
<td>$169</td>
<td>$184</td>
</tr>
<tr>
<td>INTERNAL RATE OF</td>
<td>19.155844</td>
<td>16</td>
<td>30.53892</td>
<td>33.04597</td>
<td>142.3076</td>
<td>111.57608</td>
</tr>
</tbody>
</table>

Sales Analysis

Table 18, Sales analysis

<table>
<thead>
<tr>
<th>Sales Analysis</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$432,000.00</td>
<td>$443,600.00</td>
<td>$455,780.00</td>
<td>$481,358.00</td>
<td>$509,493.80</td>
</tr>
<tr>
<td>Variation</td>
<td>23,040$</td>
<td>11,600$</td>
<td>12,180$</td>
<td>25,578$</td>
<td>28,136$</td>
</tr>
<tr>
<td>Average price of sales/unit</td>
<td>250$</td>
<td>260$</td>
<td>287$</td>
<td>304$</td>
<td>292$</td>
</tr>
<tr>
<td>Variation</td>
<td>30$</td>
<td>10$</td>
<td>27$</td>
<td>17$</td>
<td>-12$</td>
</tr>
<tr>
<td>Gross margin</td>
<td>$337,600.00</td>
<td>$354,480.00</td>
<td>$372,204.00</td>
<td>$409,424.40</td>
<td>$450,366.84</td>
</tr>
<tr>
<td>Variation</td>
<td>15,000$</td>
<td>16,880.00</td>
<td>17,724.00</td>
<td>37,220.40</td>
<td>40,942.44</td>
</tr>
<tr>
<td>variable cost per unit</td>
<td>190$</td>
<td>204$</td>
<td>223$</td>
<td>230$</td>
<td>240$</td>
</tr>
<tr>
<td>Variation</td>
<td>30$</td>
<td>14$</td>
<td>19$</td>
<td>7$</td>
<td>10$</td>
</tr>
<tr>
<td>Fix cost</td>
<td>16,500$</td>
<td>15,500$</td>
<td>16,750$</td>
<td>18,400$</td>
<td>16,500$</td>
</tr>
<tr>
<td>Variation</td>
<td>1,200$</td>
<td>-1,000$</td>
<td>1,250$</td>
<td>1,650$</td>
<td>-1,900$</td>
</tr>
<tr>
<td>Break even point in $</td>
<td>275</td>
<td>277</td>
<td>262</td>
<td>249</td>
<td>318</td>
</tr>
</tbody>
</table>
2. Pessimistic Scenario

After conducting our realistic financial plan we lower our sales for 100,000$ to see the result of our net income if it will always be positive. The reason would be an indirect managerial problem that affect our production negatively and decrease our sales.

The indirect managerial problem:
Any artist even the best could fail to deliver all the demand of the managers. Due to that, the problem is the lack of production and it could also lead to a decrease in our reputation due to late deliveries.

Why 100,000$?

DABx in the real scenario estimated a total sales of 432,000$, but in the pessimistic scenario its estimated to be 332,000$. thus the 100,000$ difference is shortness of production, by that real scenario case
→ 432,000/12 = 36,000$ they are expected to sell around 36,000$ per month. Which means around 130 to 135 shoes per month.

Thus in the pessimistic
→ 332000/12 = 27600$ scenario which is a reduction of 8,400$ per month which means our artist is not compatible for this work and he/she producing between 95 to 105 shoes per month.

The difference between (130-135) shoes and (95 to 105) shoes is the 100,000$ lack of production taking into consideration that the shoe price is 270 $
DABx Customized Shoes

Pessimistic Sales Statement

Table 19, pessimistic scenario Sales

<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>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL SALES</td>
<td>$332,000.0</td>
<td>0</td>
<td>$343,600.0</td>
<td>0</td>
<td>$355,780.0</td>
</tr>
<tr>
<td>COST PRODUCTION</td>
<td>$48,000.00</td>
<td></td>
<td>$50,400.00</td>
<td></td>
<td>$52,920.00</td>
</tr>
<tr>
<td>COST OF DESIGN</td>
<td>2,400$</td>
<td></td>
<td>4,200$</td>
<td></td>
<td>5,406$</td>
</tr>
<tr>
<td>COST OF SALES</td>
<td>$94,400.00</td>
<td></td>
<td>$99,120.00</td>
<td></td>
<td>$104,076.0</td>
</tr>
<tr>
<td>GROSS MARGIN</td>
<td>$237,600.0</td>
<td>0</td>
<td>$244,480.0</td>
<td>0</td>
<td>$251,704.0</td>
</tr>
<tr>
<td>GROSS MARGIN %</td>
<td>59%</td>
<td>62%</td>
<td>65%</td>
<td>72%</td>
<td>79%</td>
</tr>
</tbody>
</table>

Pessimistic Profit and Loss Statement

Table 20, pessimistic scenario income statement

<table>
<thead>
<tr>
<th>P&amp;L ESTIMATED</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL SALES</td>
<td>$332,000.0</td>
<td>0</td>
<td>$343,600.0</td>
<td>0</td>
<td>$355,780.0</td>
</tr>
<tr>
<td>cost of sales</td>
<td>$94,400.00</td>
<td></td>
<td>$99,120.00</td>
<td></td>
<td>$104,076.0</td>
</tr>
<tr>
<td>GROSS MARGIN</td>
<td>$237,600.0</td>
<td>0</td>
<td>$244,480.0</td>
<td>0</td>
<td>$251,704.0</td>
</tr>
<tr>
<td>personel expenditure</td>
<td>100,800$</td>
<td></td>
<td>100,800$</td>
<td></td>
<td>121,200$</td>
</tr>
<tr>
<td>other operational expenses</td>
<td>72,650$</td>
<td>71,450$</td>
<td>97,145$</td>
<td>80,680$</td>
<td>98,140$</td>
</tr>
<tr>
<td>EBITDA</td>
<td>64,150</td>
<td>72,230</td>
<td>33,359</td>
<td>64,994</td>
<td>42,622</td>
</tr>
<tr>
<td>depreciation&amp;amortization</td>
<td>3,871$</td>
<td>4,376$</td>
<td>4,777$</td>
<td>6,709$</td>
<td>8,022$</td>
</tr>
<tr>
<td>EBIT</td>
<td>60,279</td>
<td>67,854</td>
<td>28,582</td>
<td>58,285</td>
<td>34,600</td>
</tr>
<tr>
<td>financial expenditure</td>
<td>5,300$</td>
<td>9,500$</td>
<td>7,400$</td>
<td>4,300$</td>
<td>7,650$</td>
</tr>
<tr>
<td>EBT</td>
<td>54,979</td>
<td>58,354</td>
<td>21,182</td>
<td>53,985</td>
<td>26,950</td>
</tr>
<tr>
<td>TAXES (20%)</td>
<td>6,700$</td>
<td>7,800$</td>
<td>8,500$</td>
<td>13,500$</td>
<td>12,300$</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>48,279$</td>
<td>50,554$</td>
<td>12,682$</td>
<td>40,485$</td>
<td>14,650$</td>
</tr>
</tbody>
</table>
We conclude from the profit and loss statement that even if we lower our sales for 100,000$ and keeping all the other accounts the same, The result will be positive and not negative which can put our study and company in a good situation.

**Optimistic Scenario**

After conducting our realistic and pessimistic financial plan we higher our sales in 100,000$ to see the result of our net income. If it will always be positive or become negative and that is due to a good management that affect our production positively and increase our sales. what good did our management do?

our management is always rushing on our artist day by day to deliver more shoes and working on good advertising and keep in the system working day by day as it is the first day of opening.

*why 100,000$?*

DABx in the real scenario estimated a total sales of 432,000$, but in the pessimistic scenario its estimated to be 332,000$. thus the 100,000$ difference is shortness of production,

by that real scenario case → 432,000/12= 36,000$ they are expected to sell around 36,000$ per month.

which means around 130 to 135 shoes per month.

thus in the pessimistic → 532000/12=44334$ scenario which is an increase of 8,334$ per month which means our artist is very compatible for this work and he/s producing between 162 to 167  shoes per month. The difference between (130-135) shoes and (162 to 167) shoes is the 100,000$ increase of production taking into consideration that the shoe price is $270
Optimistic Sales Statement

Table 21, optimistic scenario Sales

<table>
<thead>
<tr>
<th>SALES &amp; COST OF SALES</th>
<th>5%</th>
<th>5%</th>
<th>10%</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td>TOTAL SALES</td>
<td>$532,000.0</td>
<td>$558,600.0</td>
<td>$586,530.0</td>
<td>$645,183.0</td>
</tr>
<tr>
<td>COST PRODUCTION</td>
<td>$48,000.00</td>
<td>$50,400.00</td>
<td>$52,920.00</td>
<td>$58,212.00</td>
</tr>
<tr>
<td>COST OF DESIGN</td>
<td>2,400$</td>
<td>4,200$</td>
<td>5,430$</td>
<td>4,506$</td>
</tr>
<tr>
<td>COST OF SALES</td>
<td>$94,400.00</td>
<td>$99,120.00</td>
<td>$104,076.0</td>
<td>$114,483.6</td>
</tr>
<tr>
<td>GROSS MARGIN %</td>
<td>59%</td>
<td>62%</td>
<td>65%</td>
<td>72%</td>
</tr>
</tbody>
</table>

Optimistic Profit and Loss Statement

Table 22, pessimist scenario income statement

<table>
<thead>
<tr>
<th>P&amp;L ESTIMATED</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL SALES</td>
<td>$532,000.0</td>
<td>$558,600.0</td>
<td>$586,530.0</td>
<td>$645,183.0</td>
<td>$709,701.3</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>$94,400.00</td>
<td>$99,120.00</td>
<td>$104,076.0</td>
<td>$114,483.6</td>
<td>$125,931.9</td>
</tr>
<tr>
<td>GROSS MARGIN</td>
<td>$437,600.0</td>
<td>$459,480.0</td>
<td>$482,454.0</td>
<td>$530,699.4</td>
<td>$583,769.3</td>
</tr>
<tr>
<td>Personnel expenditure</td>
<td>100,800$</td>
<td>100,800$</td>
<td>121,200$</td>
<td>121,200$</td>
<td>142,800$</td>
</tr>
<tr>
<td>Other operational expenditures</td>
<td>72,650$</td>
<td>71,450$</td>
<td>97,145$</td>
<td>80,680$</td>
<td>98,140$</td>
</tr>
<tr>
<td>EBITDA</td>
<td>264,150</td>
<td>287,230</td>
<td>264,109</td>
<td>328,819</td>
<td>342,829</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>3,871$</td>
<td>4,376$</td>
<td>4,777$</td>
<td>6,709$</td>
<td>8,022$</td>
</tr>
<tr>
<td>EBIT</td>
<td>260,279</td>
<td>282,854</td>
<td>259,332</td>
<td>322,110</td>
<td>334,807</td>
</tr>
<tr>
<td>Financial expenditure</td>
<td>5,300$</td>
<td>9,500$</td>
<td>7,400$</td>
<td>4,300$</td>
<td>7,650$</td>
</tr>
<tr>
<td>EBT</td>
<td>254,979</td>
<td>273,354</td>
<td>251,932</td>
<td>317,810</td>
<td>327,157</td>
</tr>
<tr>
<td>Taxes (20%)</td>
<td>6,700$</td>
<td>7,800$</td>
<td>8,500$</td>
<td>13,500$</td>
<td>12,300$</td>
</tr>
<tr>
<td>Net Income</td>
<td>248,279$</td>
<td>265,554$</td>
<td>243,432$</td>
<td>304,310$</td>
<td>314,857$</td>
</tr>
</tbody>
</table>
The result are very obvious, having an optimistic scenario is definitely the best for us, but we also can’t forget that DABx in her first stage, will try to stick to the real scenario, and will try it’s effort on marketing to increase the sale and accomplish the result of an optimistic scenario.

X. Controls

1. Key Performance Indicators

- Digital Indicators

  - Social Media

    - Constant organic growth: One of our milestones will be to have a constant and organic growth rate in our social media platforms, especially in our Instagram page without any use of third-party apps or buying followers. It is crucial that we develop our Instagram page since it will be our main channel for advertising our product.

    - To better analyze this KPI we have a specific amount of followers to be achieved. Our goals are the following:
      - 1st month reach 1900-2300 followers on Instagram
      - 6th month reach 20000-22000 followers on Instagram
      - 12th month reach 37000-39000 followers on Instagram

    We are assuming that our first year will be the hardest to grow due to the fact that our brand awareness will still be relatively low comparing to the others. Therefore, our intention is to have a natural growth of 12 to 15% annually starting from the second year.

    - Develop our unique branded hashtag:

      - In align with our social media strategy of creating our own branded hashtag #DABSneaks to increase the engagement with our customers, we will also have set a specific amount of posts made by our customers to be achieved. Again, all of this in a natural way with no use of third-party apps or anything related.

      - Our goals are the following:
- 3rd month have 1000 Instagram grid posts using our hashtag
- 6th month have 1500 Instagram grid posts using our hashtag
- 9th month have 2000 Instagram grid posts using our hashtag
- 12th month have 2500 Instagram grid posts using our hashtag

The reason behind those numbers is two. First, it is substantially hard to have someone posting a picture on their grid giving a shout out or mentioning a brand because you really enjoyed the product. Usually, people who give shout out or mention a brand on their Instagram grid are usually getting paid, or getting the product for free or some other type of benefit. And second, our product is exclusive and customized, it isn’t a product that is mass made, thus as a consequence, there won’t be a huge amount of items available to the public.

● Website KPI’S

As e-commerce is going to be our main source of income and where most of the sales are going to be made, we must have several KPIs to measure the success of our SEM strategies.

**Number of visitors & traffic per page:** First of all, we need to measure the number of visitors and traffic in our page, we also need to track which parts of the webpage they see the most. With this KPI we plan to measure:
- Number of new visitors every day
- Number of old visitors that come back
- Number of customers that come back
- Which parts of the web page they spent most of their time

**Conversion Rate:** This KPI tells us if our website is effective enough to make passive visitors take actions and to measure how many visitors actually convert into leads and eventually in customers. Some of these actions could be:
- Joining our mailing list
- Ask questions to the chatbot
- Click on our external links (social media accounts, artists accounts)
This would be micro-conversion because they haven’t purchased yet, so we must focus on converting these to macro conversion, which would be:

- Purchasing
- Re-purchasing

**Average Order value:**

We must measure how much our customers are spending when they make a purchase, the higher the average order value, the higher the income. That’s why we need to track the average amount of products customers usually add to the cart and the price of those products.

This way we can see which products are the most bought and we can also analyze which products are not so valuable to the customers.

**How we are going to try to increase the AOV?:**

- Upsell: we can persuade our customer to spend more money by offering them better products for a higher but yet accessible price.
- Offer discounts on a minimum spend threshold: They can spend more money if we give them discounts when they buy more than one product.

**Shopping cart abandonment rate:**

We need to measure the number of times that our potential customers abandon the shopping cart, because with this information we can check why do they don’t complete the purchase. With this, we can see the flaws on our website or in the prices as well as if they don’t feel safe enough or any other factor. This is an important factor to analyze because our main selling point will be our online store, therefore, have this data is essential so we can target and solve any problem that might be in our website or any other factor that relates to the shopping cart abandonment rate.

**Revenue on advertising spent:**

The KPI measures the success of the advertising we launch in google, here we can see if we are generating money with our ads as well as how many people click on them, and how many of them become actual purchases. It is crucial to have this data so we can adjust our current and future strategies to match the market trends so we can have revenue in the future.
2. Follow up strategies

To get new customers is one of our main objectives, but we should also put a lot of effort on keeping our loyal customers fanbase, is even cheaper to have a repurchase than it is to get new customers.

Some of our follow up strategies to ensure we lock our customers to our brand will be:

- **Send welcome email:**
  We will send a personalized, yet automatized mail to all of the visitors that register to our mailing list on the website so they feel like they are important and valuable for us. This will be the first stage of our relationship.

- **Customized thank you email after purchase:**
  After every purchase, we will send a mail to the customer showing our gratitude with a themed message that will contain cool designs and aesthetics, with many external links so that they can come back to our website and also an option to let them track the shipment/delivery.

- **Updating and sending new releases:**
  We want to maintain our mailing list up to date regarding our products, artists, and others. Therefore, we are going to send them automatized messages with our latest releases and offers and promotions (in case there are).

- **Referrals and promotional codes:**
  We want our customers to speak in a positive way of our brand to promote a word to mouth marketing or even in their own social networks. For us to achieve this, we are going to reward customers when they bring a new one customer for us. For example, a friend or a brother by giving them promo codes, which are discounts on every purchase they make.
- **Feedback email after every purchase:**
  One of our main priorities is to maintain the quality of our products and the purchasing experience always the best possible, thus after every purchase, we will send an email asking for feedback of the product and the purchase process. This email will be sent once the product has reached our client house.

- **New artists, new art, new niche:**
  Sneakers are for everyone, the age range of people who use a sneaker is very large and we can use this as an opportunity to take advantage. By having a rotation of artists, we will have a constant refresh of ideas, meaning that we will be closely following the new trends. Due to that, we can have different collections aimed at different niches each season. For example, we can have a collection in summer that is focused on animes and cartoons, therefore focusing on teenagers, kids, and even young adults. On the other hand, in winter, we can have a collection aimed towards the Afro-American culture. Thus, having people from every age that identify with this style as our niche. Having new artists, new collaborations season by season makes our product, our sneakers constantly fresh and always up to date with the trends. This is one of our main points of differentiation from our competitors.

- **Create a Loyalty Program:**
  In order to create a regular base of customers, we will have an option for customers to subscribe and register themselves into our website. The objective of this is so that customers who purchase our product can gain reward points plus also being able to give us any type of feedback regarding the shoes or the purchasing process. We want to keep our communications channels as open and transparent as possible with our customers, so they can feel that we care about them and that we want to hear their opinions.

  **Have the consumer choose the artist:**
  One of our ideas to create a closer relationship with our consumer is to have them participating in the selection of the artists for the next collection of sneakers. We would, for example, select three artists and put them into an open vote, the most voted of those three would then be selected to enter in the team of artists that would collaborate together for the next collection. For us it is crucial to have our consumer
feeling that he is important for our business, we don’t want to be perceived as just one more sneaker store, we want to be perceived as a sneaker store that makes customized sneakers that values the art behind it. Plus, having the customer participating in the selection of the artists, adds value and the belief that the sneaker will have a higher quality because the consumer could see beforehand the work of the artist. All of this, of course, would be an idea for once we are already established in the market, if we would have to give time to when we would implement this, we believe that at the beginning of the second or the latest third year of our company.

XI. Contingency Plan

DABx should also look forward to any risk that could occur in the future, some of these risks might affect the final result of the company. As a reaction measure, we have to fix them before any bad result came up.

Possible issue that may occur
- Artists become unavailable
- Equipment becomes damaged.
- Theft
- Damage of the inventory
- Data Breach

After listing our “future” risk, DABx from the beginning has to make sure that this kind of problem doesn’t happen, by taking the following measures:

- After hiring new artist, the responsible manager for the hiring, must have a back up artist ready in any case the main artist face any time of personal or external problem. These types of problems are common to arise, therefore we need to have always a plan B or C ready for any situation.

- It is common that our equipment gets damaged after years of use. In order to avoid this type of risk, DABx should buy a double pair of equipment. Furthermore, when equipment gets damaged we should use directly the spare ones, the artist can’t be without equipment otherwise it will directly affect our sales.
- Theft is a problem that every company in the world faces, and we believe that all businesses are aware of this. It can be intellectual theft, monetary or any other type. We will follow the security procedures that every business has, we will install security cameras in our store and warehouse, alarms and have insurance for all equipment that we have.

- DABx will also maintain our inventory in a deposit where it won’t be damaged by water, dust or any other type of sediments.

**XII. Conclusion**

The footwear market is big as it is promising, yet there are many formidable competitors when speaking about the sneakers market such as Nike or Adidas, and the hunger for innovation is bigger everyday, fans or so called sneakerheads demand these big players for something new, something epic every day which is not easy to accomplish in this market.

Trends are as predictable as a choppy river... no one knows where the current will take you, one day the laceless sneakers are trendy and the next one everyone is crazy about the chunky sneakers. The trick is to be unpredictable, innovative, different and disruptive, people want something unique and that’s what DABx is ready to deliver.

After an analysis of the market and the trends, we spotted the necessity of the society, which is to be and feel different, the want to be cool and accepted. Our business model is based on taking something cool, yet simple as a sneakers and customizing them to make them something different and unique. We are giving people the chance to stand out from everyone else, our business connects with the necessities of our clients.

We have found that many artists hat dedicate to customize and personalize sneakers also found this necessity and they are trying to exploit it, but there is a flaw in their plans which is that they are artists and not business men, the reason why many of them are stuck and don’t manage to become recognized by the public. DABx will serve as space where sneakers artists
can collaborate with us and launch their collections with ease while we take care of the heavy work.

The purpose of this study was to find out if the opening DABx would be profitable, so we did a survey directed to a public we consider prospect consumers and we found out that most people are willing to pay a considerable bigger amount of money for a customization on the same sneaker they usually buy. Our premium pricing strategy and the psychological factors that we considered when structuring our strategy are very promising when speaking of profits and sales.

Our financial plan indicates that DABx is a promising project and points that it would be profitable, all of this if we manage to control everything as planned and make a good use of new technologies, social media and a hard marketing campaign that involves influencers and rising celebrities that could help us building our brand, which is one of the main steps we must follow.
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“Statista.com, (april 2018), Sales channels in percent”
https://www.statista.com/outlook/11000000/109/footwear/united-states#market-arpu

“Statista.com, (April 2018) Footwear market united states”
https://www.statista.com/outlook/11000000/109/footwear/united-states#market-arpu

“Statista, (April 2018), Natural Earth, revenues made per country”
https://www.statista.com/outlook/11000000/109/footwear/united-states#market-pricePerUnit

“Saul McLeod, updated (2018), Maslow’s Hierarchy of needs”
https://www.simplypsychology.org/maslow.html
XIV. Attachments

- Survey made by DABx managers to the public.
https://es.surveymonkey.com/summary/fAFYwvuYJRDk5nuLikU1Vdixo8nL6sCumIBwV5WqgcUHOUJE1zZTRtvYj_2BVjznwp

Age
Answered: 55  Skipped: 0

- 15-25: 70%
- 25-40: 20%
- Older than 40: 10%

Sex
Answered: 54  Skipped: 1

- Male: 70%
- Female: 30%
- Rather not say: 0%
Average income
Answered: 55  Skipped: 0

![Bar chart showing average income categories and percentages.]

Do you know what is a sneaker?
Answered: 55  Skipped: 0

![Bar chart showing responses to the question about knowing what a sneaker is.]

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How many sneakers do you have?

Answered: 55  Skipped: 0

- 1-3 pairs
- 4-6 pairs
- 6-9 pairs
- above 10 pairs

Do you know what are customized sneakers?

Answered: 55  Skipped: 0

- Yes
- No
Have you ever seen this style of sneakers before?

Answered: 55  Skipped: 0

Would you buy sneakers with this type of customization?

Answered: 50  Skipped: 0
Do you know anyone who has a customized sneaker?

Answered: 55  Skipped: 0

Disregarding the price of the shoe, how much would you pay for the customization?

Answered: 55  Skipped: 0