E-COMMERCE AND ZAPATO SANCHEZ, CUSTOM SHOES: RESEARCH AND EXPLORATION

Presented by:

Sabrina Capito and Maria Garcia,
Agenda

➢ Zapato Sanchez
  ○ Company Background
  ○ Problem Identification
    - Client Objective
    - Marketing research problem

➢ Research Process
  ○ Secondary research - Literature Review
  ○ Qualitative research - Focus Group
  ○ Quantitative research - Questionnaire survey

➢ Results and Implications
The Objective

Zapato Sanchez is a local custom shoe and repair company based out of West Edmonton Mall. Started making and selling custom shoes 5 years ago

Julio’s Goal: How to increase online sales
Marketing Research Problem

Determine a clear target market segment and examine target markets preference for:

1. shoe production,
2. purchase concerns,
3. marketing information absorb channel,
4. online purchasing habits.
Research Phases

Phase 1: Secondary Research
   Literature Review

Phase 2: Qualitative Research
   Focus Group

Phase 3: Quantitative Research
   Questionnaire

The Hypothesis: By aggressively marketing on online platforms, he will successfully gain online sales.
Phase 1: Secondary Research

Literature Review: Thoughts and Inquiry

➢ Characteristics of generation Y and X: Top 10 Characteristics of the Four Generations Currently in the Workforce
➢ Men’s fashion and customization: Men’s Wear Holds Its Own
➢ Footwear industry and waste: The realisation of end-of-life product recovery to support a zero waste to landfill approach in footwear industry
➢ Pop-up shops and influencing consumer behaviour: How brand interaction in pop-up shops influences consumers’ perceptions of luxury fashion retailers
➢ E-Commerce: Small Medium Enterprises: On Utilizing Business-to Business e-commerce to Go Global
Market Takeaways From the Literature

The Market:
1. Traditionalists value personal gratification; desire money and recognition
2. Generation X wants products and experiences that are fun and informal that also challenges the system
3. Generation X-er’s are also less loyal to brands as they will experiment with other brands

Men’s Fashion:
1. Mass retailing has been passed over for custom tailored brands.
2. Authentic product(s), coupled with a unique experience(s) that tie in with their unique identity

Sustainability:
1. High volume at which people buy shoes per year and how custom shoes are more economical in the long run
2. Product life cycle and cost effective purchasing strategies

Marketing Opportunities and E-Commerce:
1. Brand interaction influences consumers’ perceptions of luxury fashion retailers
2. Social media influencers today are winning over the internet and have a huge impact on the younger generation
3. Internet Growth means SME’s need to adopt e-commerce platforms to keep up with the market
Phase 2: Qualitative Research

Key Questions and Themings from Mr. Sanchez

➢ “What is your target age demographic?”,
➢ “Do you give discounts to repeat customers?”,
➢ “What marketing do you currently have?”,
➢ “How often do your repeat customers buy shoes?”

Themes: Exploratory Research for the FGD

➢ Relevant factors used by men in selecting dress shoes to purchase.
➢ What consumers consider in competing stores for specific product categories
➢ Psychological characteristics of consumers that are likely to influence purchasing and promote patronage behaviour
➢ Any other aspects of consumer choice behaviour that may be relevant to store patronage
Thoughts from the Group

Shoes and the fashion world:

- Style matters to me
- I would push the edge of style
- Look sharp and smart in the business world
- I have no specific style
- Like classic over conservative styles
- Men should dress for success
- No interest in fast fashion

Subcategory: Style Impression

- Zapato has eye catching colors
- Zapato looks like a special occasion shoe
- Zapato shoes are eye catching
- Zapato looks like they fit well
- Zapato is me

Zapato shoe thoughts and reflections

Subcategory: Store Impression

- I love locally owned stores
- Experience in the industry has meaning to me
- Store is artisanal, warm and appealing
- Zapato’s business looks established
- Zapato has a demure and conservative look

Subcategory: Shoe style

- I prefer browns/black/grey shoe colors
- Not interested in hand painted or funky colors
- Should match my belt and match suit
- I don’t like shoes to be too adventurous
<table>
<thead>
<tr>
<th><strong>Focus Group:</strong></th>
<th><strong>Participant 1:</strong> Benjamin G</th>
<th><strong>Participant 2:</strong> Dave B</th>
<th><strong>Participant 3:</strong> Khagan P</th>
<th><strong>Participant 4:</strong> Justin G</th>
<th><strong>Participant 5:</strong> Reid W</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>Early 50’s</td>
<td>Mid 50’s</td>
<td>Late 30’s</td>
<td>Early 30’s</td>
<td>Mid 20’s</td>
</tr>
<tr>
<td><strong>Occupation</strong></td>
<td>Mortgage Broker</td>
<td>VIP of Finance at Lehigh and Hanson</td>
<td>Inside Sales Administrator at Roofmart.</td>
<td>High school teacher</td>
<td>University Student.</td>
</tr>
</tbody>
</table>
Key Notes and Findings

Customization and Style:

➢ “Zapato is me,”
➢ Loved the unique colours, laces, and eye catching designs
➢ But, preference on classic styles:
   (Neutral, practical and ability to match pre-owned suits)

Online vs Store

Online:
➢ “Scroll right past an ad on Facebook”
➢ “Instagram and Facebook doesn't matter”
➢ “No, it would not matter, you aren't there to see ads.” (On LinkedIn)

Store:
➢ “Looks more traditional and like someone is actually in the back making your shoes.”
➢ “Would want to go in and measure foot and if you buy it online would lose the experience.”
Summary of the Focus Group

Overall, participants want:

➢ Quality, durability and simplicity
➢ More awareness and knowledge
➢ The Experience
Phase 3: Quantitative Research

➢ Survey
  ➢ Conducted survey via Google forms and face-to-face
  ➢ Survey was divided in sections to investigate the following:
    ➢ Consumer Behaviour
    ➢ Experience
    ➢ Custom Products
    ➢ Price and Communication
    ➢ Demographic
  ➢ Obtained 127 male respondents (n=127)

The Hypothesis (revised): Online Shopping is dependant on age.

What is your age?

<table>
<thead>
<tr>
<th>Generation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
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<tbody>
<tr>
<td>Generation X (1965–1979)</td>
<td>9</td>
<td>5.6</td>
</tr>
<tr>
<td>Generation Y (1980–1994)</td>
<td>44</td>
<td>27.5</td>
</tr>
<tr>
<td>The Traditionalists (1946–1964)</td>
<td>21</td>
<td>13.1</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>78.8</td>
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At a 95% confidence level (alpha = 0.05), our null hypothesis would not be rejected based on the p-value being 0.672.
Focus Group Results

➢ Focus Group:
  ○ Website is mostly used for research purposes
  ○ Sought out quality in their shoes
  ○ They did not like the 6 month wait time

Implication: Brand establishment and brand advertisement repositioning
  ○ Establish brand presence within Edmonton.
  ○ Post videos of the product being made.
Questionnaire Results

➢ Survey
  o People are not educated on the custom shoe market in Edmonton
  o Males find new products and style inspiration on social media
  o Men typically purchase shoes in-store
  o People were only willing to wait a maximum of 3 months

Implication: Generational marketing shift:
  o Shift to Generation Y based on survey results

<table>
<thead>
<tr>
<th>Table 3: “Where do you buy shoes?”</th>
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</thead>
<tbody>
<tr>
<td>In-store (malls, boutiques, etc)</td>
</tr>
<tr>
<td>Online</td>
</tr>
<tr>
<td>Second hand (Buy and sells, kijiji)</td>
</tr>
<tr>
<td>Total</td>
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</table>
Implications

Target Market vs. Generational shift
Gen Z wants to challenge the system, Gen X follows status quo
Traditionalist market is not willing to purchase expensive items due to desire for money
Based on the FGD, the differing markets are less loyal to brands but shopping with styles in mind is considered.
For Reid (25), researching brand and product specifications is paramount prior to purchase.
For Dave (55), past experience and in-store shopping influences purchase.

Customization vs. Bespoke
The market is uneducated: customization equals personalization. Whereas, Sanchez is bespoke.
Simplistic designs over artistic design
Price trumps authenticity and desire for a unique identity
Unique experiences are desired.
“Would want to go in and measure foot and if you buy it online would lose the experience.”
Implications

Sustainability vs. Cost
Product life cycle impacts company room for growth
For the target market, focused on financial sustainability instead of product sustainability. The market is focused on cost per wear rather than quality of the shoe. The market wants shoes that are readily available but are very simple.
“Pricing and time, doesn't think of shoe until it needs replacing” / “Price it out, it is a good investment that would last a long time.”

Marketing Opportunities vs. Market
Online brand exposure does not equal sales.
Luxury goods must come from established names, otherwise it discourages consumers
Brand interaction creates traction and interest.
Influencers and social media platforms within the wares does not impact the male demographic.
“However custom shoes part of name scares away because of money.” / “Would use website as research point but not order online”
Implications

E-Commerce
SME’s are shifting to B2B e-commerce to follow the growth of the internet
Based on survey and FGD results, the move to e-commerce is dependant on industry.

Anon. Quotes from survey question: If you have shopped online, have you ever had a bad experience with online shopping? Please explain what happened.

“I got the wrong shoe size, making the 200$ shoe useless ... And also making the unreturnable due to the shoe coming from the US”

“A lot of bad experiences, poorly fitting items, items not as described, came slightly damaged etc.”

“The real condition of the product is not same as shown online”
Summary

➢ Online sales are based on industry and age demographic
➢ The market is not educated on what a custom made product entails.
➢ Social media offers inspiration but not sales
➢ Sustainability is not as important as financial sustainability
➢ Price and time considerations are highly influential
➢ Based on this industry, e-commerce is used for research not for actual purchases