



**GBDA 102 Morning Class
Group 1 - Guatemala
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Recommendation:

Problem Identification

Immigrants from Guatemala to Canada often come with limited funds and inadequate clothing for the Canadian environment and typical working attire. With the high cost of clothing and need for wardrobe, second-hand stores become one of the few affordable choices. However, shopping in these stores often comes with negative connotations. Along with this challenge, many Guatemalans who come to Canada have trouble finding work – because of qualifications, biases, unemployment rates, attire, and confidence. Looking specifically at attire and confidence, new-to-Canada Guatemalans face walls when wanting to find a balance between being true to themselves and fitting-in in Canada’s culture.

NuevoCAN aims to specifically tackle the stigma attached to the shopping experience at second-hand stores by offering a clean, elegant, and cost-effective online shopping alternative.

Businesses Ability to Solve Identified Problem

The problems stated above create barriers that we, at NuevoCAN, aim to break down. Our solution is to create a comfortable online experience where customers face no stigma when buying second-hand clothes. The detachment from brand names, negative atmosphere, and judgment creates a safe space for new Canadian Guatemalans to shop freely, thus eliminating the issue of negative connotations when shopping at second hand stores.

To address the issue of new immigrants with limited incomes, we provide our clothes at affordable prices. To provide our items at such low prices, we eliminate the need of physical storefronts and use only one warehouse located in the Greater Toronto area. By being located in a populous area, we are able to access a large number of immigrants and are able to cut down on transportation costs, providing a low-cost alternative to our customers.

Finally, we address the problem of new immigrants having inadequate clothing for the Canadian environment. This issue will be addressed in the ‘outerwear’ section found in both women’s and men’s sections. Another key feature and core element of our design will be the ‘Business Attire’ section. Since finding new jobs and making the first impression is a large task for new Canadians, they need to be feeling their best. Having a section directly dedicated to supporting individuals in that position at an affordable price creates that possibility. We want our customers to feel comfortable and confident with their purchases and NuevoCAN feels the sections can achieve this.

Support:

Prototype Purpose

The prototype has been created to test the shopping journey, user flow, and assumptions with the target audience in mind (men and women who have immigrated from Guatemala). Our prototype includes numerous pages from the site that focus on the shopping journey: Home, Men’s Landing, Men’s sub-categories, Women’s Landing, Women’s subcategories, and the Shopping Cart. Specifically, we aim to do user testing with the prototypes to:

- Ensure that the categories for organization of clothing and menus are intuitive and logical to the customer. We are interested in understanding whether the customer prefers fewer, high-level categories or more discreet, specific categories.
- Ensure that the way the clothing is presented helps the purchase decision. This includes photography style, level of detail shown, and amount of key information such as price and size.
- Ensure that the selection process is intuitive and easy to do. This includes the appearance and style of buttons, the ease of continuing the shopping journey, reviewing the shopping cart, changing items, and following steps to check out and complete the order.
- Ensure the way we provide Spanish alternate and Quetzal pricing is of value and easy to use.

The prototype is available here: <https://www.figma.com/proto/TNf9v2j4ivQDjaD73YxUAHY/NuevoCAN-%E2%80%93-Prototype-2?scaling=contain&node-id=1%3A2>

Vision and Mission Statement of the Firm

Mission - *To provide accessible and affordable clothing with ease to new Canadian Guatemalans.*

Vision - *To become the go-to low-cost clothing resource for new immigrants looking to establish themselves in Canadian society*

Stated Goals and Objectives of the Firm Including Sales Approach

Short Term Goals

Our short-term goals are to target new Guatemalans to Canada and to provide them with trendy clothing at an affordable price. We aim to create an easy shopping experience that will make our customers feel comfortable in this new environment. We are looking to implement a point system in the near future in order to entice our consumers to be brand loyal.

Long Term Goals

Our long-term goals include expanding our target market to include new South American citizens to Canada. We aim to broaden our repertoire of clothing to include kids clothing and to have clothing drops on a more regular basis. When we expand, we will begin employing South American Immigrants (as we are currently only taking volunteers).

NuevoCAN is aiming to launch at the beginning of 2019. By the end of the year we aim to have \$10,000 in sales. At the average of \$21 a product, this means in our first year we aim to sell 4,761 units. Assuming a typical outfit consists of three pieces, this means we aim to sell 1,587 outfits in our first year. In our second year we will reach our break-even point and have a net income of \$7,800. In year three, our net income will be \$69,550.

In order to measure our results, we will track our website traffic as well as clicks per item before purchase. We will also be monitoring the change in the number of subscribers to our e-newsletter each month in order to get an overall idea of our performance. This will allow us to work towards reaching our goals and to make sure that we are doing so in the most efficient way.

- *See attached proforma income statement for estimated sales [Exhibit 1.1]*

Stated Strategy of the Firm

NuevoCAN is a company that is quick to fit in to new and competitive environments. Our strategy involves adapting to changing markets, never losing sight of our core business values and maintaining a consistent image of our brand throughout. We remain relevant by practicing B2C sales as well as following the changing trend from brick and mortar to e-commerce. We believe that our online presence will allow for us to adapt easily and quickly to any changes in the business environment.

We will be maintaining a focused strategy by serving the needs of a niche market of Guatemalan immigrants coming to Canada. NuevoCAN offers alternative options for people who cannot afford the already high priced branded clothing available in the market. Our aim is to be the low-cost leader for online second-hand clothing.

Being low cost leaders of second hand clothing will help us target our very niche and focused market. The Guatemalan consumers we aim to target, have low income and will appreciate our affordable prices. By not having brick and mortar retail locations, we are able to cut costs and focus on our website and marketing. Upkeep for the website is far less expensive than having storefronts. By having our warehouse located outside the main city, we save on rent, while not sacrificing our shipping abilities. In addition, using volunteers to photograph the clothing will help us cut on employee costs. We are also able to save money on collection of items by having drop-off bins in local parking lots. All of these cost cuts will allow NuevoCAN to get a lead in the market and over other competitors. We will be able to establish a loyal customer base due to our low and unbeatable prices.

The Digital Product Meets the Goals/Objectives of the Company

The website is where the shopping experience happens, and so its entire design is aimed at meeting the needs of the audience and creating a safe and stigma-free environment in which to purchase low-cost, second-hand clothing. This is fundamentally tied to the idea that clothing can help provide a sense of self-esteem and belonging. Since Guatemalan immigrants often come to Canada with a limited amount of funds, we aim to minimize costs in all areas. The site also includes a price filter, so that customers can shop based on their budgets.

To ensure the shopping experience is as easy as possible and attracts returning customers, the site must be simple, attractive and intuitive in design and present the clothing in a visually appealing way. An overall low-key elegance to the layout will help to elevate the experience beyond what is associated with typical used-clothing stores. Clothing is organized in intuitive categories to make searching for certain types of items easy. Two sorting options – by cost and by most recent – will also help shoppers adjust and sort through what is available. It will provide added value to Guatemalan immigrants, by providing a Canadian Dollar-to-Quetzal converter to help these immigrants understand the cost-value and a Spanish alternate translation feature throughout the site. In future phases of the site, as it grows to include immigrants from other countries, the ability to choose alternate language and currencies will be added. In addition, to help immigrants specifically dress for employment interviews and dress professionally for jobs, the ‘Business Attire’ section is a key feature.

The site approach must also be optimized to support the business itself. This means that it must be easy and cost effective to update – either when adding new clothing items or when removing items that have been sold. The use of consistent, pre-planned tags will help to automate the site content updates. A simple, “invisible hanger” presentation of clothing would make photography of items fast and efficient as well.

A continuous supply of donated clothing is central to maintaining low cost and varied inventory for sale. Therefore, the site is also aimed at a secondary audience – namely the donors of the clothing items. The overall visual quality of the site will help to attract donors, with information on how to donate accessible from every page.

Beyond the shopping experience, we will have an e-newsletter sign-up on the homepage to keep our customers engaged and encourage repeat visits. The bi-weekly e-newsletter will highlight the site’s latest items and update customers on what’s new, including new seasonal inventory.

Understanding of the Target Market

Meet the Monterroso family [*See exhibit 1.2 for an image*]. They are a family of five consisting of a mother, three daughters, and a father. The mother stays home and takes care of the young children and once the daughters get older, they start to help around the house, while getting a high school education. The father works as a tradesman, trading cars between the US and Guatemala. He makes GQT 300,000 which is about \$52,250 CDN.

This family is immigrating to Toronto, Canada to create more opportunity for their children's future. This means the father, and potentially mother, need to find a job once in Canada. The father faces the challenge of not having proper attire to attend interviews in. Through local immigration centers, the father is able to find out about NuevoCAN and how it allows him to buy cheap, affordable clothing.

Through this profile we outline our initial target market of Guatemalan immigrants to Canada in our first year. Our target market has a wide age and gender range due to the amount of families that travel together, from young to old. The target market will also have a limited range of income, as we are targeting low income families who resort to second hand stores to purchase their clothes. Ideally, our goal is to target new immigrants that have a low income, but still feel as if they want to fit in, want

clothes that fit the Canadian climate, and are looking to find a job. Guatemala is identified as a developing country, and our site will target new immigrants that cannot yet make ends meet.

Looking at the scenario mentioned above, imagine that the eldest daughter needs clothes for a school business presentation. The family cannot afford that type of clothing at brand name stores, and that is where NuevoCAN comes into play in their lives.

- *See attached timeline for estimated new immigrant journey [Exhibit 1.3]*

Marketing Elements and Competitive Market

Product - NuevoCAN is a website that sells second-hand clothes at an affordable price for Guatemalans new to Canada. We aim to give easy access to all clothing from professional business attire to winter attire to them as well.

Price - Access to the website will be free and items posted will be significantly cheaper than brand name store alternatives. Products will be between 2\$ - 40\$ depending on the type of clothing. Our prices are lower than because we cut out intermediaries, have directed donations, and are more affordable than storefront competitors.

Promotion - Advertising will be put up in local neighbourhood areas, in immigration centres, and in community centres. A pull strategy will work best for us as we want to create small grassroots to entice new Canadians to visit our website. Having posters in community centres will start those grassroots. These methods would also be used to attract potential donors. Most importantly, we will create a following by creating a social media presence. We will create a Facebook and an Instagram page featuring pictures Guatemalans have submitted where they are modeling clothing they have purchased through our website. Once we establish a solid base, we will utilize the pull strategy by having a points system in order to entice members to continue shopping with us.

Place - Clothing will be sold online and inventory/offices/studios will be held in a warehouse in the Greater Toronto area. Exclusive distribution is how we will market ourselves as we can easily and cheaply provide our product to consumers - avoiding many resellers. We will be a zero-level channel as there is intermediary in between us and the consumers.

Marketing Outcomes -

These marketing tactics will result in more traffic generation on the website. More user traffic will result in more sales and brand awareness for NuevoCAN. This is beneficial for the company as it will positively increase our brand name and national image. More sales means that in the future NuevoCAN has the potential to grow and develop as a company.

Competition Impacts -

Our marketing goal is to eliminate our customers' loyalty to value village and reduce customers' use of high end thrift stores, resulting in more purchases from our company. Use of value village will be reduced due to the discovery of a stigma-free alternative to second-hand stores. Use of high-end second-hand stores will decrease since new Canadian Guatemalans will not feel like they have to uphold a certain standard by shopping at these stores because there is an affordable online alternative.

Plan:

As of right now we are aiming to become the go-to for easy accessible second-hand clothing. Our services are in demand because we take away the stigma and the uncomfortable feeling that comes with shopping somewhere like value village. Our next steps to make our service better and more applicable are to add a kid's section, as well as expand our target market to include all South Americans new to Canada.

Additional Exhibits' and Analysis'

Exhibit 1.1 – Income Statement

NuevoCAN				
Income Statement				
Year Ended December 31				
	2019	2020	2021	
Sales	100,000	160,000	275,000	
Less COGS	18,000	15,000	10,000	*Cost of a software Engineer
Gross (profit Margins)	82,000	145,000	265,000	
Expenses				
Accounting Expenses	2,500	2,500	2,500	
Advertising	1,000	1,500	2,000	
Equipment	5,000	2,000	1,500	
Insurance	1,000	1,000	1,000	
Rent	45,000	45,000	50,000	
Utilities	1,000	1,000	1,000	
Wages	72,000	80,000	100,000	
Total Expenses	127,500	133,000	158,000	
Earnings Before Income and Tax	(45,500)	12,000	107,000	
Less Income Tax	0	4,200	37,450	
Net Income	(45,500)	7,800	69,550	
Notes:				
*Taxed at a rate of 35% since we are a small company making more that \$30 000				
*Only Employ 4 people (volunteer Based)				
*All of the numbers in this income statement are from previous research and help from professors.				

These numbers are all estimates of our expected sales and earnings in the first three years of operation.

Exhibit 1.2 – Picture

This is an image of the Monterroso family.



Exhibit 1.3 – Immigration Timeline

This is an estimated new Canadian Guatemalan timeline once they reach Canada. This is to help us understand the needs of new immigrants and how we can better solve their problems.

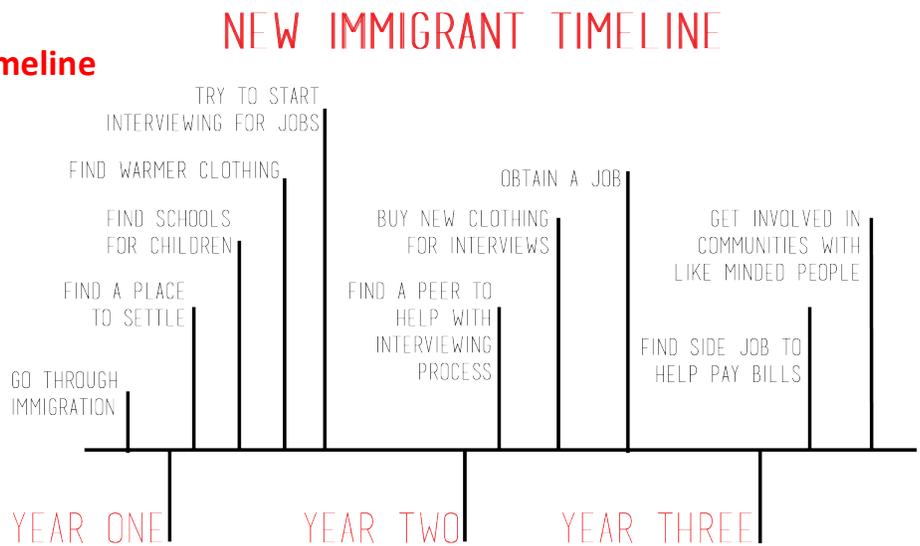
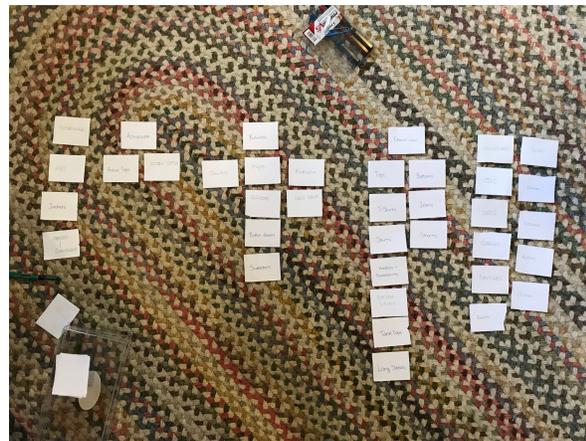
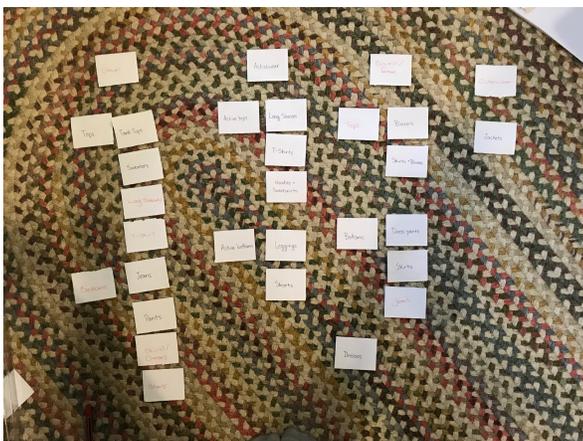


Exhibit 1.4 – Card Sorting

We asked 15 users to sort clothing category cards by the way they would expect to find a second-hand clothing store to be organized.



We found many patterns in the results. Using these patterns, we were able to organize the information architecture of our website in a way that is intuitive to the user.

Exhibit 1.5 – Usability Testing

The following results are from usability testing using our first prototype:

<https://www.figma.com/proto/60fAK4nwrnv6FHUzsz1EzN/NuevoCAN-%E2%80%93-Prototype-1?scaling=contain&node-id=1%3A2>

Participants attempted to complete the following five tasks:

- Task 1: Switch to the Spanish translation
- Task 2: Find a coat
- Task 3: Continue shopping in Outerwear
- Task 4: Sort clothes by price low to high
- Task 5: Make a purchase

Participant	Task 1	Task 2	Task 3	Task 4	Task 5
1	✓	✓	-	-	✓
2	✓	✓	-	✓	✓
3	-	✓	-	-	✓
4	✓	✓	-	✓	✓
5	-	✓	-	✓	✓
Success	3	5	0	3	5
Completion Rates	60%	100%	0%	60%	100%

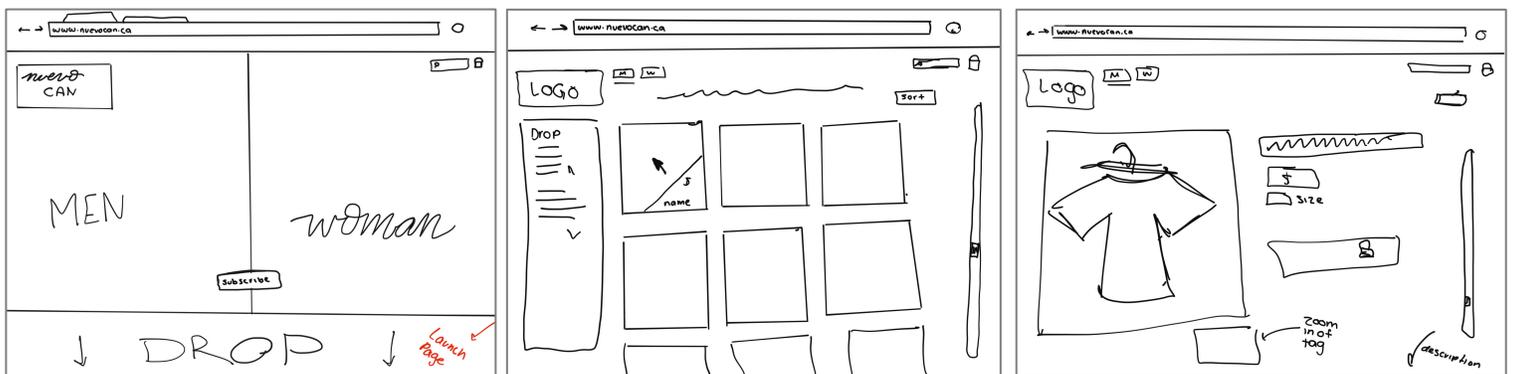


Based on these results, we made changes to our prototype to improve its accessibility, highlight the Spanish translation feature, and make sorting and filtering easier.

Our updated prototype can be found here:

<https://www.figma.com/proto/TNf9gV2j4jvQDjaD73YxUAHY/NuevoCAN-%E2%80%93-Prototype-2?scaling=contain&node-id=1%3A2>

Exhibit 1.6 – Wireframes



Here are some rough wireframes used to plan out our website. These were used in usability testing and to test out potential design ideas.

Exhibit 1.6 – Price Comparison

Price Comparison

	 Mark's	 H&M	URBAN OUTFITTERS	 Nuevo CAN
Windbreaker	\$64.99	\$59.99	\$119	\$10
Basic T-Shirt	\$19.99	\$12.99	\$20	\$4
Skinny Jeans	\$69.99	\$34.99	\$90	\$12

To see how our prices will compare against brand name competitors, we made a table comparing ourselves to industry leaders. As you can see we provide the lowest cost products.