

## **DOTT - SEIZING UNEXPECTED GROWTH OPPORTUNITIES**



This case was written by Catarina Roseira and Renata Blanc with the support of Dot

## **DOTT - SEIZING UNEXPECTED GROWTH OPPORTUNITIES**

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Dott's CEO, Gaspar D'Orey, asks for an emergency meeting with the Board. The second wave of COVID 19 is peaking in Portugal along with the sales of DOTT, a one-year-old e-commerce marketplace. Gaspar realizes the company is facing a unique opportunity for growth and calls a meeting to ask for a capital increase from shareholders. He is well aware of the awkwardness of the situation. The company had recently been financed to support operations for the year's business planning. Suddenly, asking for a capital increase to seize an opportunity generated by an external event would sound unexpected, to say the least. Larger e-commerce players had certainly not faced this type of challenge in their second year of operations.

As for Dott, the company was still fighting for a place in the market, but the merchandise value generated since March 2020 was impressive.

Gaspar was confident that the opportunity existed, boosted by the pandemic, and knew the company was ready to take it. He just had to convince the Board that it was the right moment to further invest to boost growth of DOTT's sales and brand awareness, even if the initial profitability metrics were not met yet.

## **FROM "BRASINHAS" TO "DOTT", A QUICK JOURNEY**

DOTT was the result of a typical search for new business models in a mature industry.

CTT, Portugal's National Post Office operator, was searching for new avenues of growth. With 500 years of history, and recently privatized, CTT looked worldwide for inspiration as to what other postal groups were working on and two major areas emerged, both leveraging on the new digital trends: the financial sector and the parcel shipping business. CTT decided to tackle both.

On the financial side, they created Banco CTT. On the parcel side, less than 30% of the Portuguese population had ever made an online purchase and only 3% of the retail sector revenues originated from online sales, a big disparity from the rest of Europe. But this poor online presence could just mean it was the right moment to invest. And this was how "Brasinhas" (the initial project name) was born.

CTT top management grasped the opportunity to motivate sellers and buyers to sell and buy more online through the creation of a marketplace where retailers and consumers would meet. That marketplace would be fostered by CTT Expresso/Cargo, CTT's parcel service company. However, they felt they needed a partner with a solid retail background and experience and that's where Sonae, the biggest Portuguese retailer group, joined the project. The "agreement" between Sonae and CTT took place at a local barbecue restaurant called "Brasinhas", a top management favorite at Sonae - hence the initial project name.

In July 2018, a 50/50 Joint-Venture between CTT and Sonae was established with an announced investment of 10 to 15 million euros over the following 4 years. By November 2018, "Brasinhas" was rebranded to Dott. By February 2019, Dott started with a soft approach, avoiding drawing any big attention to it, an entrance strategy that aimed to test different processes and get customer feedback right at the start.

On the 1st of May 2019, Dott was officially launched.

### **DOTT. BORN TO CONQUER THE PORTUGUESE ONLINE MARKET**

Dott was born to be the largest online shopping center in Portugal, with a pure digital marketplace model (connecting buyers, sellers and integrating logistics) and a "glocal" approach, from the Portuguese people to the Portuguese people. Proximity and convenience are two important mottos for the company.

The goal is to be the top of mind when it comes to online shopping in Portugal. With 17 categories, over 3 million products and nearly 1300 sellers in little over a year (Appendix 1), Dott has been gaining traction and notoriety since its launch. The company aims to be competitive both for sellers (no setup fees and low commissions) and for buyers and capitalizes on the partnership with CTT Expresso/Cargo as its main logistics partner.

Dott offers buyers a value proposition synthesized by the company as an "Excellent experience, ultra-customized, with omnichannel support and everywhere delivery until 10 pm". The company focuses on creating a personalized buying experience of a wide product and brand ranges, delivering everywhere in Portugal, and offering diverse, easy and safe payment options (Appendix 2). Initially Dott operated fully B2C. A B2B approach was introduced in October 2020.

Dott has a 150,000-200,000 customer base. Customers are predominantly women (63%), living in cities (55% of purchases originated from Lisbon and Porto), who are mostly buying products of health and beauty, lifestyle, family hobbies, food, and recipes

categories. Dott's main segment in terms of age is 25–44-year-old. 20% of the customers buy more than once per year.

Those who come back to Dott to buy again, do it on average three times per year. The average value per order is 40€-50€ and includes 2-3 items. The average shipping fee paid is 5€.

Regarding sellers, well, anyone can sell at Dott! The value proposition for sellers focuses on offering a high consumer reach marketplace to sell and advertise their products, at a competitive cost and meeting seller conditions (price, available stock and dispatch date are settled by the seller).

Once approved as a Dott seller, all sellers must do is send their product catalogue and Dott takes care of the rest: promoting, displaying, and generating sales. When a customer places an order, the seller just needs to confirm the stock's availability and prepare the package to be dispatched. Dott handles the pick-up through CTT, which is in charge of delivering it to the customer.

Dott's business model encompasses a variety of processes and activities designed to create and deliver the value proposition promised to buyers and sellers (Figure 1).

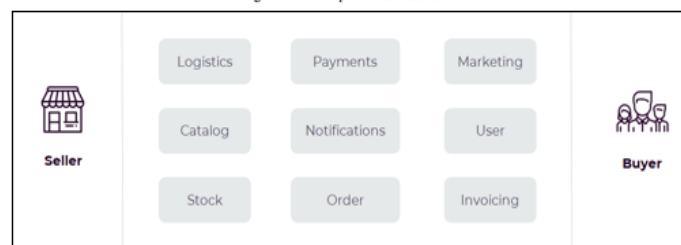


Figure 1 – Dott's business model  
Source: Dott

Around 70 people work every day at Dott. The company adds value to products and services by taking care of marketing, logistics and distribution processes: from working on products' photos and descriptions to make them more appealing before being displayed on the platform, to ensuring the delivery of the product at the customers' door. This added value is ensured by three main internal divisions - Tech, Operations, and Growth:

### **Tech Division teams**

Product coordinates IT needs from different departments, prioritizes and communicates development needs to the IT Team.

IT is responsible for developing Dott's website (backend and frontend). It ensures that the site is robust and with minimal errors, thus seeking to maintain quality.

Data & Analytics transforms information from several systems into a user-friendly format available through a single system. It also creates analytical products like search optimization and product recommendation. This info is not being shared with sellers yet, it is only used internally.

### **Operation Division teams**

Operations Strategy focuses on optimizing operational performance to ensure the best customer experience.

Customer and Seller Support renders pre- and post-sales support to customers. They also provide support to order related operational issues faced by sellers.

Finance manages daily financial operations regarding typical e-commerce activities as well as medium- and long-term planning for the business.

People is responsible for the wellbeing of everyone working at Dott.

### **Growth Division teams**

Sellers is devoted to ensuring the presence of diversified products on Dott platform and managing the relationship with sellers.

Catalog improves product image and description previously sent by sellers and uploads products to Dott's catalog. They also review catalogs and analyze product performance.

Buyers is in charge of introducing Dott to consumers at the right time, with the right message.

Corporate sales focuses on B2B sales of Gift Cards and on Dott products to corporate customers. It is also responsible for selling online ads.

Partnerships focuses on developing plug-ins for automatic synchronization of sales info between Dott and sellers' software.

Dott's main revenue streams rest on commissions over product sales, shipping, advertising, and corporate deals. Regarding shipping fees, Dott holds a margin of 10% between what is charged to buyers and paid to logistics partners. As to commissions<sup>1</sup>,

they vary depending on the type of product- electronics:7.5%; Apple products: 3%; remaining categories: 14,5%.

Advertising is another relevant source of revenue. Sellers can opt for different ways to promote their products: online ads, personalized campaigns, product highlights through banners display, special mention to products in DOTT's newsletter (which has currently nearly 90k subscribers), homepage or social network.

Regarding costs, marketing, IT, and shipping fees are the cost categories with the highest impact on the company's Profit and Loss Statement. Table 1 shows the different profit contribution levels.

Table 1 – Dott Contribution Levels<sup>2</sup>

Profit contribution levels (PC)	Formula	September 2020
PC1 (%)	(Seller's commission + shipping paid by buyer/seller) / price	18%
PC2 (%)	(PC1 - Dott shipping costs) / price	8.3%
PC3 (%)	(PC2 - Dott payment-related costs) / price	8%
PC4 (%)	(PC3 - marketing cost per item - Dott product discounts) / price	-1%

Source: Dott

## COVID FOOTPRINT ON DOTT

When Dott was created back in the Spring of 2019, nobody imagined what was coming in less than one year. When faced with the emergence of the pandemic and the mandatory confinement, Dott managed to leverage the opportunity identified early on. In the middle of a pandemic, the company offered free shipping on essential goods. Additionally, the company provided real support to Portuguese SMEs by increasing their sales through establishing numerous partnerships with different entities such as City Councils, Anje (National Association of Young Business Owners), "Portugal Sou Eu"<sup>3</sup> and many, many others. For example, to help small agro producers, Dott organized the first Producer's Wine and Cheese Fair online (Figure 2), bringing producers from inland areas to the online channel and helping them to sell and to maintain their livelihood. The opening of the event had the presence of the Minister of Agriculture.

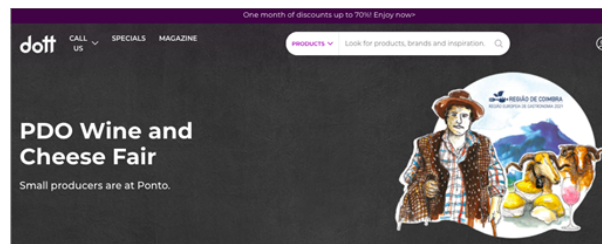


Figure 2– Dott PDO Wine and Cheese Fair

The company also provided support to shopping center stores which were prevented from selling during the lock-up period<sup>4</sup>. Hundreds of companies joined the online channel due to these initiatives. Overall, between March 15 and April 30, Dott onboarded 172 new sellers. Since March, over 500 new sellers have joined Dott.

Dott stood out from the competition at a key moment, supporting the Portuguese consumers and producers. By lowering the barriers to selling and buying online it contributed to increasing their digital footprint

## EVOLUTION OF ONLINE SHOPPING AND E-COMMERCE IN EUROPE





























































800,000! This was the number of online stores spread across Europe in 2017 according to Ecommerce News Europe<sup>5</sup>. Four countries alone concentrated half of those stores. Germany (21%), the UK (13%), the Netherlands (10%) and France (9%) (Appendix 3). It is hard to know how many of these stores are pure play online retailers (e.g., retailers that only operate online) and how many are part of multi-channel businesses. One thing is for sure, in such a crowded space, getting noticed is not an easy task.

The marketplace sector is filled with diversity. In broad terms, it is useful to distinguish between horizontal and vertical marketplaces. Horizontal marketplaces, such as Amazon, offer a wide variety of products to a wide variety of customers. Vertical marketplaces, such as Farfetch<sup>6</sup>, specialize in a specific category of products and cater the needs of specific consumer niches.

Due to its wide portfolio, Dott faces the competition of horizontal and vertical marketplaces. The top 20 European marketplaces are mostly pure players that operate in different sectors, being the ones on top of the rank concentrated on Fashion, Jewelry, Baby, Mass Merchant, Home, Garden and DIY (Table 2).

From a vendor perspective, selling through most of existing marketplaces allows access to diverse services such as transport, return and flow management, payments, and online marketing.

Table 2 – Top European Marketplaces Cross-Border EU eRank

	Company		Country	Category	Sector	TOP500 eRank
1	Zalando 		Germany	Pure Player	 Fashion - Jewelry - Baby	1
2	Fruugo 		United Kingdom	Pure Player	 Mass Merchant	34
3	Asos 		United Kingdom	Pure Player	 Fashion - Jewelry - Baby	35
4	Farfetch 		United Kingdom	Pure Player	 Fashion - Jewelry - Baby	39
5	Carrefour 		France	Multichannel Retailer	 Mass Merchant	60
6	Spreadshirt 		Germany	Pure Player	 Fashion - Jewelry - Baby	67
7	Helloprint 		The Netherlands	Pure Player	 Home - Garden - DIY	83
8	VidaXL 		The Netherlands	Pure Player	 Home - Garden - DIY	111
9	iamfy 		Germany	Pure Player	 Home - Garden - DIY	122
10	Vestiaire Collective 		France	Pure Player	 Fashion - Jewelry - Baby	148
11	Deliveroo 		United Kingdom	Pure Player	 Food - Drinks	151
12	Fnac 		France	Multichannel Retailer	 Consumer Electronics	152
13	Lyst 		United Kingdom	Pure Player	 Fashion - Jewelry - Baby	178
14	Spartoo 		France	Pure Player	 Fashion - Jewelry - Baby	202
15	Mobile 		Germany	Pure Player	 Car & Accessories	265
16	Coolshop 		Denmark	Pure Player	 Mass Merchant	370
17	Momox 		Germany	Pure Player	 Books - Magazines	391
18	Pixmania 		France	Pure Player	 Consumer Electronics	408
19	Videdressing 		France	Pure Player	 Fashion - Jewelry - Baby	441
20	Promofarma 		Spain	Pure Player	 Personal Care	467

Source: Cross-border Commerce Europe

Additionally, competition comes also from physical retailers, which are increasingly adopting omnichannel strategies. The pace of development and importance attributed to each type of channel seems to vary across countries in Europe. Top online retailers in Europe include companies such as H&M and Ikea, which have physical stores and online sales across Europe<sup>7</sup>.

According to information published by Ecommerce News<sup>8</sup>, global turnover of cross-border marketplaces in Europe amounts to around 45 billion euros. Amazon dominates the market with a turnover of 28 billion. European-owned marketplaces all together have a modest 9 billion euros of sales, a figure that Cross-Border Commerce Europe<sup>9</sup> believes will reach 15 billion in 2020. Focusing on European-owned B2C marketplaces (excluding travel), which offer at least two of the following services - payment, storage, and logistics - German Zalando ranks first, followed at a distance by UK Fruugo, Asos and Farfetch.

Looking at the future, e-commerce sales (i.e., the sale of goods to consumers via computers or mobile devices) in Europe are projected to reach US\$421'927m in 2020, with an expected annual growth rate (CAGR) of 6.7% between 2020-2024 (Statista). During and following the current coronavirus pandemic, e-commerce is expected to grow further.

## ONLINE SHOPPING IN EUROPE



Supported by internet penetration, digital literacy and improved security standards, EU younger and older consumers are increasingly attracted to e-commerce (Figure 3).

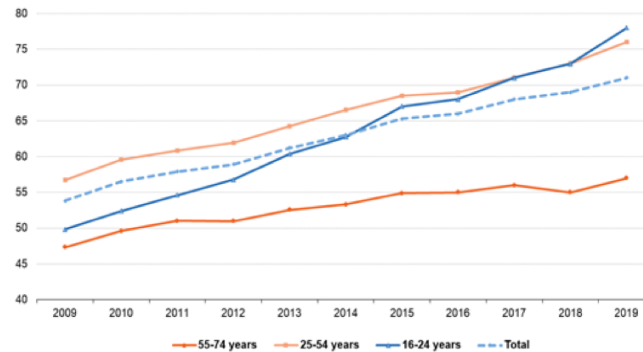


Figure 3- Percentage of internet users that bought or ordered online in EU-28 (2009-2019)  
Source: Eurostat<sup>10</sup>

Covid-19 had a disruptive effect in every aspect of life around the globe. Lockdowns drove people that did not buy online before the pandemic to start doing it and led consumers that already bought online to intensify this behavior. Accenture<sup>11</sup> refers that even after the lifting of lockdown orders, many consumers are reluctant to buy from physical stores since the shopping experience deteriorates with the use of masks, social distancing, lines to get in, limited capacity, etc.

Although the democratization of online shopping is clear, its future evolution will depend on the ability of firms to tackle the barriers that are impeding many consumers to do it.

The European Ecommerce report 2019 revealed that many Europeans still have concerns primarily with payment security, receiving/returning goods and complaints, delivery time and other delivery related problems.

It is true that consumers love online retailers and particularly marketplaces for the never-ending choice available at the distance of a click. But it is also true that the easiness to return products is an important factor in the purchase decision. Dealing with returns is a complex challenge for online retail, as the probability that customers will return their online purchases is threefold the probability of returning products purchased in physical stores.

Regarding payment methods<sup>12</sup>, in 2019, debit cards were the main option of European consumers and 20% of Europeans used PayPal and national fintech solutions (Table 3). Global players like Apple Pay and Google Pay caught the preferences of only around 3% of shoppers.

Table 3 - Most popular payment methods in

Country	Payment method	%
Austria	Invoice	43%
Belgium	Visa/Mastercard	51%
Croatia	Digital wallet	53%
Czech Republic	Bank transfer	58%
Estonia	Bank transfer	67%
France	Visa/Mastercard	45%
Germany	Invoice	51%
Hungary	Cash-on-delivery	54%
Ireland	Digital wallet	46%
Latvia	Visa/Mastercard	56%
Italy	Digital wallet	51%
Lithuania	BankLink	66%
Netherlands	iDeal	84%
Poland	Bank transfer	52%
Portugal	Digital wallet	62%
Romania	Cash-on-delivery	69%
Slovakia	Cash-on-delivery	72%
Slovenia	Cash-on-delivery	53%
Spain	Digital wallet	57%
Switzerland	Visa/Mastercard	55%
UK	Digital wallet	46%

Europe  
Source: DPD E-shopper Barometer

Figure 4– Dott's checkout and payment methods

The screenshot shows the Dott checkout page. At the top, there's a navigation bar with the Dott logo, a 'Need help?' link, and a progress indicator showing 'Send' and 'Payment' steps. The main heading is 'Checkout.' Below it, a question asks 'What payment method do you want to use?'. There are five payment method options: VISA (Credit and debit card), MB Way (Enter the mobile number associated with the MB WAY service), ATM (You will receive a reference to make the payment after confirming the purchase), Payshop (You will receive a reference to make the payment after confirming the purchase), and Ask Grandfather (By choosing this option you can choose who will pay for your order). On the right side, there's a 'summary' sidebar. It includes a link to 'Add Voucher', a breakdown of costs (Subtotal, Shipping costs, Discount / Voucher), a 'Total' section, and a list of products (1 Product: Adidas Core 18 Poly Jacket, Quantity: 1, Price: € 18.49).

Source: Dott

The situation varies a lot from country to country, as data from 2015 shows<sup>13</sup>. Dutch consumers (84%) prefer the national payment method iDEAL for their online purchases. In Germany, payments by invoice and digital wallets, followed by bank transfers are the preferred methods. In Slovakia, the majority of online purchases follows the cash-on-delivery method and Portugal is the only European country where Visa/Mastercard is not one of the top three most popular payment methods. Well, Europeans seem a hard-to-please crowd in the payment field. Dott offers several payment methods to cater for different customer preferences (Figure 4)

European online consumers seem to like variety when it comes to where they buy from. They buy from companies located in and outside Europe (e.g., China, the UK, Germany, France, and the USA). Consequently, European online retailers and marketplaces face the competition of platforms, such as AliExpress, ASOS, eBay, Fnac, Zalando, and Wish<sup>14</sup>.

Data on online shopping and the increasing number of consumers who buy online may lead one to believe that online sales are a blooming reality in Europe. Well, apparently not quite. In Portugal, 39% of companies are present online and 27% have online sales<sup>15</sup>.

In the EU, the share of online sales is rather modest and remained stable until 2018. In 2009, 13% of EU companies had online sales of at least 1% of their turnover. Data published in April 2020 by Eurostat<sup>16</sup> shows that that figure only increased to 17%, so there seems to be a lot of space to grow (Figure 5).

This view seems to be shared by businesses, as according to Accenture<sup>17</sup>, in pre-pandemic 2019, 66% of retailers considered eCommerce sales as a top priority, which suggests that competition online will intensify in the next few years. Additionally, Covid-19 seems to be a catalyst for this growth. In fact, Accenture<sup>18</sup> states that the European eCommerce has already witnessed a 71% increase in orders, while Asia-Pacific eCommerce rose 82%, and Amazon sales will reach the levels projected for 2025 in 2020.

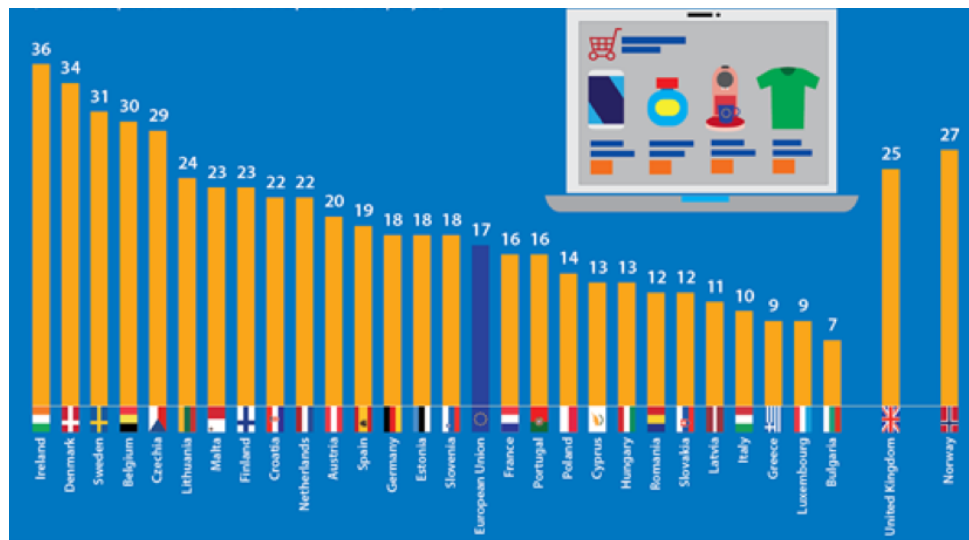


Figure 5 - Share of companies with online sales of at least 1% of turnover, 2018  
Source: Eurostat

And what is the reach of their sales efforts? According to the same report, only 5% of EU companies sell outside the EU internal market (Appendix 5). Profiting from the EU freedom of movement of goods and services, e-commerce enables the expansion of businesses beyond national borders into new markets. It is a flourishing reality as that is projected to grow at a double-digit rate at least through 2022. But for now, reality is not that impressive, as according to Eurostat, only 7 % of companies with web sales sold to other EU countries in 2018.

European companies rely mainly on their own online channels to reach customers. In the EU-28, on average 40% of the companies that sell online use marketplaces, and the others prefer to use their own websites or apps (Figure 6). Italy is the only European country where this ratio is inverted, and Finland has the least use of marketplaces. Portugal follows the European average.

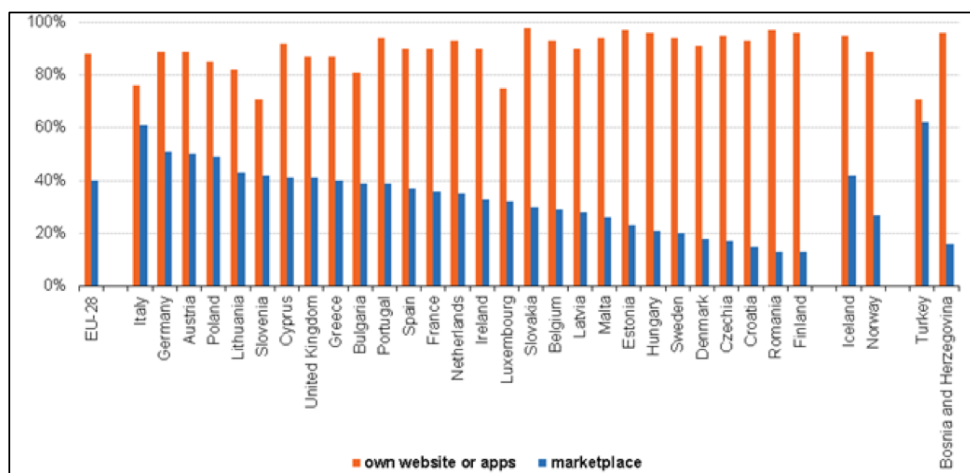


Figure 6 - Web sales through own channels or marketplaces, 2018 (% of companies with web sales)  
Source: Eurostat

In 2018, as Figure 7 shows, the majority of companies (62%) reported no difficulties regarding their European cross-border sales. Reported hurdles refer to the high costs of delivering or returning products (27%), linguistic and technical barriers (11%), the need to adapt product labelling (10%) and judicial complaints and disputes (11%).

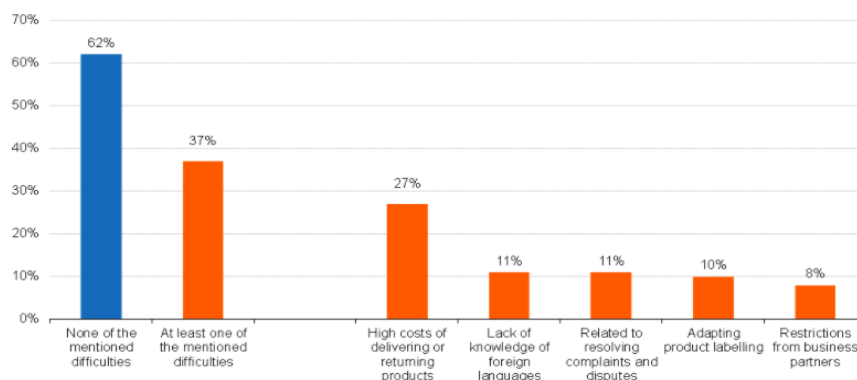


Figure 7- Difficulties when selling to other EU countries, EU-28, 2018  
(% of firms with web sales to other EU countries)  
Source: Eurostat

The consequences of Brexit are still unclear. The UK had the largest share of online purchases from other EU country shoppers, but now an important share of consumers fears additional charges such as customs clearance, which may stop EU consumers from continuing to buy from UK companies, a fear shared by British consumers who buy online from EU companies.

## ONLINE SHOPPING AND E-COMMERCE IN PORTUGAL

In Portugal, online purchases are still lagging most of European countries. A study by DPD Group<sup>19</sup> refers that around 10% of Portuguese purchases are made online, while the European average is 13,5%. Portuguese rely on computers more than on mobile devices to buy online (Figure 8).



Figure 8- Devices used to research and buy online in Portugal, 2020 (% of internet users).  
Source: "Global Digital Report 2020"

Following global trends, statistics show that 71% of Portuguese online shoppers belong to the 25-34 year-old cohort; men buy more online than females and the Lisbon area leads the way. Portuguese online purchases are made mainly in the following categories: fashion and sports equipment, and travel and event tickets (in the service category).

ACEPI (Digital Economy Association) expects online shopping to grow from 2.9% of GDP to 5.2% in 2021, and that 70% of Portuguese will shop online in 2025. Portuguese consumers buy from local, European, and non-European online outlets<sup>20</sup>. Data on the most visited e-commerce sites (accessed from desktop and laptop computers) in September 2020 show that local Worten (Sonae's electronics retail and marketplace company) leads the way followed by Aliexpress. Fnac, Continente (Sonae's food retail company) and Amazon complete the top five (Appendix 4).

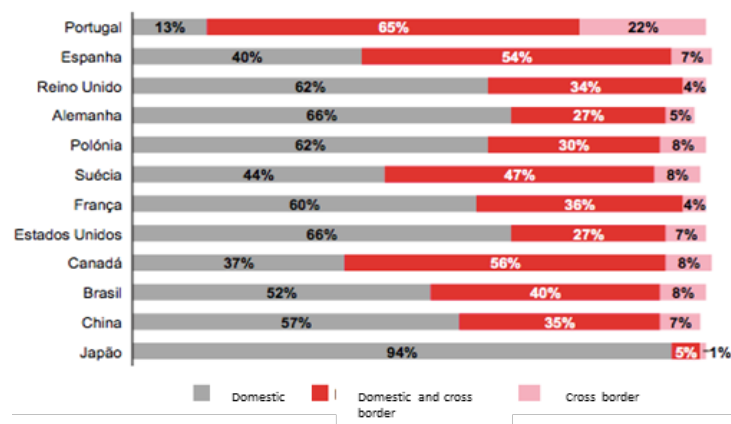


Figure 9- % of online shoppers who buy from domestic and cross-border retailers in Portugal  
Source: <https://www.rexel.pt/media/1993/ctt.pdf>

So, it seems that being Portuguese may not be a sufficient argument to attract local consumers. Sticking exclusively to local online outlets is the choice of a minority of 13% of e-shoppers, while 22% buy exclusively from foreign companies<sup>21</sup>.

In 2019, Multibanco<sup>22</sup>, a local payment system was the payment method preferred by 74% of Portuguese when shopping online<sup>23</sup>. Fintech's still have a long way to go to conquer the trust of Portuguese: only 10.7% of consumers say they would share their financial data with big techs even if it was to gain some benefits<sup>24</sup>.

## LOGISTICS

The rise of e-commerce represents both an enormous logistic challenge and an opportunity to create customer value. Customers are looking for simplicity (delivery and return experience), convenience (anywhere, anytime), flexibility (adjustment to customer' needs) and interactivity (e.g., track and trace of parcels). The issue is how to provide disperse customers with fast and flexible deliveries at a cost that does not impact profitability. This seems to be particularly critical in the case of B2C small purchases and price sensitive customers.

The fact that free delivery is frequently used as a purchase incentive makes it even more complicated. Since its inception, Dott offered free shipping when the purchase reached a minimum value and has been gradually increasing that minimum value. Currently, Dott does not support free-shipping promotion campaigns - it is up to sellers to cover or not the shipping costs. Although free shipping is highly valued by customers, not all sellers support it as it represents an additional cost on top of Dott's commission.

But can companies escape free shipping? Eugene Wei, a former strategic planning analyst from Amazon, recalls how surveying customers on why they did not buy more often and non-customers on why they didn't buy at all converged to the same factor: free shipping! As he puts it, "People don't just hate paying for shipping<sup>25</sup>, they hate it to literally an irrational degree", even if they are actually saving money (transport cost) and saving time of going to a store.

As e-commerce grows, so does the need to connect with multiple suppliers to distribute large quantities of goods in a short delivery time<sup>26</sup>. A massive volume of parcels to be delivered to customers or returned to brick and mortar and online retailers requires advanced supply chain and logistics processes, as well as investments in logistic facilities and technologies. For example, Amazon investment in distribution space in Europe increased more than 1000% from 2008-2018.

Forbes<sup>27</sup> refers that companies need to adopt innovative technologies to keep up with demanding consumers and competition. Retailers need to find ways to provide a simple and enjoyable customer experience and to optimize their processes to speed up logistics. Artificial intelligence, data analytics and deep learning linked to customer behavior may be used to predict and customize purchases and optimize inventory management. Among other innovative technologies, augmented reality, drones, and advanced robotics will speed up order fulfillment and delivery, contributing to reduce costs, ensure customers' satisfaction and increase repurchase rates.

## WHAT WILL THE FUTURE LOOK LIKE?

In June 2020, McKinsey & Company interviewed top managers of large marketplaces to discuss their role in the context of digital acceleration and COVID-19 crisis<sup>28</sup>.

Boris Ewenstein, Zalando's SVP of Supply humorously stated that "the next normal is that I'm talking to you from my daughter's bedroom", a situation now common in many homes around the world. Maximilian Bittner, CEO of Vestiaire Collective noted that living in a



“world where my parents, who are in their 70s, are asking to have Zoom chats with their grandchildren is a crash course in digitization”. Is it true that as Bittner says “once you’ve made new habits, they are hard to break”? While no one dares to guess what the future will look like, the common feeling is that some kind of new normal will emerge and lead to a shift on the way companies operate and interact with their customers.

## DOTT – WHAT’S NEXT?

Fueled by the growth of sales associated with the Covid-19 pandemic, the company launched several new initiatives, like Dott Empresas, a personalized marketplace for companies e-purchases. The opportunities are there but so are the challenges.

Gaspar has just received confirmation of attendance to the special meeting requested to the Board. He gathered his top management team and said:

*“Team, these are unique times. We have an unprecedented opportunity to foster Dott’s growth but for that we need more financing. Next week, I’ll have a Board meeting. It will all depend on how it goes. We must prepare a solid presentation showing a 1-year strategy on how we plan to grow without compromising profitability. For that, we need to review our business model and identify improvement opportunities for increased revenues and design a detailed plan of how to implement those strategies. Should we act on order value? Number of orders? Try to reach new customers? Attract more sellers? Extract more value to current sellers and buyers? And how? There is no time to waste!”*

Gaspar went further and stressed that whatever the strategies, some specific goals had to be met:

Increasing GMV(40) 10x

Increasing the total number of orders 8x

Increasing customer base 6x

Increasing the rate of customers that buy more than once per year to 40%

Increasing profitability (main focus on PC 3, Table 1).

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<sup>1</sup> Percentage that is applied to pre-VAT (tax) Sales amount.

<sup>2</sup> PC4 is negative due to Dott large investment in customer acquisition.

<sup>3</sup> Portugal Sou eu (Portugal is Me) is a program sponsored by the Government to increase the value of national products.

<sup>4</sup> This initiative focused on Sonae Sierra’s shopping centers. Sonae Sierra is a Sonae’s business unit that manages several shopping centers in Portugal. As in the confinement period, non-essential product and service outlets had to close, most retailers located in shopping centers were severely hit by this measure.

<sup>5</sup> <https://ecommercenews.eu/800000-online-stores-europe/>

<sup>6</sup> Farfetch is an upscale e-commerce platform of designer’s clothes, shoes, bags & accessories.

<sup>7</sup> <https://ecommercenews.eu/omnichannel-retail-europe>

<sup>8</sup> <https://ecommercenews.eu/top-20-of-cross-border-marketplaces-from-europe/>

<sup>9</sup> <https://www.cbcommerce.eu/press-releases>

<sup>10</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=E-commerce\\_statistics\\_for\\_individuals](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=E-commerce_statistics_for_individuals)

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- <sup>11</sup> <https://www.accenture.com/us-en/blogs/voices-public-service/how-covid-19-has-brought-delivery-into-the-future-2>
- <sup>12</sup> <https://www.statista.com/statistics/1113005/market-size-of-e-commerce-in-europe-by-country>
- <sup>13</sup> <https://ecommercenews.eu/online-payment-methods-europe/#popular>
- <sup>14</sup> <https://www.globenewswire.com/news-release/2020/02/24/1989166/0/en/European-Cross-Border-B2C-E-Commerce-Market-2020-Double-Digit-Growth-Expected-after-2020.html>
- <sup>15</sup> <https://www.dinheirovivo.pt/economia/portugal-digital- apenas-39-das-empresas-estao-online-12827885.html>
- <sup>16</sup> <https://www.rexel.pt/media/1993/ctt.pdf>
- <sup>17</sup> <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200420-1>
- <sup>18</sup> <https://www.accenture.com/us-en/insights/public-service/high-performance-postal-research>
- <sup>19</sup> <https://digitalks.pt/artigos/a-evolucao-do-e-commerce-em-portugal/>
- <sup>20</sup> <https://www.marktest.com/wap/a/n/id~26c8.aspx> <https://digitalks.pt/artigos/a-evolucao-do-e-commerce-em-portugal/>
- <sup>21</sup> <https://www.rexel.pt/media/1993/ctt.pdf>
- <sup>22</sup> Multibanco is an interbank network (SIBS) which links the ATMs of 27 banks in Portugal. It allows electronic payments made at the point of sale, through the use of a system accepted card. It can also be used to make online payments. Vendors generate a payment reference (which identifies the vendor, the operation and its value) which can be used to pay through an ATM or online banking.
- <sup>23</sup> <https://dhlexpresspt.com/meios-de-pagamento-preferidos-dos-portugueses-em-lojas-online/>
- <sup>24</sup> <https://grandeconsumo.com/portugueses-cautelosos-mas-aderem-a-novos-meios-de-pagamento/#.X6KQk4j7Q2w>
- <sup>25</sup> <https://www.eugenewei.com/blog/2018/5/21/invisible-asymptotes>
- <sup>26</sup> <https://industryeurope.com/how-is-e-commerce-affecting-european-logistics/>
- <sup>27</sup> <https://www.forbes.com/sites/betsyatkins/2019/05/06/logistics-in-the-e-commerce-era/?sh=495b54b1574d>
- <sup>28</sup> <https://www.mckinsey.com/industries/retail/our-insights/a-perfect-storm-for-fashion-marketplaces>

## Appendix 1

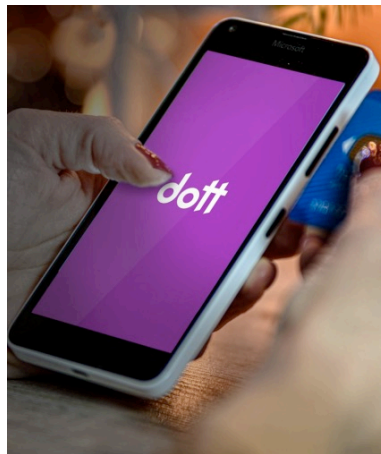
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**Dott Category info**

	Category	GMV (%)	Ordered items (%)	Sellers (%)
1	Health and beauty	23.17%	32.96%	12.55%
2	House and garden	19.50%	14.39%	13.38%
3	Fashion and Footwear	9.33%	5.73%	16.14%
4	Supermarket and Drinks	8.39%	15.15%	12.99%
5	Home appliances	7.28%	2.12%	5.42%
6	Computers and Electronics	5.38%	2.09%	3.81%
7	Cell Phones and Communications	5.23%	4.01%	3.26%
8	Animals	4.83%	5.20%	3.10%
9	Baby, Child and Toys	4.62%	4.64%	5.80%
10	Office and Stationery	3.71%	7.03%	4.53%
11	Sport	3.12%	1.79%	6.58%
12	Image, Sound and Home tech	3.10%	1.99%	4.09%
13	Books	1.00%	1.86%	3.37%
14	Vehicle Accessories	0.74%	0.47%	1.82%
15	Music, Movies and Gaming	0.53%	0.49%	2.16%
17	Watches & Jewelry	0.07%	0.06%	0.77%
16	Experience Ticket and Vouchers	0.03%	0.01%	0.22%

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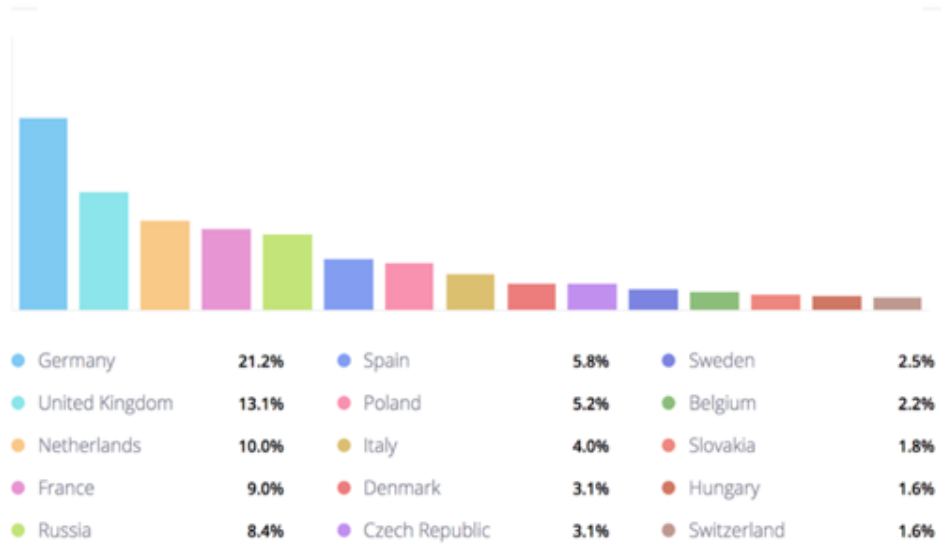
## Appendix 2



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## Appendix 3

Online Stores in Europe, divided per country



Source: Ecommercenews.eu / Data provider.com

## Appendix 4

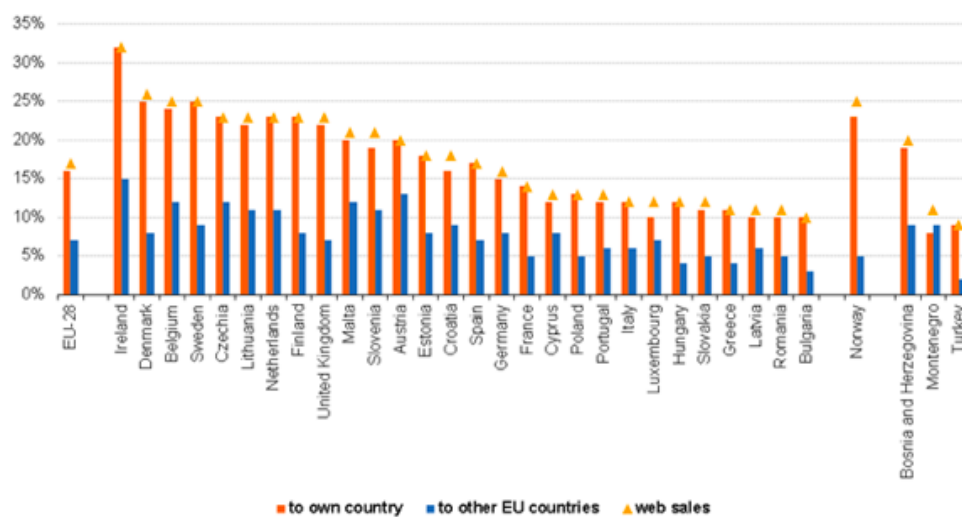
20 Top online retailers in Portugal 2020

PC	Source	Reach (000)	Page Views (000)	Visits (000)
Worten	meter	1,439	33,865	4,730
Aliexpress	meter	1,221	87,348	6,574
fnac	meter	1,194	22,220	3,419
Continente	meter	1,053	56,885	3,732
Amazon	meter	1,001	42,099	3,928
Kuanto Kusta.pt	meter	937	11,341	2,663
Booking	meter	879	29,141	2,781
eBay	meter	749	26,598	2,628
IKEA	meter	742	47,813	2,629
Leroy Merlin	meter	708	17,718	1,427
Wish	meter	679	17,464	2,042
Wook	meter	673	11,885	1,781
TripAdvisor	meter	586	13,439	1,012
Radiopopular	meter	539	7,326	1,430
Decathlon	meter	530	11,780	1,123
Auchan	meter	508	12,995	1,263
El Corte Inglés	meter	474	13,775	1,247
PCDiga	meter	455	15,228	1,768
MediaMarkt	meter	454	5,942	970
Staples	meter	386	6,368	727

SOURCE: Net Audience - Report E-Commerce September 2020

## Appendix 5

Web sales to one country and other EU countries, 2018 (% of enterprises)



Not available: Iceland (no data), web sales for Serbia (unreliable), North Macedonia (no data)  
Source: Eurostat (online data code: isoc\_ec\_eseln2)