Alba – Repositioning Brand Strategy through Distribution Channel

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ABSTRACT

Dissertation title: Alba – Repositioning Brand Strategy through Distribution Channel

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Alba is a Portuguese brand in the industry of socks and tights which has started the implementation of a new strategy for its distribution channels in 2006.
Since the beginning of the 2000s the constant and unavoidable market challenges that emerged led the brand managers to rethink its strategy and dive into the opportunity that was on their horizon: to sell Alba's socks and tights at the *Chinese stores*.

This dissertation aims to provide an overview of how Alba evolved through the years since its foundation, primarily based on the historical evolution of the brand's distribution channels' model: from being sold at supermarkets and local/traditional commerce stores to be distributed for the *Chinese stores*. To give a broader understanding of the brand's strategy, this study also contemplates the analysis of the social and economic context in which Alba competed in the early 2000s, and how that affected the decisions that were taken in that period.

This case study culminates with the current strategy of the brand: Throughout the repositioning process new opportunities have appeared and today the internationalization of the brand is a successful – although challenging – reality. The trade-offs of the decisions taken require a careful analysis of the risks incurred as well as the appropriate brand management.

This dissertation presents information about the factors that led to Alba's new strategy with the objective of providing a real-life example of brand repositioning and an uncommon method of search for competitive advantage in the market.

RESUMO

Título da Dissertação: Alba – Repositioning Brand Strategy through Distribution Channel

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Alba é uma marca Portuguesa que compete no mercado de meias e *collants* e deu início, em 2006, à implementação de uma nova estratégia para os seus canais de distribuição.
Desde o começo dos anos 2000, o mercado trouxe inúmeros desafios à marca, os quais levaram os seus gestores a repensar a sua estratégia e aceitar a oportunidade que surgia no horizonte: vender as *meias Alba* nas *Lojas do Chinês*.

Esta tese tem o objetivo de apresentar a marca e o seu desenvolvimento desde que a mesma foi fundada. Para tal, será revisitada a sua evolução histórica, com especial foco no modelo de canais de distribuição: dos supermercados e lojas de comércio tradicional às *Lojas do Chinês.*
Para uma compreensão mais aprofundada da estratégia das *meias Alba* – forma como a marca é referida pelos seus gestores –, será tida em conta uma análise dos fatores sociais e económicos que contextualizavam o mercado das *meias Alba* no início dos anos 2000, e como estes afetaram as decisões tomadas.

O caso culmina com a apresentação da estratégia atual da marca: Ao longo do processo de reposicionamento surgiram novas oportunidades, as quais permitiram a internacionalização das *meias Alba*. O sucesso desta estratégia trouxe consigo vários desafios e, com estes, a necessidade de uma gestão refinada do risco e da marca.

A informação apresentada contempla a análise dos fatores que permitiram a implementação da nova estratégia da marca Alba: Um caso real de reposicionamento de uma marca e procura por vantagens competitivas no mercado.

AKNOWLEDGEMENTS

A lot of time and effort has been invested into this dissertation. Nevertheless, it could not have been finished without the help of a number of people who also invested part of their own time enabling its completion.

To start I would like to express my acknowledgement and gratitude for the help given by Professor Pedro Celeste, without whom this would not have been possible.

Thanks are also due to the Textimalhas management team who had a fundamental role in providing data and information, which allowed me to write this thesis on Alba's strategy. In particular I should thank Francisco Raposo, the Textimalhas owner and director, who guided me through the entire history of the company and the brand, and who contextualized the company and its strategy throughout the years in the Portuguese market; and Francisco Raposo, manager and member of the Textimalhas board of directors, who kindly accepted my proposal to develop this case study about Alba, and who, with great will and enthusiasm, offered his time to provide me with all the information required.

Additionally, I have to express gratitude for the support of all my family and friends, who have motivated me to do my best, as well as for the support of my work colleagues which allowed me to complete the last two months of this dissertation while still working.

Finally I would like acknowledge all those who voluntarily responded to the survey that was launched online, enabling the dissertation to be complemented with real-life consumer insights.

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INTRODUCTION

Alba – New Distribution Channel: *Chinese Stores* in Portugal

Channels of distribution are the system by which customers have access to a company's product or service. A common myth about channel systems is that once they are designed, the basic structure does not change. But that is certainly not true. In fact, channel structures must adapt to changes in the environment: innovation in distribution can create new marketing opportunities.

The decision of changing the channel structures requires a careful analysis of both customer behavior and competitors' strategies. Firstly, channels must be designed with the customer in mind. Understanding customer analysis questions – who, where, why, how and when – is crucial for the decision-making. Secondly, it can be a way of differentiating a product from the competition, considering that the product people buy is more than the good itself, i.e., the place of purchase is also a part of it.

A differential advantage can be obtained through channel structure decisions that deviate from conventional wisdom. Some companies have found that some segments of the population enjoy having non-conventional channels of distribution and have created very large niches for themselves. If the segment who wants the "new and different" channel is large enough, this strategy may be a powerful differentiating tool. To illustrate this strategy, a case study was made in which the main "player" is the Portuguese brand Alba.

Alba, a prestigious Portuguese brand that was created more than 20 years ago, competes in the market of socks and tights for women. It occupies a solid position in the Portuguese ranking of producers of socks and tights, which results from a strategy that relies in the production of basic products. The brand is owned by Textimalhas – Fabrico e Comercialização de Malhas, S.A., a Portuguese company that produces and distributes almost exclusively for the national market. Textimalhas' goals are to keep a flexible and customer-oriented structure and a good production quality; to be competitive in its price-quality relationship; and to have a high capacity of seeking and accepting new challenges.

PROBLEM STATEMENT

In the past years, Alba's management team was challenged by the changes in the environment in which its products compete. It was necessary to adapt the strategy of the firm in order to keep its competitiveness levels, and Alba's socks and tights extended its distribution channels from traditional commerce stores and supermarkets to a new channel: the *Chinese Stores*.

At a first sight we may find it odd that such traditional brand had chosen to sell its products in such non-conventinal stores. However, this is one of those situations in which there is a sufficiently large segment of the targeted market willing to purchase in this "new and different" channel. In fact, the strategic move taken by Alba's management team has been a powerful tool for the company to keep its competitiveness in the market.

Today, Alba has to manage its multichannel strategy and keep the competiveness of its products high. The *Chinese Stores* channel has become a crucial pillar of the brand, and it is important to understand the strength of this strategy. Which challenges did Alba have to deal with? And which ones are still to come? What marketing efforts must be done to ensure and keep the current position it occupies in the market of socks and tights?

KEY RESEARCH QUESTIONS

1. How is the market of tights in Portugal characterized?
   - Customer behavior
   - Competition
2. Why did Alba managers decided to change the brand's distribution channels' structure?
3. Which steps were necessary to implement the new channel?
   - How does the *Chinese stores'* distribution and logistics work?
   - Which were the main challenges faced by the company throughout the process?
4. How does the new multichannel approach affect the brand positioning, brand image and brand perceptions?

Note: From this point of the dissertation on, it will be made reference to the concept of *Chinese stores*. It intends to define stores owned by Chinese immigrants; typically big and proximity stores; located at residential areas/city center; with many product categories traded at very low prices and normally associated to low quality levels (the same line of tough applies for the concept of *Chinese warehouses*).

METHODOLOGY

To answer the key research questions proposed, both primary and secondary data were used.

- Secondary data consists in information that already exists: published papers and articles about distribution channels; multichannel management of conflict and brand image; the trends in the market of socks and tights in Portugal related to the main competitors' analysis; information that has been collected by the company regarding the market and customer behavior trends, competitors, the *Chinese Stores* distribution and logistics networks, information regarding the history of the company, its product portfolio, and its marketing/operational/financial strategies and results.

- Primary data consists in information collected through interviews and surveys. Interviewing the managers of the brand is necessary in order to deepen my knowledge regarding key research questions 1, 2, and 3. Also necessary is the development and launching of a survey to gain some more insights related to key research questions number 1 and 4, to understand customers' behavior, Alba's brand awareness, and the perceptions of the Alba brand when compared to competitors. This survey is a tool to measure customer brand knowledge and brand associations, and has the objective of measuring the impact of the new channel of distribution on previously mentioned factors.

1. LITERATURE REVIEW

Given the uncertain and constantly evolving economic and social climate, it has become crucial for firms to be flexible and adapt their strategies, challenging their own ways of doing business. For that purpose, managers should make a realistic assessment of the business environment as well as an accurate self-diagnosis of knowledge, flexibility and competitive positioning. A repositioning strategy will benefit from an indirect strategic shift in the business processes. That will increase the chances of increasing competitive advantages. Besides, it is crucial to understand the customers' purchasing behavior, which, for a variety of reasons, has evolved a lot during the past few years.

1.1 ECONOMIC CHANGES – HOW SHOULD BUSINESSES REACT?

Throughout the last few years the world has been facing deep economic fluctuations that have had a strong impact on the economies of the countries and their businesses. The unforeseen force and speed of the economic downturn sent many companies reeling — rapidly retreating to a cost-reduction, survival mode, with this *let's just get through thi*s mindset being an unsustainable attitude for companies. It is a paralysis-creating posture. (Phelan, 2009) In fact, the recovery from the downturn is forecast to be slow and varied depending on the sector, and history indicates that companies focused on countercyclical and cost-cutting strategies during a recession seldom emerge as market leaders or in better positions than those with purely defensive strategies. (Phelan, 2009)

Given the uncertain economic climate, mapping a strategic plan is no easy task, but there is an overarching sense that it means paradigm shifts of fundamental proportions that challenge the old ways of doing business. For companies to emerge stronger, increase market share and prosper, it takes not only a realistic assessment of the business environment but also a serious, accurate self-diagnosis of knowledge, flexibility and competitive positioning. (Phelan, 2009)

As an answer to the challenge faced by businesses to create "market space" throughout shifting periods, value innovation is proposed as a promising pathway to choose. (W. C. Kim and R. Mauborgne, 2005) Value innovation is the simultaneous pursuit of differentiation and low cost, which can only be achieved by eliminating and reducing costs while creating and raising value. (Phelan, 2009) It is just as simple as this: The blue ocean strategy is not to outperform the competition in the existing industry but to create new market space or a blue ocean, thereby making the competition irrelevant. (Phelan, 2009)

To achieve such goals, managers must face critical decisions. They can take different conduits, and it is requires a careful consideration on the choice of the best one. They operate the business the same way as in the past, or they can reposition by reducing and eliminating waste and, at the same time, creating and raising value to customers (Phelan, 2009). It might seem too complex and risky to implement changes during these periods, but those who continue operating in the same way as before will find themselves continually struggling to compete with companies that have changed their strategies and operational processes (Phelan, 2009).

1.2 REPOSITIONING STRATEGIES

To perform a repositioning strategy through the “use” of value innovation requires the managers’ ability to be ahead of the curve by adapting their businesses’ processes, and simultaneously be able to understand the customers’ “pain”.

1.2.1 RECONFIGURING PROCESSES AND “INDIRECT ATTACK”

Conditions and demands constantly change, and there is always a better, more efficient way to do business. While tweaking an existing business model may be enough for strong companies, others must make major changes in processes to be competitive. The most successful organizations use such periods to gain strategic advantage by overcoming inertia and streamlining internal processes. To develop a successful plan and the proper positioning techniques requires a critical look at all aspects of the business. Once the evaluation of the current positioning and goals is complete, companies should move operations ahead of the competition. This will lead to a strategic advantage. (Phelan, 2009)

For new entrants in a market, the strategic entry “attack” should be indirect, so incumbents don’t notice it until it’s too late. (Bryce and Dyer, 2007) As new entrants, firms that are repositioning themselves and reviewing their processes should seek the best way to challenge what already exists in the market. And almost without exception, challengers take a page out of the military handbook: they never “attack” the enemy in its strongholds, but instead they do it at their weakest points, to gain competitive advantage. Those challengers don’t duplicate existing business models; they don’t compete for crowded distribution channels; and they don’t go after mainstream customers – at least not at first. When companies carve out toeholds by using strategies that incumbents either find difficult to respond to or choose to ignore, their chances of success rise exponentially. (Bryce and Dyer, 2007)

For the change in processes to be successful the most powerful combined strategy is to reconfigure the value chain and create a niche. By reconfiguring value chains, entrants create low-cost business models; at the same time, by establishing niches, they stay off incumbents’ radar screens. The result is that market leaders cannot respond, either because they find it difficult to replicate entrants’ low-cost business models or because they find it pointless to strike against them. (Bryce and Dyer, 2007)

1.2.2 RETHINK DISTRIBUTION STRATEGIES

Lately, channels of distribution have been an area of the businesses that present deviations from what used to be the norm. Even before the recession, companies began rethinking distribution strategies. With more customers demanding shorter delivery times, companies sought better ways to manage distribution. Some moved from the traditional network to smaller distribution centers, closer to the point of sale. Others sought better segmentation of products. Furthermore, distribution channels seem to evolve continuously. Even though no one knows what lies over the horizon, the evolving process will continue unabated (Phelan, 2009).

A. Shopping behavior is evolving

Because shoppers’ demands are different from what they used to be, managers should be rethinking the core logic of their *go-to-market* strategy. Traditional strategies do not have the best results because these assume customers will stand always for the channels that were designed for them, which means that it is time for a fresh look at how shoppers really behave. (Nunes and Cespedes, 2003)

Nowadays, customers use all the possible information available to seek for what they exactly want. If in the past they opted for a distribution channel and stayed with it until the sale was made, today that does not occur anymore: expecting discrete channels to serve static segments is no longer a sensible or sustainable option. Today's customers ‘channel surf’ with abandon. They routinely avail themselves of the services of high-touch channels, only to buy the product at the end point of another, cheaper channel. (Nunes and Cespedes, 2003)

In fact, the purchasing behavior throughout the years has evolved. For a variety of reasons, customers have become detached from the channels that used to claim them. First, they've become more adversarial shoppers. They've been conditioned, largely by discounters like *WalMart* and warehouse clubs, to hunt for bargains more aggressively; second, as customers become more sophisticated about how companies market to them, they've become more strategic; finally, customers are better equipped with information to make the most advantageous decisions. Companies are newly naked; their products' quality, availability, and prices have become transparent, and any shortcomings are instantly broadcast to the world. Today's unfettered customers shop differently. They know they have many channel options and that at various points in the buying process they will be better served by one or another. (Nunes and Cespedes, 2003)

Today, companies pursue a better segmentation of products (Phelan, 2009). Instead of designing channels to capture targeted demographic segments, they design them to support unfettered buyers' behaviors. What's crucial is that customers get what they need at each stage of the buying process - through one channel or another - and that, at the end of that journey the company has not spent more money on customers than these have spent on shopping. (Nunes and Cespedes, 2003)

B. Hard discounters –a threat or an opportunity?

As written above, discounters like *WalMart* have been powerful influencers on the changes in purchasing behavior. The impact of these retailers on consumers constitutes a threat to competitors: Brand executives at major consumer packaged goods companies have mostly been caught off guard by the hard discounters' success. They underestimated the threat to their revenues and market share. (Steenkamp and Kumar, 2009) There are some key misconceptions about hard discounters that caused brand managers to ignore them until it was too late:

- **Hard discounters are for the poor**:

Brand manufacturers and traditional retailers often assert that hard discounters attract only the bottom strata of the market. However, the relationship between hard-discount buying and income is weaker than one might think. Many wealthy consumers patronize hard-discount stores not because they have to but because they want to. Germans characterize this as *'Ich bin doch nicht blöd'* ('I am not stupid'). We might call it 'smart shopping'.

- **Hard discounters offer inferior quality**:

Austere stores, sober packaging, and unknown brand names lull competitors into believing that hard discounters' products are no match for their own traditional brands. Nothing could be further from the truth: Consumer organizations and independent testing agencies have demonstrated that the products of hard discounters hold their own on objective quality.

- **Hard discounting is for recessions**:

Executives at competitors argue that the success of hard discounters is a recessionary phenomenon. However, research in Europe demonstrates that the truth is more subtle. Hard times do lure shoppers to hard discounters, but many of these consumers keep coming back for at least some of their purchases even after the economy recovers. From 2002 to 2003, an economically tough period in Germany, the combined market share of Aldi and Lidl increased from 22% to 26%; but in the more expansive period it increased even further, to 28%. Consumers discovered the quality of the discounters. (Steenkamp and Kumar, 2009)

Despite the threat that these channels might pose, if manufacturers learn to love this "enemy", they will likely benefit from the opportunity of having them as potential distribution channels.

Many brand manufacturers view hard discounters as deadly enemies rather than potential distribution channels. Similarly, hard discounters have tended to see manufacturers' brands simply as competitors. Hard discounters now understand that an overwhelmingly private-label format can win a great slice of their market share. In Germany, where hard discounters have 40% of the market, this limit has probably been reached. Some consumers prefer manufacturers' brands in many categories but also love hard discounters for other categories. A judicious mix of store and manufacturers' brands may enhance sales for a hard discounter, because the latter are known to increase traffic. (Steenkamp and Kumar, 2009)

2. CASE STUDY

Francisco Raposo, Textimalhas S.A. founder and chief executive officer, walked through the hallways of his company's office and looked down at the factory, where the workers repeatedly performed the same tasks, handling the various machinery of the plant. It was the beginning of the 21st century, and Francisco Raposo could not avoid rewinding in his mind the company's remarkable success story since its inception. Nor could he avoid either the pressing concern on how those successes might continue in the light of some external challenges that were emerging in the early nineties. The upcoming global strategy of the firm was on the agenda, and the decision on how to face new scenarios was one of the most challenging for Textimalhas managers.

2.1 THE COMPANY

Textimalhas – Fabrico e Comercialização de Malhas, S.A., is a Portuguese company that was founded in 1985 and competes in the market of socks and tights for women.

After being in the board of directors in a company of socks and tights that had been nationalized during the post-revolution years in Portugal, Francisco Raposo, in the 1980s, believed it was the right time to take the risk and create his own company, using the experience he had gained in previous years. *Alba* is one of the brands owned by the firm, along with *7Dias.*The brand was created during the 1980's when the company was founded.

Over the years, Textimalhas has had to adapt its business model to the economic and social changes that have been occurring in Portugal since the 1980s. The changes have been mainly related to the company's distribution model and distribution channels.

In fact, if in 1999 we had to go to a traditional commerce store to purchase Alba products, or maybe to a local supermarket, today the scenario is entirely different. Although Alba is still available at some of those traditional stores, the truth is that these kinds of retailers have started to "disappear" from our daily lives. Besides, the Portuguese economic context has changed a lot in the past few years, and so have people's lifestyles and consumption patterns.

Nowadays, Chinese stores are Alba's main distribution channel, and the challenges resulting from this strategic "revolution" are many.

2.2 PRODUCT PORTFOLIO

The brand has 12 different product lines of socks and tights for women:

Lycra Seda, Nature Opaco, Relax, Vidro Mousse, Lady Soft, Algodão, Lady Care pura Lã, Palmilhas, Rede/Redíssima, and *Juvenil* (Exhibit 1).

Each line of products has varies in terms of size, fabric material (e.g.: cotton, microfiber), stitching thread density and color.

2.3 OPERATIONS

The production procedure is divided in 6 major operations (Exhibit 2):

Picture 1 – Operations

2.4 COMPETITIVE ANALYSIS

The competitors of Alba are not only national, but also international brands commercialized in Portugal:

A. Calzedonia

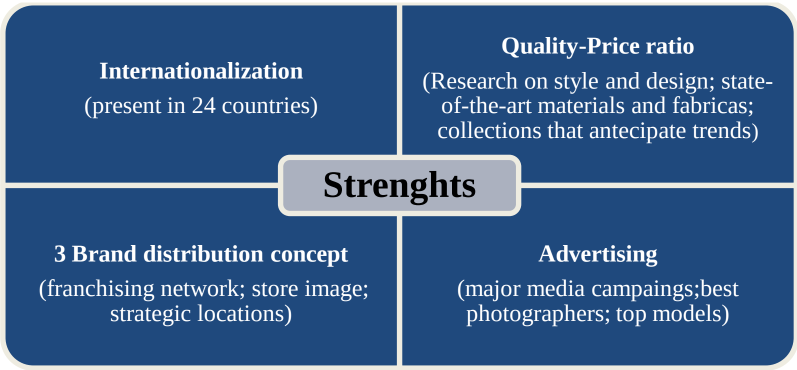
The Group Calzedonia, owner of the brands Calzedonia, Intimissimi and Tezenis, is present in Portugal with over 100 stores throughout the country. Calzedonia was founded in 1986, with the aim of creating a new way of selling hosiery and beachwear for women, men and children, through a franchising sales network.

"In life, as in work, we need to be actors, not spectators" – S. Veronesi, Calzedonia CEO

Nowadays, the Calzedonia network boasts more than 1,650 shops throughout the world (24 countries). The success of Calzedonia is the result of a number of

factors: the large range of products, the attention paid to fashion, the quality-price ratio.
All Calzedonia sales are done through one-brand stores that are managed either directly, as franchises, or by foreign distributors.

Picture 2 – Calzedonia Group Strenghts



B. DIM

Dim is a French textile company, created in 1953 by Bernard Giberstein Troyes, which produces and sells underwear, socks, tights, pajamas, and swimwear. The company targets women, men and children and it is present in more than 10 countries.
Dim products are sold through one-brand stores (Dim stores) and also through retailers that sell several brands, such as supermarkets.

C. Brands commercialized in *Chinese Stores:* My Dara, Lypa, Xynyu

- **My Dara:**

My Dara is a Portuguese company that produces socks and tights since 1996. Based in Lousã, Coimbra, the company owns two brands: Dara and Padrão, the first being a low cost product line. It targets women, men, kids and babies, and it aims to create products that combine fashion, quality and innovation. The current investment in innovation passes through the inclusion of aloe vera in the manufacturing process, with the purpose of increasing the products' softness and durability.

- **Other brands – *Chinese Stores'* private labels:** Lypa, Xynyu

2.5 INDUSTRY ANALYSIS

If the past years have been deeply affected by the economic downturn in every sector[1], some sectors are having more difficulties than others on keeping their businesses running. One of those sectors is without any question the traditional commerce stores[2], defined by DGCC[3] (*Direcção Geral do Comércio e da Concorrência*), as businesses in which "more than 50% of the volume of sales results from the direct contact between salesperson and purchaser"[4] (Exhibit 3).

The downward trend for traditional commerce in Portugal started at the beginning of the millennium, and it maintains an upward trend. To fight this trend, the Portuguese Government and other public entities are implementing programs to support traditional commerce stores and create the necessary conditions for them to increase competitiveness.

2.6 *CHINESE WAREHOUSES* AND *CHINESE STORES*

During the early 2000's, the exports from China to European countries gained a stronger impact on the trade balances of these countries [5].

For the Iberian Peninsula, the *made in china* products' main ports of entry are the maritime ports of Barcelona and Valencia (Exhibit 4). The Chinese freighters travel mostly from Hong Kong and Shanghai, and the low cost products that they carry are distributed to the largest industrial areas of Spain before being distributed to small retailers in Spain and to the Portuguese distributors. The largest industrial area of this kind is Cobo Calleja, located in Fuenlabrada, 20 km away from Madrid, Spain.

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[1] PWC – *How the downturn will change the future of work.* Available: http://www.pwc.pt/pt/human-capital/gerir-impacto-crise-financeira.jhtml
[2] Source: Ana Serafim (2012) *Pequeno comércio agoniza*. Available: http://sol.sapo.pt/inicio/Economia/Interior.aspx?content_id=53309
[3] The Portuguese General Directorate for Trade and Competition
[4] Source: José A. Rio Fernandes (2000) *Comércio tradicional em contexto urbano - Dinâmicas de Modernização e Políticas Públicas.* Available: http://www.dgcc.pt/166.htm#12
[5] Source: European Comission. Available: http://ec.europa.eu/trade/policy/countries-and-regions/countries/china/

2.6.1 SPAIN – COBO CALLEJA

Cobo Calleja was opened in February of 2011. It occupies almost 2 million square feet of land, and has more than 1.000 stores and warehouses. It is called the Chinatown of Madrid and it is one of the largest Asian commercial centers in Europe. (Exhibit 5)
Having such large warehouses to supply their stores, the Chinese progressively control distribution and they have reinvented traditional commerce stores. As it is possible to read in an article published by a Spanish newspaper in 2000, "The Chinese merchants are everywhere and it is not surprising that in suburban neighborhoods, clothing or shoe stores are run by Chinese traders. The majority supplies their stores at the warehouses located in industrial polygons such as Cobo Calleja, sometimes owned by the merchants themselves"[6]. As for the distribution, the commercial sector is also being conquered: the Chinese purchase all the stores that close their doors and make very generous offers to merchants that still operate their businesses, so that they can open their own stores where the commercialization of very low priced products is a key success factor.

2.6.2 *CHINESE WAREHOUSES* AND *STORES* IN PORTUGAL

The *Chinese stores* are proliferating in Lisbon and in all the cities of Portugal since the early 2000s. In fact, the influence of Cobo Calleja does not stop in the frontier between Spain and Portugal. The giant distribution center's power crosses the boundaries of the two countries and it supplies the main Portuguese distribution centers of Chinese domination: Mindelo, Porto Alto, Martim Moniz, Cabo Ruivo (Exhibit 6). With the existence of these distribution centers, the supply of the Chinese stores is ensured. Accordingly to an article published in 2003, these stores "are multiplying in the city center of Lisbon, in the main trade areas" and they "sell everything - batteries for cell phones, calculators, clothing and footwear, watches, pens, toys, perfumes and almost anything that can fit in our imagination. (…). 70% of the products they sell come from China"[7]. These are typically big and disordered stores, with many product categories at

[6] A. Lorenzo (2006) El Mundo. *El mayor "Mecachina" de Europa está en España.* Available: http://www.elmundo.es/suplementos/nuevaeconomia/2006/349/1165100401.html
[7] Source: Acidi (2003). *Negócio à China*. Available: http://www.acidi.gov.pt/noticias/visualizar-noticia/4cdbf825b20ba/negocio-a-china

low prices; the employees are commonly Chinese and barely speak Portuguese. Despite the language barrier, the "business is universal" and, according to Y Ping Chow, the president of the Chinese League in Portugal, in 2003 there were already more than 100 *Chinese stores* in Oporto.

2.6.3KEY SUCCESS FACTORS OF THE *CHINESE STORES* IN PORTUGAL

Accordingly to Chen Liao, the owner of the biggest warehouse in Porto Alto, Y Ping Chow, and Yan Tie Kie, explain the 4 reasons they believe are at the roots of the *Chinese stores'* success in Portugal:

- For Chen Liao, "if it were not the Chinese, others would get this business. However, we are traditionally more **business oriented**".
- Liao recalls the importance of the events from the beginning of the 21st century: the 12th of December of 2001, when China adhered to the World Trade Organization (WTO), and the progressive opening of the Chinese market to the international economy between 2001 and 2004.
- For Y Ping Chow, the **economic crisis** is at the roots of their success: "There is less money and people search for stores with low priced products. (…) These stores are larger, better located and have more variety of products than the Portuguese ones. Maybe that is the key of their success".
- The **mindset and behavior**: The Chinese culture is more attached to the attitude of "living to work" than "working to live". Stores are opened 7 days per week, and the schedules are very flexible as well. According to Yan Tien Kie[8], they "cannot close doors when people are still at work, nor close during the weekend, when clients have more time and availability to make their purchases".
- The **profit margins** do not exceed 25%. As Chen Liao stated, "we compete with prices, not with the quality of our products"[9].

[8] Vice President of the Sino-Portuguese Association of Traders and Manufacturers
[9] Source: Acidi (2003). *Negócio à China*. Available: http://www.acidi.gov.pt/noticias/visualizar-noticia/4cdbf825b20ba/negocio-a-china

2.7 *ALBA* DISTRIBUTION CHANNELS – MODEL DEVELOPMENT

2.7.1 THE *ORGANIZED WAREHOUSES* – A FRAGMENTED DISTRIBUTION CHAIN

Throughout the first years of operations, Alba's socks and tights were sold directly to the few wholesalers existing in the area of Lisbon, which in Portuguese were known as "*armazéns organizados*" (*organized warehouses*). *Jerónimo Martins*, *Adão e Machado*, and *Barral Marques* were three of the main wholesalers distributing Alba products, among other smaller distributers. They were responsible for the distribution from their warehouses to all the regions of the country. Since the cost of distributing to the entire country would be unbearable, the wholesalers' distribution model was the one that best suited the needs of the brand. These distributors gathered Alba's socks and tights and other products, such as underwear and sleepwear, and delivered them directly to retailers in the urban and rural areas of Portugal. This allowed Alba to reach the whole country, from the North to the South.

Nonetheless, this distribution process had a problem: Products arrived at the rural areas with prices that were much higher than estimated and desired by the managers. In fact, despite being less costly for the wholesalers to distribute, since they carried a number of different products at once in their wagons, **the distribution chain was too fragmented**. For Textimalhas to cover the costs of production of Alba's products it was necessary to mark them up by 30% when selling to the wholesalers. Above that, wholesalers had to cover warehouse and distribution expenses, and still ensure their own margins of profit. Even if these were very small, the price of a pair of socks in Viseu[10], for instance, reached values much higher than they were supposed to.

Besides the high levels of costs that resulted from the fragmentation of the distribution chain, time was another variable that created some concerns for the managerial team of the brand. Due to the complex length of the distribution process, the wholesalers paid the merchandise in a 90-day period, with these schedules not being kept on many occasions.

[10] Viseu is one of the 18 capitals of district in Portugal, located in the North of the country, 300 Km away from Sintra

2.7.2 THE DE-FRAGMENTATION OF THE DISTRIBUTION CHAIN

Still during the same decade, and as a consequence of the revolution of the 25th of April of 1974 in Portugal, the process of decolonization of the former colonies of Portugal in Africa started. With that, more than 500.000 Portuguese were forced to travel back to Portugal[11], which, in the words of Francisco Raposo, was a great opportunity for his brand Alba. For him, the returnees were the best workers he could find in the country, especially "the Portuguese that came from Angola. (…) They were known as the Portuguese with 'rolled up sleeves', and there was a reason for that". They arrived here "prepared and ready to work, to travel, and to do whatever was necessary", explained Francisco Raposo.

Those returnees were an opportunity for Alba in the sense that they could help the brand overcome the issues related to the costs and time associated to the fragmented distribution model. In fact, they progressively became the solution for those problems. When they arrived in Portugal, many were on their own, without a job or any other source of income. Many started going directly to the factories located in industrial areas around Lisbon to purchase the merchandise and deliver it to retailers throughout the country, driving their own vehicles. They traveled the country and went back to the factories to purchase more products. The best part of it was that they paid suppliers the moment they picked up the merchandise.

Rapidly these individual distributors gained scale and created their own wholesaler warehouses for distribution. It was the decade of 1990, and both Alba and the distributors were prospering. During these years, the funds from the European Union allowed the development of communications and transport in Portugal, and the improvement of the roadways allowed a faster distribution of the products for all the regions of the country. The new distributors located their warehouses at strategic points close to the new roads and highways, and consequently these areas have become large commercial hubs, enclosing several warehouses at the same location. Retailers no longer just waited for products that were being distributed. They started to go to those easy-to-access commercial hubs to make their purchases and fill their stocks whenever it was necessary. Porto Alto, Montijo, Pombal and Mindelo were some of the main

[11] Source: Maria Lucinda Fonseca (2009). *Imigração, Diversidade e Novas Paisagens Étnicas e Culturais*. Available: http://www.oi.acidi.gov.pt/docs/Col_Percursos_Intercultura/2_PI_Cap2.pdf

wholesale trading areas during the flourishing 1990s. From there, Alba's socks and tights were distributed to traditional commerce stores and supermarkets.

2.7.3 CHALLENGES FOR THE 21st CENTURY

In the beginning of the new century, the scenario started to change. After the prospering 1990s, sales volume started to slow down and the company's managers were alarmed about it. Many small retailers that purchased Alba's socks and tights were closing their stores and thus wholesalers justified the steep reduction in quantities purchased to the factory.

By 2006 the reduction in sales became a reality that, in the words of Francisco Raposo, "could not be ignored anymore". It was necessary to rethink the core strategy of the business in order to keep its competitiveness levels in the market. On the one hand, the small retailers who used to be the main sales channel were closing their businesses. On the other hand, competition was becoming more powerful and menacing. With the open barriers to trade in the EU area, the products arriving from Europe, but mostly from China at very low and unbeatable prices, increased exponentially. EU-China trade gained a huge weight and China became EU's biggest source of imports for both industrial and consumer goods[12].

By the yearly 2000s, the Chinese got it all: both the industrial and the distribution/commercial fields were conquered. In fact, besides having an unbeatable industrial capacity, the Chinese also conquered the distribution and commercial sectors in Europe. The hubs of Porto Alto and Mindelo, for example, started to be in the hands of Chinese business men who progressively purchased the warehouses to the Portuguese owners. Those warehouses were gradually fulfilled by the products imported from China at very low prices and started supplying the *Chinese stores* in Portugal, as well as some of the traditional commerce stores that lasted in the country.

It was at this point that Textimalhas managers made the most difficult decision that the company ever made: to dramatically change the distribution channel model and start selling Alba products to the Chinese warehouses, thus creating the perfect conditions for their products to be sold in *Chinese stores*.

[12] Source: European Comission. Available: http://ec.europa.eu/trade/policy/countries-and-regions/countries/china/

2.7.4 TODAY'S STRATEGY

Nowadays, Alba products are sold at *Chinese stores* and this channel is a crucial pillar of the brand: In 2009 sales to the *Chinese stores* were 2% of the total volume traded in that year; in 2012 this value has reached 33%.

For the brand's founder, the success of the new strategy relies in the fact that *Chinese stores* seek for products such as socks and tights at low prices because it increases stock rotation and attracts customers to the stores, which consequently boosts the sales of other types of products.

After some years of experience with the new distribution channel, the success of the strategy allowed Textimalhas to grow by expanding its business for the international market. In 2009 the company has started to produce and export for the private label brand of the *Chinese warehouses* in Spain. The socks and tights are produced in Portugal, and bundled in the packages that come from Cobo Calleja, being sold under their brand. The internationalization process allowed Alba to go against the economic downturn, having gained a more significant weight on the total sales volume between 2011 and 2012, when it has become 10% of the total sales. This increase had an even more significant impact on the results. From 2011 to 2012 the growth in sales volume was around 28%, having 2012 been the best year for the brand in terms of sales: €3.100.000.

Exhibit 7: Sales for the *Chinese stores* (in % of the total volume of sales)

Year	Sales for the *Chinese stores* (in % of the total volume of sales)		
	Aggregate	Portugal	Spain
2009	2.2%	2%	0.2%
2010	18%	16%	2%
2011	26%	21%	5%
2012	33%	23%	10%
2013 (forecast)	41%	27%	14%

2.8 CHALLENGES

The strategic revolution in the distribution channel model of Alba has raised many challenges, not only during the adjustment and adaptation period, but also now and in the future.

During the beginning of 2006, Textimalhas managers have decided to consult their larger clients, the Portuguese wholesalers and distributors, about the new strategy that was in the horizon. Their opinion was consensual: Alba products should not be sold to the *Chinese warehouses* To quote Francisco Raposo, “these warehouses strongly opposed our distribution to the *Chinese*”. In the opinion of the Portuguese wholesalers, that would actually be the first step for the end of the brand. They insisted in that once a client found a product with the brand Alba in a *Chinese store*, the brand image would be irreparably damaged. Alba would be associated to the same characteristics that people tend to associate to the products sold at the *Chinese stores*, such as low prices and low quality levels.

In addition to this challenge, which the managers were aware of from the beginning, the Portuguese wholesalers threatened to stop buying from the factory, claiming that no clients – referring to the traditional commerce stores – would buy Alba’s socks and tights anymore since they would never want to sell products that were be available at the *Chinese stores*. For the management team this threat was an important one: what if the new strategy did not succeed as expected? It was essential to have an approach that allowed the mitigation of this risk, which was only possible by keeping the most loyal and profitable clients satisfied, and consequently ensure a diversified portfolio of customers.

Besides the risks associated to the adaptation to the new strategy, keeping it going also proved to be difficult and filled with decisions regarding trade-offs between profit and risk that constantly challenged the managers.

Cultural and language barriers are among the most challenging factors of this strategy. The boundaries are very deeply established and create a “wall” between the firm and the clients, which is almost impossible to overcome and does not allow the creation of a relationship with clients, contrary to what happens with Portuguese customers. In the words of Francisco Raposo, “when I have to deal with a Portuguese client we have lunch together, we talk about our families and our hobbies, and then we discuss businesses; at that moment, there are almost no boundaries and the mutual willingness to accept each other's suggestions and proposals is high (…). With *Chinese* clients we have little room for negotiating, either because they don't understand Portuguese or because they prefer not to understand it". As a result, the cultural and language barriers build challenges through several functional areas of the firm:

- **Operational challenges – supplies' payments:** the lack of relationship and the consequent lack of loyalty with the *Chinese* clients force the firm to establish tighter policies and terms of payment for supplies. These supplies are more frequent to compensate for the fact that they are smaller in volume, in order to mitigate the risk of an order not being paid.
- **Pricing challenges:** the *Chinese wholesalers* often mark the prices at levels lower than established ones, as a strategy to attract more clients. This creates the need for a frequent control over the prices that they charge for Alba socks and tights. For this reason, Alba managers regularly visit these clients and check how they are operating.
- **Marketing challenges:** the cultural way of the *Chinese* doing business means selling products with almost no established marketing and communication strategies, which is at the source of many other challenges. They do not promote nor explain the product to clients. If a client does not find what he looks for, he will probably not get any in-store orientation/guidance from the employee. Besides, to convince them about the advantages of having, for example, an advertising billboard is not easy, which makes it difficult for the brand to differentiate itself from the competitor products in these stores that are filled with very large varieties and quantities of merchandise.

Finally, the future of this strategy is not certain for the brand managers. What if "*the Chinese*" leave the country or start operating in business areas other than distribution and retail commerce as fast as they appeared and gained scale? Accordingly to Y Ping Chow, and Yan Tien Kie, these stores open as fast as they close. Besides, accordingly to these business men, this type of business is not sustainable and it will not exist in the future since "there are already large European brands signing contracts with Chinese producers, which will exponentially increase competition"[13].

For a more deep understanding of the impact of these challenges on the brand's image and perceptions through the consumers' point of view, a market study was developed.

[13] Source: Acidi (2003). *Negócio à China*. Available: http://www.acidi.gov.pt/noticias/visualizar-noticia/4cdbf825b20ba/negocio-a-china

3. MARKET RESEARCH

The previous exploratory qualitative research, the interviews realized, indicated some interesting issues to study, contributing to this phase of the dissertation. One of the objectives is to understand how consumers relate to the brand Alba today. Therefore, a questionnaire (Appendix 3) was designed in order to collect descriptive conclusive information about:

- Consumers habits regarding tights' consumption in Portugal
- Alba's brand awareness
- Nowadays rate of consumption of Alba
- Alba's positioning in the market
- Other aspects regarding Alba in the market

3.1 METHODOLOGY

The market research was done through an online survey, distributed through internet mail lists and social networks, resulting in a random sample. The survey included mostly closed answer fixed alternatives, except for the possibility of answering "Other" in some questions. After collecting data from several respondents, the results were treated in order to eliminate respondents that did not complete the survey and the ones who do not use tights. The final sample corresponds to the answers of 182 respondents.

3.1.1 SAMPLE'S ANALYSIS

The market study regarded 182 valid responses from a diverse sample of respondents.
The demographic characteristics of the sample were as follows:

• 100% female

• 2% were under 18 years old, 71% were between 18 and 25 years old, 12% were between 26 and 30 years old, 4% were between 31 and 40 years old, 9% were between 41 and 55 years old, and 1% was over 55 years old

• 19% with a household average annual income of less than €10.000, 33% between €10.000 and €25.000, 25% between €25.000 and €50.000, and 23% more than €50.000

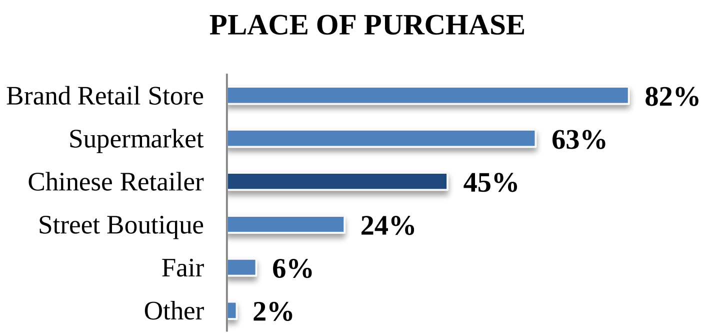
• In terms of regional location, 84% of the respondents live in Lisbon, 6% in Oporto, 4% in Santarém, 3% in Coimbra, 2% in Évora and 1% in Portalegre (Exhibit 8.1).

3.2 RESULTS

3.2.1 TIGHTS' CONSUMPTION HABITS

For the study of tights user habits, four key variables were studied: place of purchase, time and frequency of purchase, most valued attributes, and brands' known/purchased. Regarding the place of purchase, 82% of the respondents stated that they buy tights in brand retail stores. For 63%, supermarkets are among the channels selected for the same purpose, while 45% stand also for *Chinese stores*. Street boutiques are the channel chosen by 24% of the respondents. These results give us interesting insights about which are the most and least popular sales channels for tights: Street boutique stores occupy the 4th place of this ranking, 21 percentage points below the 3rd most preferred distribution channel– *Chinese stores* (Exhibit 8.2a).

Picture 3 - Tights' Place of Purchase



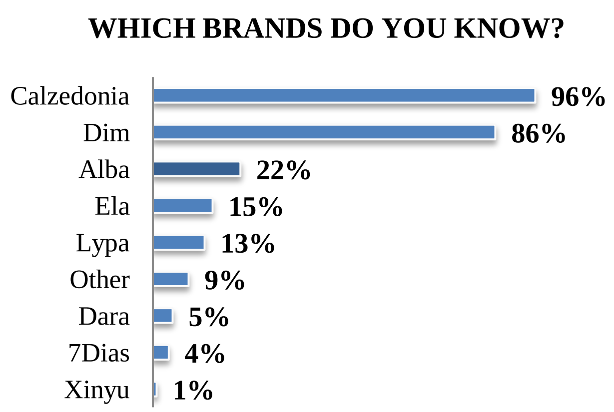
Regarding the time of purchase, the survey results indicate that women tend not to purchase tights on the day they will need them. Only 19.78% of the respondents identified the most with the sentence "I purchase tights on the day I need them". For 31.32% of the women surveyed, the most common situation is to purchase tights on the day before they need them, whereas 48.9% claim to usually have a pair of tights at home in case they need them (Exhibit 8.2b).

As regards purchasing frequency, 65% of the respondents claim to buy this product less than once a month, while 24% does it one time per month. Only 7% of the surveyed women purchase tights every 15 days, and the other 4% do it once or more per week (Exhibit 8.2c).

About the attributes that influence tights users behavior the most, the top three chosen by the survey respondents are ***Color* (30%)**, ***Price* (24%)** and ***Product Lifetime* (16%)**. ***Brand*** is considered the least important attribute for the survey respondents. Only 3% selected *Brand* as part of their top 3 most important attributes (Exhibit 8.2d).

When asked about the brands they recalled from a list of 8 brand names[14], Calzedonia and Dim shown to be the leaders, Calzedonia being recalled by 96% of the surveyed women, and *Dim* by 86% of them. 22% of the respondents recalled the brand Alba, whereas other brands sold in *Chinese stores* such as Lypa or Dara were recognized by no more than 13% of the women. 15% were familiar with the retailer brand Ela, and 9% of the surveyed women stated they were familiar with "Other" brands of tights. It was curious to see that "*chinese*" was identified as a brand by one of those respondents.

Picture 4 – Brand Awareness



Finally, when asked about which brands they purchase from the same list, Calzedonia and Dim maintain a clear advantage compared to all the other brands presented. 84% of the respondents state that they purchase Calzedonia, 58% purchase Dim, 18% purchase

[14] Calzedonia, Dim, Ela Alba, 7Dias, Dara, Lypa, Other

"Other" brands[15] and 14% of the sample surveyed buy Alba. Xinyu and Dara are the least purchased brands. (Exhibit 8.2e).

3.2.2 ALBA – BRAND AWARENESS AND CONSUMPTION

After learning about consumers' habits regarding the consumption of tights, the survey focused on understanding how consumers relate to Alba's products.

In the second section of the survey, an image was shown to the respondents. It represented three different packages of Alba products (Exhibit 8.3). After looking at the referred image, 58% of the women who participated in the survey stated they knew the brand, against 42% who said they did not (Exhibit 8.3a). It was interesting to note that after having the opportunity to see a visual representation of the brand, through its logo, colors, and packages, the **brand recognition increased in 36%**. In fact, in a previous question, without the packages' illustration, only 22% respondents selected Alba as one of the 8 brands of tights they knew.

Among the 58% of women who recognized the brand Alba after looking to the image, the rate of purchase was high: 76% of the consumers' had purchased Alba products at least once (Exhibit 8.3b), and 32% had changed the brand they used to purchase and started to buy Alba. Nevertheless, 28% of the women who knew the brand said they had always purchased other brands and they did not intend to switch. Moreover, 24% of them stated they used to be Alba's consumers and had switched to other brands[16].

Regarding the most chosen distribution channels, 71% of the respondents who already had purchased Alba did it in *Chinese stores*, 41% in supermarkets, and 21% in street boutiques (Exhibit 8.3c).

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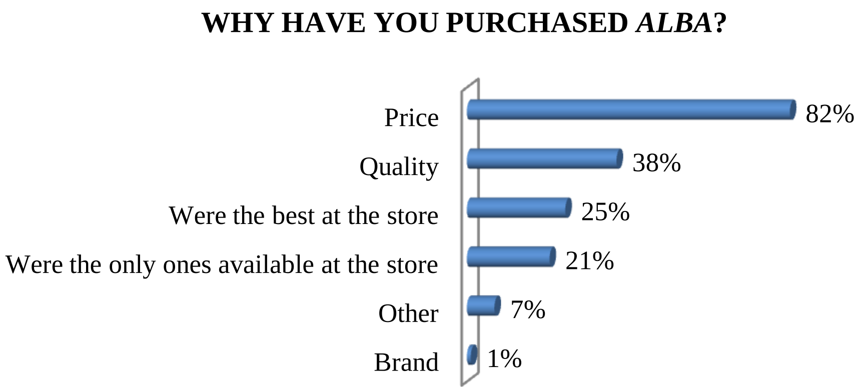
[15] Examples of answers given in the open question "other": H&M; Clothes stores in general (ex. Gap, H&M); Dia; Tezenis; Chinese store – I don't recall the name of the brand which package has blue and white stripes; Lycra; Supermarket private labels; I never look at the brand; Lady; I don't recall the brand; *Chinese stores* brand; *Chinese stores*; Capezio; At the *Indians' stores*; Private labels

[16] Examples of answers given in the open question "other": I purchase the brand Alba when I don't have time to buy another one or when I want to save some Money; I buy Alba when I don't have time to purchase another brand; I buy Alba but I buy other brands as well; I always buy another brand, but I have already purchased Alba

3.2.3 ALBA – PERCEPTIONS AND POSITIONING

To have clearer view of women's perceptions about Alba and about the way the brand is positioned in their mindsets, the questionnaire included a third and final part.
Respondents were asked to choose two out of six reasons why they had chosen Alba. With **82 percentage points**, **Price** was the top reason selected. **Quality** was chosen by **32%** of the surveyed sample, and **25%** of the women said that they had chosen Alba tights because they "**were the best among all the ones available at the store**" at the moment of purchase. **Brand** was only selected by **1%** of the inquired population, which goes along with the findings in section one about the attribute that influence tights purchase the least: Brand. For **7%** of the women, "**Other**" reasons pushed them to purchase Alba, such as "*I heard a lot about the brand from a friend of mine*" or even "*They last for an entire wedding party!*", which gives us some hints about the perception that women have about the quality of these tights.

Picture 5 - Reasons to purchase Alba



When asked about the characteristics that they most associate with Alba, from a list of 6 possible choices, the results were somewhat significant: Women tend to associate Alba to Good Quality, Good Price/Quality Relation, and Product Variety. Besides, 47.19% of the respondents totally agreed that Alba products are "easy to find". Among the list of 6 options, this is the only characteristic for which the majority of the answers is "totally agree" (Exhibit 8.3d).

Finally, people were asked to **compare Alba with *Other Brands***. Exposed to a list of 7 attributes/characteristics[17], they had to say whether they considered Alba better, as good as, or worse than other brands in general. In terms of **Price**, Alba is perceived by the majority of the respondents (66.3%) as **better** than other brands. These are important results to regard since price is among the two attributes that people selected as the ones that influence their consumption of tights the most (section one). On the other hand, **Product Lifetime**, which is the third most important attribute for the surveyed women, is considered by 41.3% of them as worse for Alba than for other brands. All the other attributes from the list (*Color*, *Brand*, *Texture*, *Brightness* and *Comfort*) are considered to be as good for Alba as for other brands in general for the majority of the respondents (Exhibit 8.3e).

[17] Color, Brand, Product Lifetime, Price, Texture, Brightness, Comfort

3. CONCLUSIONS

Throughout the years, Textimalhas accepted the challenges that resulted from the economic and social changes in Portugal and adapted its business model by making adjustments mostly related to Alba's distribution channels.

During the years 2000 Alba managers have decided to take the opportunity that was on their horizon and shifted the brand's distribution process dramatically. Nowadays, *Chinese stores* are one of Alba's main distribution channels, and the challenges resulting from this strategic "revolution" are many.

4.1 MAIN OUTCOMES

The main objectives of this dissertation were to understand which drivers led to the change of the brand's strategy; the key challenges that resulted from this strategy; and the impact of these changes on the brand awareness and perceptions. Therefore it was proposed to give answer to four key research questions in order to better understand the case of Alba.

RQ1: How is the market of tights in Portugal characterized?

- **Customer behavior**

Portuguese women tend not to purchase tights in the day they will need them and the majority normally has a pair of tights at home in case they need it. Most of the consumers purchases tights less than one time per month or one time per month.

Regarding the place of purchase of tights, *Chinese stores* are among customers' top choices. The three most popular channels are brand retail stores (82%), supermarkets (63%) and *Chinese stores* (45%).

The attributes that influence tights' consumption behavior the most, are Color, Price, and Product Lifetime, while Brand is considered the least important attribute. The concern about price and about product lifetime relates very well with the focus that Alba and most of its competitors have about the price-quality relationship.

Regarding aided brand awareness, i.e., the brands that consumers recall when they are exposed to their names, Calzedonia and Dim, two retail brands, lead this list. These are also the most purchased brands. Alba is on the third place, in front of Ela, which is a retail brand, and also ahead of other brands commercialized at *Chinese stores* such as My Dara or Lypa. Alba does not occupy the third place for the most purchased brands; 8% of the respondents who know the brand do not purchase it.

- **Competition**

The competitors of Alba in the Portuguese market both national and international brands commercialized in Portugal. The main competitor brands are Calzedonia, Dim, and brands commercialized in *Chinese stores* such as My Dara (Portuguese brand), Lypa and Xynyu (*Chinese stores*' private label brands).

Among the competitor brands the more cross-cutting characteristics are the internationalization and the support on advertising through multi-channel approaches (mainly for the multinationals Calzedonia and Dim); the wide range of targeted markets (women, men, and children); the wide range of product categories (e.g. underwear, swimwear, sleepwear, etc.); the concern about the price-quality relation; and the concern about fashion and innovation.

Considering the distribution channel models, different strategies are used:

- <u>Single-channel approach</u>: (1) the brand's products are only sold through one-brand stores that are managed either directly, as franchises, or by foreign distributors (Calzedonia); or (2) the brand's products are only sold through retailers that trade several brands (My Dara, Lypa, Xynyu);
- <u>Multi-channel approach</u>: the brand's products are sold through one-brand stores and also through retailers that trade several brands, such as supermarkets or *Chinese Stores* (Dim).

RQ2: Why did Alba managers decided to change the brand's distribution channels structure?

The channels of distribution are the system by which customers have access to a company's product and these structures must adapt to changes in the environment in which firms compete: innovation in distribution can create new marketing opportunities. In the past years, Alba's management was challenged by the economic and social changes in Portugal: the downward trend in the traditional commerce in Portugal – which has started in the beginning of the 2000s and maintains an upward trend in 2013

– led Alba to extend its distribution channels from traditional commerce stores and supermarkets to a new channel: the *Chinese Stores*.

The decision of changing the channel structures required a careful analysis of both the customer behavior and the competitors' strategies. Still, Alba's management team was aware of the fact that a differential advantage could be obtained through channel structure decisions that deviate from conventional channels of distribution.

Alba managers identified the *Chinese stores* as a distribution channel that could give the brand the niche they were looking for. Today, from the analysis of the consumers' behavior, it can be concluded that there is a significantly large segment of the population interested in purchasing tights at *Chinese stores* (45% of the survey respondents). There is also a significant concern from consumers about the price of these products, which increases the search for tights at these stores since the low prices are among the main key success factors of the *Chinese stores* – their profit margins do not exceed 25% because they compete with prices. Finally, the main competitors of Alba are retail brands such as Calzedonia and Dim, which operate with different strategies, such as the focus on fashion. That allows Alba to have a competitive advantage in the market.

RQ3: Which steps were necessary to implement the new channel?

- **How does the *Chinese Stores*' distribution and logistics work?**

The Chinese power in Europe is explained by the control of both the industrial and commercial fields, from distribution to the points of sale. Progressively, the Chinese have purchased the warehouses at large industrial areas, such as Cobo Calleja, close to Madrid, Spain, and from there they supply all their stores.

The impact of Cobo Calleja crosses the boundaries between Portugal and Spain, as it supplies the distribution centers owned by the Chinese in Mindelo, Porto Alto, Martim Moniz, Cabo Ruivo and Sesimbra, Portugal.

The logistics for Alba, between the factory and the *Chinese warehouses*, has two modalities:

- From the factory to the Portuguese distribution centers;
- From the factory to Cobo Calleja, Spain.

- **Which were the main challenges faced by the company throughout the process?**

Portuguese wholesalers and distributors threatened to cut off their entire purchases from the factory, claiming that no clients – referring to the traditional commerce stores – would buy Alba's socks and tights anymore since they would never want to sell products available at the *Chinese stores*. Besides, cultural and language barriers do not allow for the creation of a relationship with clients, which gives little room for negotiating:

- **Operational challenges – supplies' payments:** tighter politics and terms of payment of supplies to mitigate the risk of an order not being paid.
- **Pricing challenges:** the *Chinese* wholesalers often mark the prices at levels lower than the defined ones, as a strategy to attract more clients.
- **Marketing challenges:** It is difficult for the brand to differentiate itself in-store from the competitor products.

RQ4: How does the new distribution channel approach affect the brand awareness, brand positioning, and brand image?

Today, Alba has to manage its multichannel strategy and keep the competiveness of its products high. The *Chinese stores* channel has become a crucial pillar of the brand, and it is important to understand the strength of this strategy, i.e., the brand awareness and brand perception nowadays, in order to understand what marketing efforts must be done to ensure and keep the current position.

Regarding customer brand awareness and perceptions, after looking at visual representations of Alba products, the **brand recognition increased in 36%** which means that brand elements such as the logo, colors, and packages have impact on customers' brand awareness and recall. These results are of critical importance: many times purchasing decisions are made in the store, and the package can have a large influence on which brand is ultimately purchased. Besides, it is important to note that the new strategy for Alba distribution channels did not "kill" the brand.

The main reasons identified as motivations to purchase Alba products are price and quality. The brand is mostly associated with good quality, good price/quality relationship, easy to find, and product variety. When compared to other brands, Alba is perceived to be better in terms of price, worse in terms of product lifetime, and as good as the others in terms of Color, Brand, Texture, Brightness and Comfort.

4. LIMITATIONS AND FUTURE RESEARCH

The market research developed through the launch of a survey provided important information for the dissertation and it gave interesting insights about the market of tights in Portugal in what relates to customer behavior. Besides, it provided information about the relation between Alba and consumers, more specifically regarding brand awareness, brand image and perceptions. The research allowed an overall view of the brand position in the Portuguese market in 2013. However, it had also some limitations.

Firstly, the study gathered a sample that may not be considered representative of the Portuguese consumers but of a segment only. The sample's distribution does not meet the universe distribution, since 71% of the respondents were aged between 18 and 25, and 12% were aged between 25 and 30. Furthermore, the lack of older women (e.g. women aged between 40 and 55) in the sample does not allow the ideal interpretation of questions such as question 13. It would be interesting to understand the behavior of these women because they were the ones who have potentially been consumers of Alba since the brand's first years. These results might contribute for a better understanding of the impact of the new strategy on the consumers' behavior regarding Alba.

Considering the questionnaire design and structure, these may have also had an impact on the respondents' choices. For example, in questions number 8 and 9 the list of eight possible brands to select may have biased the results. The two most selected options were, in both questions, Calzedonia and Dim. These were the first two options presented to all the survey respondents. To prevent this risk, the list of brands could have been randomized in terms of the order by which the list was shown.

Though important findings were taken, the research also lacked a deeper analysis on consumer perspective about the *Chinese stores*. The survey did not have a section in which the respondents could comparatively evaluate their perceptions about products sold in retail stores and products sold in *Chinese stores*. Furthermore, the survey did not allow for people to make comparisons between the several brands sold in *Chinese stores.*

As a continuation of this case study I believe it would be interesting to study the reasons that make people purchase Alba more than the other brands sold in the Chinese stores, such as My Dara or Lypa. Is it because the brand is Portuguese, in contrast to Lypa or Xynyu (and also sounds like Portuguese, as opposed to to My Dara)? Is it because people believe its quality is better than the others? Is it random? Or is it because people still recall Alba as a brand they purchased in more traditional distribution channels? In fact, if the last reason justifies the fact that Alba is the most known and purchased brand among the ones sold in *Chinese stores*, should Alba managers be concerned about the future? What will happen when these people – people who accompanied the brand's evolution – are not Alba customers anymore? Will the future clients choose for Alba, or will they just look for a pair of tights, making a random choice in what concerns the brand?

5. TEACHING NOTES

6.1 SYNOPSIS

Textimalhas – Fabrico e Comercialização de Malhas, S.A. is a Portuguese company that competes in the market of socks and tights for women. In the early 2000s, the strategy of the firm was on the table, and the decision on how to face new scenarios was one of the most challenging periods for Textimalhas' management team. Alba's main distribution channels have started to "disappear", and the economic and social context evolved a lot in Portugal. Nowadays, *Chinese stores* are among Alba's main distribution channel, and the challenges resulting from this strategic "revolution" are many. In this case we focus the brand's adaptation to the new strategy and the all the elements that were part of that process.

6.2 TARGET AND AUDIENCE

Alba case study covers several topics as distribution channels, brand management and brand elements, marketing research, and strategic marketing. This case can be an interesting learning tool for students attending the courses of Marketing, Strategic Marketing, or Brand Management, and it allows an overview on these subjects through the real business case of Alba.

6.3 RELEVANCE OF THE STUDY

This dissertation is an in depth overview of a brand which strategy has been challenged throughout the years. The opportunities and threats faced by the brand managers are presented in this case study, along with the decisions taken and their consequences. The analysis of this case allows for a better comprehension of the marketing theoretical concepts by applying them to the real life and understanding their interconnections.

6.4 TEACHING PLAN

Students should have some previous familiarity with the main theoretical concepts covered in Marketing and Brand Management. They should prepare the class by reading the case in depth, and for a more complete preparation, the following readings are suggested:

1. David J. Bryce & Jeffrey H.Dyer
   Strategies to Crack Well-Guarded Markets,
   Harvard Business Review, 2007
2. Jan-Benedict Steenkamp E.M. & Nirmalya Kumar
   Don't Be Undersold,
   Harvard Business Review, 2009

6.4.1 IN CLASS DISCUSSION: CASE ANALYSIS

To start the analysis of the case study, the class should have a 10 to 15 minutes' brainstorm of the mains topics covered in the case. Suggestion: the class may develop - in the blackboard – a schematic overview of the case study as a whole. Its' purpose is to be a supporting tool for the in-class discussion.

6.4.2 DISCUSSION QUESTIONS

After the in-class case analysis, it is proposed a class debate about the main topics pointed out by the students. The questions below should guide the debate. Please note that more than one answer can be considered correct.

1. Consider the brand and its positioning in the market before the 21st century, and identify its main strengths, weaknesses, opportunities and threats.
2. Explain the marketing opportunity identified by Alba managers in the beginning of the 21st century, taking in consideration the brand's previous strategy. Your answer must cover the following topics:
   - The main characteristics of the brand's product portfolio that are related to the identified opportunity.

- An explanation of how Alba could benefit from that opportunity, making reference to the competitors' analysis.

6.4.3 GROUP ASSIGNMENT

As homework, students should be challenged to form groups of three to four members and discuss the following aspects regarding the case study:

1. Reflect on the challenges faced by the brand as the new strategy was implemented. How do you think the brand image and perceptions today are connected to the strategic moves taken by Alba's management since the begging of 2006? If you were Alba managers, would you have taken the same decision? Explain.

   Answers must cover the following topics:
   - Concepts of brand image and brand associations
   - The challenges that the managers faced in 2006
   - The risks associated to those challenges
   - The competitive advantage resulting from the implementation of the new strategy
2. Focus on the internationalization process that started in 2009. Which are its main advantages and disadvantages? What are the risks associated to this strategy? List three to five strategic moves that the brand managers should consider for the future in order to support the success and sustainability of this strategy and mitigate the related risks.

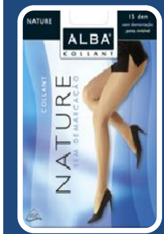
   Answers must cover the following topics:
   - Brief description of the process and its characteristics
   - Risks and advantages (e.g.: the risk of "loosing" the brand name Alba; the risk of relying too much in the Spanish market; the competitive advantages over other brands; the increase in sales during the recession)
   - Strategies for the future (e.g.: to sustain a determined percentage of non-Chinese clients and why; to create a new brand and sell under different brand names in different channels; to extend the strategy to other international markets)

6. EXHIBITS

EXHIBIT 1: PRODUCT PORTFOLIO

LYCRA SEDA

- Collant
- Collant XL com painel
- Meia Liga
- Mini Meia
- Soquete



NATURE

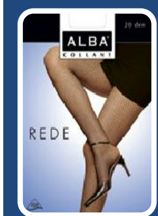
- Collant T.U.
- Collant T. Esp.
- Meia Liga
- Mini Meia
- Collant Sem Demarcação
- Collant Sem Demarcação cb
- Mini Meia com renda
- Meia Liga com renda

LADY CARE

- Collant

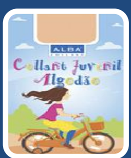
PALMILHAS

- Algodão
- Mousse



REDE/REDÍSSIMA

- Collant Rede
- Meia Liga Rede
- Mini Meia Rede
- Soquete Rede
- Collant Redíssima
- Mini Meia Redíssima

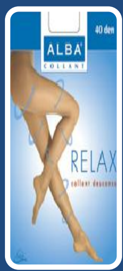


JUVENIL

- Algodão
- Microfibra
- Leggings

OPACO

- Collant T. Esp.
- Collant XL com painel
- Collant, Leggings
- Meia Liga
- Mini Meia
- Soquete



RELAX

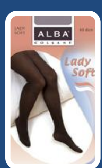
- Collant Den 40, 70, 140
- Collant XL Den 40, 70
- Mini Meia 40 Den, Massajante
- Mini Meia 70 Den 70, 140

VIDRO

- Collant
- Collant XL com painel
- Meia Liga
- Mini Meia
- Soquete

MOUSSE

- Collant
- Collant XL com painel
- Collant Extra Longo
- Meia Liga



LADY SOFT

- Collant
- Collant XL com painel
- Collant sem pé
- Meia Liga
- Mini Meia
- Soquete Anti-Derrapante

ALGODÃO

- Collant

EXHIBIT 2: OPERATIONS

The production procedure is divided in 6 major operations:

1. Knitting – this section is composed by 72 electronic looms *Lonati* that have the capacity to manufacture, on average, 24 pairs of "legs" per hour. The production starts in these looms that are prepared to work according to pre-defined manufacturing programs and different types of thread, which allows manufacturing a large variety of products. The knitting section works 8 hours a day, from Monday to Friday, with the support of qualified technicians that frequently control the quality of the product (size, compression, mesh, etc.). A special attention is taken to the air temperature and humidity, to ensure the optimization of the looms' functioning and the consequent quality level of the final product.
2. Seam – In the Seam section, 12 *Takatori* machines are handled by technicians to transform the products that come from the Knitting into their final form. These machines put together the "legs" and sew the *toe-cap*.
3. Quality control – Every article that comes from the Seam with the final shape is verified in the Quality Control section to ensure that there are no defects. For this purpose, 8 *Cortese* machines are handled by one technician each. These machines also perform the pre-thermoforming process, which is required for a better presentation and quality of the products delivered to the final consumer. In this section there are also available 3 different *Cortese* machines that permit the forming process with steam; these are used for special products.
4. Dyeing and laboratory – At this stage of the process, every article produced has the same white color. Here, the socks and tights are colored. The dyeing process consists in the introduction of the manufactured product in a high temperature aqueous solution that contains a mixture of dyes and allows the articles to obtain the desired color. During the process other chemical substances are applied to the products, to make them softer to the touch and slightly perfume them. The Dyeing and Laboratory section is equipped with 5 dyeing electronic pipes *Loris Bellini*, 2 hydro extractors, and 2 dryers. There is also a laboratory, controlled by a chemical engineer, where the dyeing formulas are prepared, tested, and controlled.

5. Packaging – equipped with 7 automatic lull machines that ensure 90% of the production, this section is adapted to the several types of articles and package formats.
6. Distribution – The distribution is partly outsourced. For the metropolitan area of Lisbon, it is done on a daily basis with two wagons owned and controlled by the firm's management. Outside these limits, the distribution is outsourced. It is performed by a transport firm and the shipments are daily as well, except for the summer months (between June and September).

EXHIBIT 3: TRADITIONAL VS. MODERN COMMERCE

RETAIL COMMERCE		
DIMENSION IN ANALYSIS	**TRADITIONAL COMMERCE**	**MODERN COMMERCE**
Store Format	• Small and generalist stores • Small and specialized stores • Markets • Fairs • Warehouses	• Super/hyper-markets, *discounts* • Large specialized stores • Shopping malls • Megastores • Convenience stores
Sale Format	• Counter sales • Trader/Customer relationship • Itinerant trading	• Self-service • Vending machines • Distance selling • Virtual stores
Type of Business	• Small retailer • Independent traders • Small businesses (1 store)	• Large distribution chains • *Franchising* • Branch network system • Anonymous and quota societies
Management Strategy	• Family businesses • Lack of strategic planning	• Strategic management • Economies of scale • Cost reduction • Product differentiation • New markets
Location	• City center • Main artery of the city • Residencial district • Proximity (neighbourhood) • Centralidade • Convinince (proximity)	• Periphery • City center • Large urban areas • Accessability • Parking easiness • Convinience (flexible schedules)

EXHIBIT 4: MARITIME PORTS OF BARCELONA AND VALENCIA

EXHIBIT 5: COBO CALLEJA

Fuenlabrada’s distribution center employs around 3.000 people, 60% Spanish and the other 40% Chinese. All these workers are dedicated to the transaction of products imported from China. Textiles, shoes, perfumes, cosmetics, electronic devices are just a few of the plenty categories of products that can be found in Cobo Calleja. To purchase there, shoppers are required to buy a minimum of 12 products.

The Chinese power in the European commercial sector is explained by the control of both the industrial and commercial fields. In fact, their control over the entire chain of production, from manufacturing to distribution, and even the points of sale, is allowing them to have very competitive prices in the occidental countries. To make clearer, products such as clothes are exported to Europe at prices that are 60% below the ones practiced in the occident. Besides, during the past few years, Asian entrepreneurs have been fighting for the few warehouses that are still owned by Spanish traders, which boosted the price of the squared feet in the area. The Chinese are willing to pay around €2.500 per square feet and some of the Spanish owners are opting for renting contracts with unbeatable fees. The rent of a 70 square feet establishment can reach the €3.500

per month. According to Spanish owners, the Chinese “Arrive with irresistible offers (…). They have offered me 2 million Euros for my warehouse in Cobo Calleja.

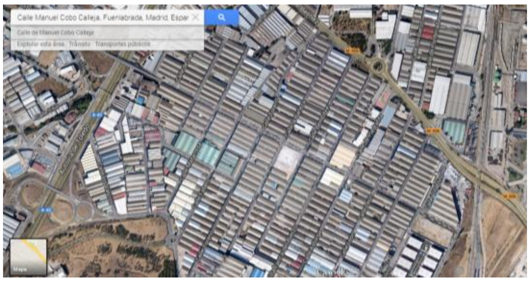


EXHIBIT 6: DISTRIBUTION CENTERS IN PORTUGAL

Porto Alto:

In 1998 Chen Liao, a Chinese merchant living in Portugal since 1995, chose Porto Alto, to create the first “truly Chinese” wholesaler center in Portugal, as it is possible to read in the front entrance of the business hub, already known as *Portuguese Chinatown*.
Chen Liao,responsible for the opening of dozens of *Chinese stores* in the area of Lisbon, owns today about 30 warehouses in the complex of Porto Alto, which supplies more than 5,000 clients throughout the country. In fact, the majority of the merchandise sold in the *Chinese stores* in Portugal is purchased in Porto Alto, where more than 2,000 different articles are traded. Porto Alto center has 480 square feet and most of the products sold there come from China. The imports of textile products from China to Portugal reached €295.5 million in 2009.

Mindelo:

The former facilities of the Mindelo plant in Vila do Conde have given place to the real estate project Mindelo Park.
Midelo Park was the target for the Chinese community’s investment in 2011, and since then several stores, warehouses and restaurants have been established there. The €50 million investment has created more than 2.000 jobs in a complex that has more than 100 establishments. Accordingly to Y Ping Show, at Mindelo Park it is possible to find “the best products from China”, with a “level of quality higher than what the Portuguese

have been used to", at "very accessible prices"[18]. Clothes, electronic products or household appliance are some of the market segments with greatest dominance in Vila do Conde's commercial center.

EXHIBIT 7: SALES VOLUME

a. Alba - Total Volume of Sales (Euros/Year):

Year	Volume of Sales (€)
2010	2,750,000
2011	2,427,000
2012	3,100,000
2013 (forecast)	3,100,000

b. Alba - Sales to the *Chinese stores* in percentage of the total volume of sales (Euros/Year):

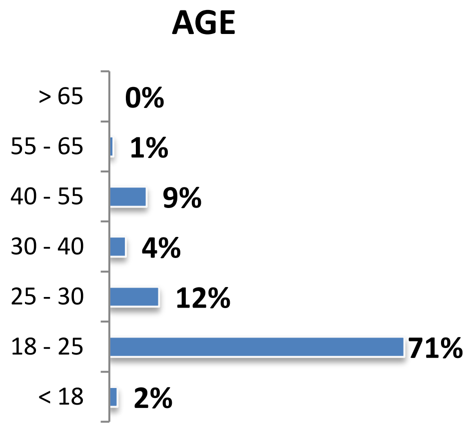
Year	Sales for the *Chinese stores* (in % of the total volume of sales)		
	Aggregate	Portugal	Spain
2009	2.2%	2%	0.2%
2010	18%	16%	2%
2011	26%	21%	5%
2012	33%	23%	10%
2013 (forecast)	41%	27%	14%

[18] Source: Jornal de Negócios (2011) *"Chinese Trade Center" vai nascer na antiga fábrica Mindelo*. Available: http://www.jn.pt/paginainicial/pais/concelho.aspx?Distrito=Porto&Concelho=Vila+do+Conde&Option=Interior&content_id=1779975&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+JN-PAIS+(JN+-+Pais)&page=-1

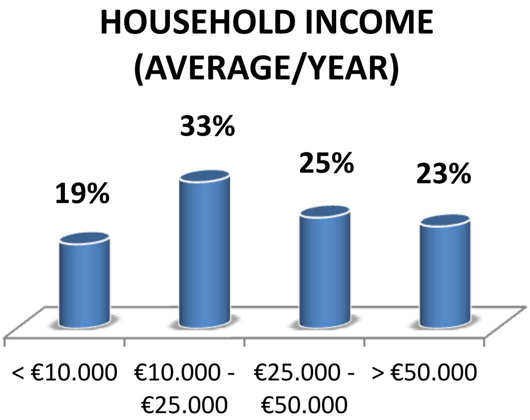
EXHIBIT 8: SURVEY ANALYSIS

8.1 – DEMOGRAPHICS

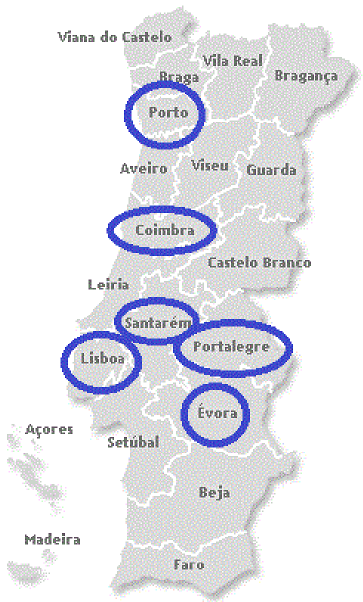
8.1a – Age

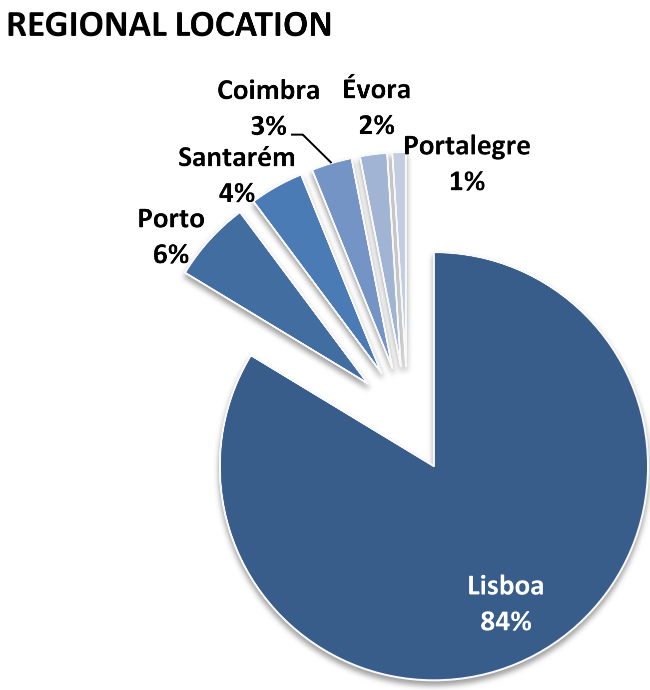


8.1b – Household income (average/year)



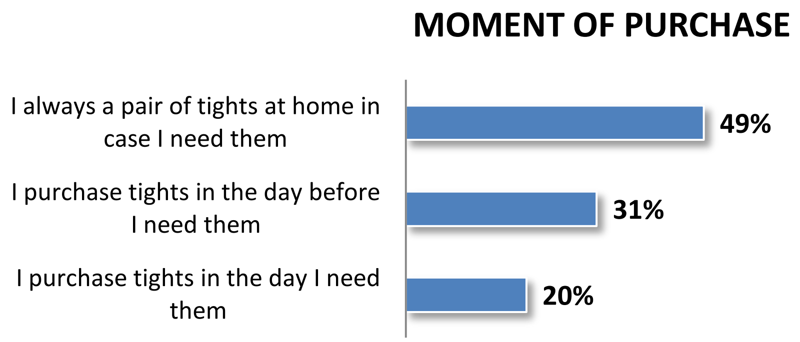
8.1c – Regional Location



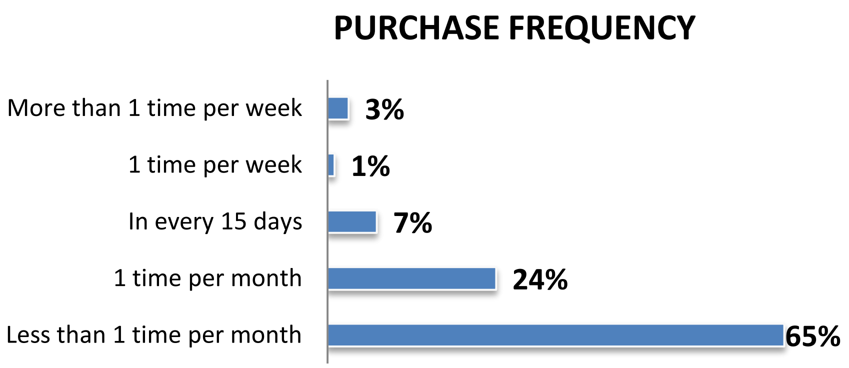


8.2 – CUSTOMER BEHAVIOR

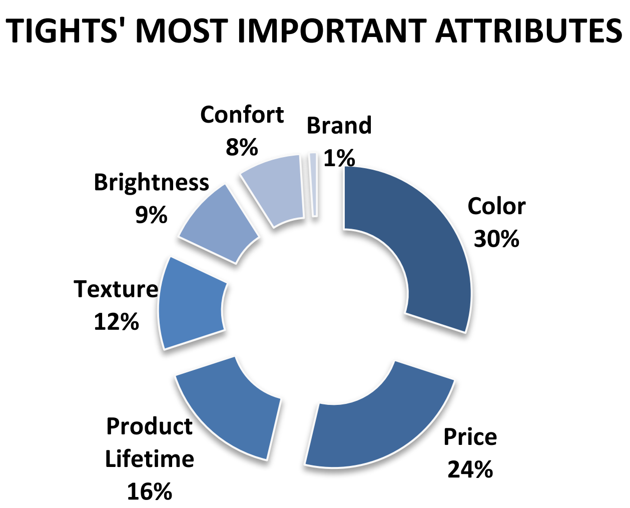
8.2a – Moment of purchase of tights



8.2b – Tights' purchasing frequency

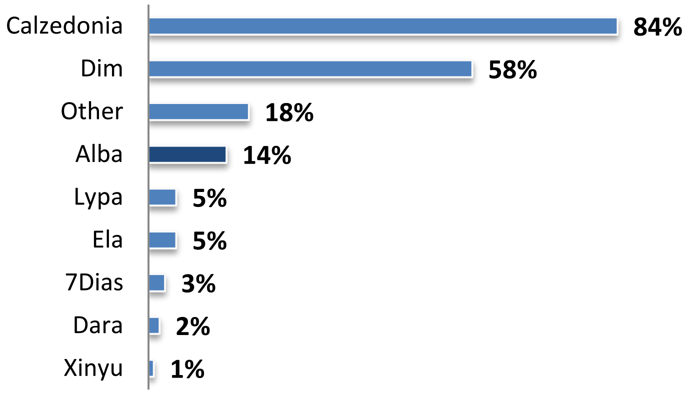


8.2c – Tights' most important attributes



8.2d – Most purchased brands of tights

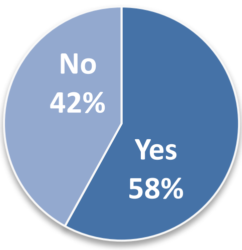
WHICH BRANDS DO YOU PURCHASE?



8.3 – ALBA CONSUMPTION PATTERNS AND BRAND ASSOCIATIONS

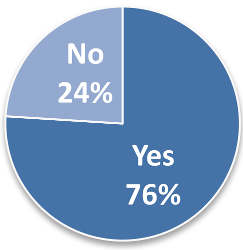
8..3a – Alba's **aided** brand awareness

DO YOU KNOW THIS BRAND?



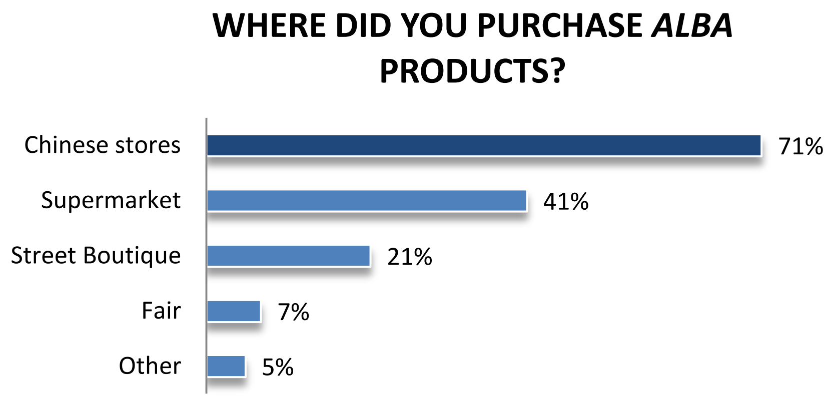
8.3b – Alba trial rate

HAVE YOU EVER PURCHASED THIS BRAND?[1]



[1]These are the answers from the 58% of the respondents who answered "yes" to the previous question (Do you know this brand?)

8.3c – Alba's most popular distribution channels



8.3d – Alba's brand association (Which characteristics do you associate to the brand Alba the most?)

	TOTALLY DISAGREE	PARTLY DISAGREE	PARTLY AGREE	TOTALLY AGREE
Good Quality	3.33%	21.11%	**62.22%**	13.33%
Good Price/Quality relation	0.00%	8.99%	**51.69%**	39.33%
Easy to Find	1.12%	12.36%	39.33%	**47.19%**
Tradition	26.74%	30.23%	**31.40%**	11.63%
Made in Portugal	21.84%	18.39%	**36.78%**	22.99%
Product Variety	21.84%	27.59%	**45.98%**	4.60%

- Good Quality: 62.22% of the respondents *partly agree* with the association between Alba and "Good Quality";
- Good Price/Quality relation: the majority of the surveyed women believes that Alba has a "Good Price/Quality relation" - 51.69% *partly agree*; 39.33% *totally agree;*
- Easy to Find: 47.19% of the respondents totally agreed that Alba products are "easy to find". Among the list of 6 options, this is the only characteristic for which the majority of the answers is "totally agree";
- Tradition: 31.4% of the respondents *partly agree* with the association between Alba and "Tradition"; Yet, the most significant percentage – around 57% – of

the surveyed women tends not to associate Alba with “Tradition” (26.74% *totally disagree*; 30.23% *partly disagree*);

- Made in Portugal: the results are not clear in pointing out a positive or a negative association between Alba and the “Made in Portugal” tag (22.99% *totally agree;* 36.78% *partly agree;* 18.39% *partly disagree;*21.84% *totally disagree*);
- Product Variety: most of the answers converge to the positive association between Alba and “Product Variety” (45.98% *partly agree*).

8.3e – Alba’s brand perceptions (Alba vs Other Brands)

	BETTER	THE SAME	WORSE
Color	11.96%	**75.00%**	13.04%
Brand	7.61%	**64.13%**	28.26%
Product Lifetime	14.13%	**44.57%**	**41.30%**
Price	**66.30%**	26.09%	7.61%
Texture	10.87%	**59.78%**	29.35%
Brightness	10.87%	**63.04%**	26.09%
Comfort	15.22%	**58.70%**	26.09%

7. APPENDICES

8.1 APPENDIX 1: INTERVIEW GUILDEINES TO FRANCISCO RAPOSO (MANAGER)

Day: July 7th, 2013

Place: Textimalhas offices

Interviewed: Francisco Raposo, Alba Manager

1. Presentation and explanation of the dissertation objectives
2. Main topics discussed:
   - Company overview
   - Product portfolio
   - Alba distribution channels' strategy evolution
   - The *Chinese stores* and *warehouses* in Portugal and Spain
3. Request for a list of people that were part of Textimalhas management team and to who I could/should interview (request meeting)
4. Request for information about sales volumes and distribution channels
5. Discussion about privacy issues related to the publication the company's information
6. Guided tour through the factory plant and explanation about each process of production

8.2 APPENDIX 2: INTERVIEW GUIDELINES TO FRANCISCO RAPOSO

Day: August 1st, 2013

Place: Textimalhas offices

Interviewed: Francisco Raposo, Textimalhas founder, owner, and director

1. Presentation and explanation of the dissertation objectives
2. Main topics discussed:
   - History of the company
   - The economic and social context of Portugal since the 1980's and how it affected the brand management
   - The challenges for the future of the brand

8.3 APPENDIX 3: SURVEY

Master Thesis Survey

Q1 This survey targets women only and it has been developed in the scope of a market research about the customer behavior concerning the purchase of tights. This study is part of a Master Thesis in Strategic Marketing in the scope of a degree of MSc in Business Administration, at Católica-Lisbon School of Business and Economics. Thank you for your participation!

Q2 Do you purchase tights?

- ❍ Yes (1)
- ❍ No (2)

If Não Is Selected, Then Skip To End of Survey

Q3 Select all the places where you purchase tights.

- ❑ Supermarket (1)
- ❑ Retail brand store (2)
- ❑ *Chinese store* (3)
- ❑ Street boutique (4)
- ❑ Fair (5)
- ❑ Other (6) ____________________

Q4 Em que momento procede à compra de Collants?Arraste as frases de forma a ordenar as afirmações, sendo a 1 aquela que mais se adequa ao seu comportamento habitual, e a 3 aquela que menos se adequa ao seu comportamento habitual.

______ I purchase tights in the day I need them (1)
______ I purchase tights in the day before I need them (2)
______ I always a pair of tights at home in case I need them (3)

Q5 How frequently do you purchase tights?

- ❍ More than 1 time per week (1)
- ❍ 1 time per week (2)
- ❍ In every 15 days (3)
- ❍ 1 time per month (4)
- ❍ Less than 1 time per month (5)

Q6 When you purchase tights, what are the attributes that influence your choice the most? Select the 3 attributes that influence you purchase the most.

- ❑ Color (1)
- ❑ Brand (2)
- ❑ Product Lifetime (3)
- ❑ Price (4)
- ❑ Texture (5)
- ❑ Brightness (6)
- ❑ Comfort (7)

Q7 Which tights' brands do you know? You may select more than 1 option.

- ❑ Calzedonia (1)
- ❑ Dim (2)
- ❑ Ela (3)
- ❑ Alba (4)
- ❑ 7Dias (5)
- ❑ Dara (6)
- ❑ Lypa (7)
- ❑ Xinyu (8)
- ❑ Other (9) ____________________

Q8 Which tights' brands do you purchase? You may select more than 1 option.

- ❑ Calzedonia (1)
- ❑ Dim (2)
- ❑ Ela (3)
- ❑ Alba (4)
- ❑ 7Dias (5)
- ❑ Dara (6)
- ❑ Lypa (7)
- ❑ Xinyu (8)
- ❑ Other (9) ____________________

Q9 In the picture below you can find the packages of 3 products of a brand.

Q10

Q11 Do you know this brand?

- ❍ Yes (1)
- ❍ No (2)

If Não Is Selected, Then Skip To Q18

Q12 Have you ever purchased any product of this brand?

- ❍ Yes (1)
- ❍ No (2)

If Não Is Selected, Then Skip To Q16

Q13 Select the sentence that better describes your behavior.

- ❍ I have switched brand in favor of Alba (1)
- ❍ I used to purchase Alba and switched for other brand (2)
- ❍ I have always purchased other brands and I don't consider to switch (3)
- ❍ I have always purchased Alba and I don't consider to switch (4)
- ❍ I purchase any brand (5)
- ❍ Other (6) ____________________

Q14 Where have you purchased Alba products?

- ❑ Supermarket (1)
- ❑ Street boutique (2)
- ❑ *Chinese store* (3)
- ❑ Fair (4)
- ❑ Other (5) ____________________

Q15 Why have you purchased Alba produtcs? Select 2 options.

- ❑ Brand (1)
- ❑ Price (2)
- ❑ Quality (3)
- ❑ Were the only ones available at the store (4)
- ❑ Were the best at the store (5)
- ❑ Other (6) ____________________

Q16 How do you associate the following characteristics to the brand Alba?

	ALBA			
	Totally Disagree (1)	Partly Disagree (2)	Party Agree (3)	Totally Agree (4)
Good Quality (1)	❍	❍	❍	❍
Good Price/Quality relationship (2)	❍	❍	❍	❍
Easy to find (3)	❍	❍	❍	❍
Tradition (4)	❍	❍	❍	❍
Made In Portugal (5)	❍	❍	❍	❍
Product Variety (6)	❍	❍	❍	❍

Q17 How do you classify Alba when compared to Other Brands in the following parameters?

	ALBA vs. Other Brands		
	Better (1)	As Good (2)	Worse (3)
Color (1)	❍	❍	❍
Brand (2)	❍	❍	❍
Product Lifetime (3)	❍	❍	❍
Price (4)	❍	❍	❍
Texture (5)	❍	❍	❍
Brightness (6)	❍	❍	❍
Comfort (7)	❍	❍	❍

Q18 Age

- < 18 (1)
- 18 - 25 (2)
- 25 - 30 (3)
- 30 - 40 (4)
- 40 - 55 (5)
- 55 - 65 (6)
- > 65 (7)

Q19 Average Household Income (per year):

- < 10.000 € (1)
- 10.000 € - 25.000 € (2)
- 25.000 € - 50.000 € (3)
- > 50.000 € (4)

Q20 Regional Location

- Aveiro (1)
- Beja (2)
- Braga (3)
- Bragança (4)
- Castelo Branco (5)
- Coimbra (6)
- Évora (7)
- Faro (8)
- Guarda (9)
- Leiria (10)
- Lisboa (11)
- Portalegre (12)
- Porto (13)
- Santarém (14)
- Setúbal (15)
- Viana do Castelo (16)
- Vila Real (17)
- Viseu (18)

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