**UNIVERSIDADE ESTADUAL DO OESTE DO PARANÁ**
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**WESTERN PARANÁ STATE UNIVERSITY**
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**ANÁLISE DE VIABILIDADE ECONÔMICA E FINANCEIRA PARA CRIAÇÃO DE LOJA VIRTUAL DE ROUPA FEMININA NO MUNICÍPIO DE CASCAVEL**


**ECONOMIC AND FINANCIAL FEASIBILITY ANALYSIS FOR THE CREATION OF A VIRTUAL STORE OF WOMEN'S CLOTHING IN THE CITY OF CASCAVEL**


**[TRADUÇÃO INGLESA]**


**CARLOS ALBERTO NOTARI**


**CASCAVEL - PR**
**2021**

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Dissertation presented in partial fulfilment of the requirements for the degree of **Master of Science in Administration** in the Department of Administration, Western Paraná State University. Dissertation Supervisor: Dr. Ronaldo Bulhões

Dissertação apresentada ao Programa de Pós-Graduação em Administração (PPGAdm) – Mestrado Profissional, da Universidade Estadual do Oeste do Paraná, como requisito parcial para obtenção do grau de **Mestre em Administração.** Orientador(a): Dr. Ronaldo Bulhões

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**unioeste**
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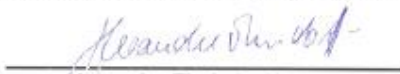
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Cascavel, 10 de março de 2021

# RESUMO

Notari, C. A. (2021) Análise de viabilidade econômica e financeira para criação de loja virtual de roupa feminina no município de Cascavel. (Mestrado em Administração Profissional), UNIOESTE, Cascavel – PR, 83 p.

O objetivo do presente trabalho foi de realizar uma análise de viabilidade econômico-financeira em uma loja física de roupas feminina com vistas a auxiliar a tomada de decisão de investimento para abertura de uma loja virtual no mesmo ramo. A metodologia utilizada caracteriza-se como um estudo de caso. Os dados foram analisados através de estatística descritiva com auxílio de tabelas, quadros e gráficos e os dados financeiros foram analisados e apresentados utilizando-se dos índices de avaliação financeira VPL, IL, TIR, TMA e Payback. Os resultados obtidos na análise dos índices financeiros comprovam a viabilidade da loja física de roupas feminina no período considerado, tendo condições de investimentos para a abertura da loja virtual. Como resultado deste estudo, fica a recomendação para que cursos de administração financeira sejam disponibilizados pelas Instituições de Ensino Superior (IES), de forma acessível aos empresários das pequenas empresas, visando, principalmente, melhor preparar os empresários para a gestão de seus negócios e diminuir o índice de mortalidade das pequenas empresas, como também fica a recomendação para que atividades de extensão universitária com estudantes dos cursos das áreas de administração, economia e ciências contábeis seja desenvolvidas através de consultoria em pequenas empresas.

Palavras-chave: Gestão. Estratégia. Análise econômica. Análise financeira.

# ABSTRACT

The objective of the present work was to carry out an analysis of economic and financial viability in a physical store of women's clothing to assist in making investment decisions for opening a virtual store in the same segment. The methodology used is characterized as a case study. The data were analyzed using descriptive statistics with the aid of tables, charts and graphs and the financial data were analyzed and presented using the financial assessment indexes NPV, PI, IRR, MAR and Payback. The results obtained in the analysis of the financial indexes prove the viability of the physical store of women's clothing in the period considered, having investment conditions for the opening of the virtual store. As a result of this study, it is recommended that financial administration courses may be made available by Higher Education Institutions, accessible to small business owners, aiming mainly at better preparing entrepreneurs for the management of their businesses and reducing the index of small business mortality, as well as the recommendation for university extension activities with students from courses in the areas of administration , economics and accounting sciences to be developed by means of  consultancy in small companies.

**SUMMARY**

# 1  INTRODUCTION

In an increasingly globalized and competitive market staying active and still profitable is not an easy task, especially for small businesses. Because of that, it takes a lot of creativity and innovation to win customers over, as well as maintain a good administrative and financial management.

Eberle and Colauto (2015) state that the environmental pressures and increased market competition to which companies are exposed indicate the need for aggressive postures of organizations so that they are adjusted to the need of the market operating with a management process for more agile and efficient decision-making.

In small businesses, the entrepreneur may be the only one who makes decisions about the organization (Varis & Littunen, 2010). In this sense, Saunila (2016) adds by stating that small businesses differ from large companies by a personalized management and centralized owner. In general, the administrative level of small companies is considered quite rudimentary, demonstrating a high structural and management fragility (Pinheiro, 1996).

According to Dos Santos Siqueira and Barbosa, (2017) is the culture of small business managers surviving in the market without planning, and warn that this is dangerous, because the future of these companies will probably not be growth, but only survival.  The biggest problem for small businesses is that they are usually too small to maintain the administration they need (Drucker, 1981).

Financial management practices in micro and small enterprises are part of management failures. The causes of the high mortality rate of micro and small companies are strongly related to managerial failures in leading the business, which may be related to the entrepreneur's lack of qualification for the management activity, which involves the lack of planning, organization, direction, and control of his enterprise (SEBRAE, 2013a).

In a study conducted by SEBRAE, the causes of mortality of diagnosed micro and small companies were grouped into categories, which are: management failures, economic causes, operational logistics problems, and public policies. Within each category the main factors found were lack of working capital and financial problems; lack of customers; lack of skilled labor; and lack of bank credit (SEBRAE, 2013b).

According to Morais, and Carneiro, (2017), the main reasons that lead entrepreneurs to end the activities are the lack of working capital, the high tax burden, the high default, and the lack of customers. Other factors also influence, such as lack of managerial knowledge, strong

competition, high administrative and financial expenses, inadequate facilities, and lack of skilled labor.

According to Matias and Júnior (2002), the weakness of micro and small companies is linked to maladministration, which is responsible for 90% of failures, and one of the main factors of failure of micro and small companies is the fact that management is concentrated in the hands of one or a few people, and many are unaware of the principles of administration and basic management instruments.

SEBRAE (2013b) argues that the success of the business depends on the ability of the entrepreneur to manage financial resources, to guarantee working capital even in adverse situations between the outflow and the capital inflow.

Assaf Neto (2012) mentions that financial management can ensure a better and more efficient business process of allocating the company's capital resources, as well as providing the management of these resources to maintain the financial health of the enterprise.

Efficient financial management is one of the fundamental steps for analyzing investments. According to Assaf Neto and Lima (2010), performing the investment analysis helps entrepreneurs in the decision-making process, being a fast, practical, and safe instrument. The permanence of any business in the market depends on the quality of decisions made, mainly, in times of economic crisis.

According to Rohden (2019), the emergence of the internet arose the need and opportunity of a new sales channel, what we call e-commerce. In English, electronic commerce, giving rise to the abbreviated expression e-commerce.

Entrepreneurs, faced with crises, must seek investment alternatives to survive and in this sense, e-commerce has become one of the main investments in the maintenance and expansion of business. According to E-bit (2019), sales by e-commerce, in 2019, continued to grow, with revenues of R$ 61.9 billion, a nominal increase of 16.3% compared to 2018, and the fashion and accessories category is among the products with the highest volume of requests by consumers on the Internet, being the main segment of activity of virtual entrepreneurs.

According to Laudon and Traver (2018), e-commerce involves the use of the Internet of the World Wide Web and applications and browsers running on computers to lead business. E-commerce can be defined as commercial transactions carried out by the internet environment between organizations and customers. It turns out that small businesses are emerging as new explorers of e-commerce, following what is already adopted by large companies (Drew, 2003).

Rodrigues (2014) states that the creation of an e-commerce store presents numerous advantages for the entrepreneur and consumers. An e-commerce site has no time limits, is

constantly accessible and allows to serve consumers from different parts of the country and the world. The adoption of e-commerce solutions allows companies new opportunities for income generation, through initiatives such as expanding to new markets and developing new products and services (Araujo & Zilber, 2013).

Another fact that impacted the retail trade and that motivated the most strongly use of virtual commerce was the arrival of Covid-19, a disease caused by the Coronavirus Sars-Cov-2 (severe acute respiratory syndrome), which presents a clinical picture ranging from asymptomatic infections to severe respiratory conditions. Coronavirus is a family of viruses that cause respiratory infections. The new coronavirus agent was discovered on December 31, 2019 after cases registered in China. The World Health Organization (WHO) declared on January 30, 2020, that the outbreak of the disease caused by the new coronavirus (Covid-19) constitutes a Public Health Emergency of International Importance – the highest level of alert of the Organization, as provided for in the International Health Regulations. On March 11, 2020, COVID-19 was characterized by the WHO as a pandemic Pan American Health Organization (PAHO, 2020).

According to E-bit (2020), the Covid-19 outbreak generated a big increase in sales by e-commerce. In the first 15 days of March 2020, e-commerce sales in Brazil increased 40% compared to the first 15 days of March 2019. The number of consumers who started using e-commerce to make purchases also increased during that month. Internet sales of health-related products increased by more than 120% in the country.

Covid-19 has made major changes in retail trade, where physical stores have become e-commerce, increasing investments in e-commerce sites/platforms to generate a new way to sell and improve customer service. Delivery applications have gained strength and capillarity, and consumers have learned from quarantine (restricting the movement of people) becoming digital consumers (E-bit 2020).

## 1.1  SEARCH PROBLEM

The women's clothing store, the object of this study, began its activities in 2015, in the city of Cascavel, Paraná. It is registered as an Individual Limited Liability Company (EIRELI), a model of enterprise created in 2011 with the objective of legalizing limited company enterprises with only one partner, in this case the owner, choosing the Simple National tax regime.

Defined as a street store, it is installed one block from Av. Brazil, the main avenue of commerce of the city of Cascavel in Paraná, near the cathedral, that is, in the center of the city. It is rented a place and underwent a remodeling that left the store with an attractive architecture and external look, with a panel highlighting the name of the store. It does not have its own parking, but the street in which the establishment is located has a large amount of numbered rotating parking spots, paid through application, which facilitates access. It features an attractive and well-assembled shop windows with two mannequins.

The interior of the store is modern and, for showing clothes, uses two clothes rack, one on each side of the store, with a counter in front of each clothe rack. The cashier is located at the back of the store on an oval counter, where the owner is, next to the dressing room. There is also a mezzanine that is used to store.

The store has a loyal clientele composed of women between 16 and 35 years, belonging to A and B classes, residents of the city of Cascavel, Paraná. It also has some customers from other states who follow the dissemination of photos and videos of products on social media (Instagram), and make purchases remotely via WhatsApp and phone. The customer service is done by the owner herself and two other employees, all with knowledge of fashion, colors, collections, and fabrics, which allows clarifying, guiding, and taking all questions from customers.

Customer service hours are from 09:00 to 18:00, Monday to Friday, not closing for lunch. On Saturday, the store opens from 09:00 to 13:00. One of them works from 9am to 12 pm and from 1pm to 6pm, with one lunch hour, and the other works from 9 am to 1 pm and from 2 pm to 6 pm, also with a lunch hour, thus allowing normal and uninterrupted service from 09 to 18hs. The two employees receive a salary slightly above the market and, as a result, do not receive commissions on sales.

The businesswoman controls the card system used, which allows cash sales, term, debit, and credit, as well as bank slip and payment link issuance which is normally used in sales made by social networks. Sales are, for the most part, the view, in debit or credit, when carried out on time is offered 30, 60 or 90 days for payment, since it does not use and does not have its own credit system.

The purchases of the products marketed in the store are made by the owner, made directly in the wholesale stores of the Bom Retiro neighborhood in São Paulo. The owner travels to São Paulo, every beginning of the month, where she makes the purchases of spare stock, visiting a predetermined selection of wholesalers, who sell the models and prints preferably of the store's customers. The stock is replaced according to the collections and season of the year,

matching the colors of fashion. Stock repositions are carried out with a payment period of 30, 60 and 90 days, this being the maximum term given by wholesalers. The goods are delivered via carrier, arriving in a maximum of two days.

When the goods arrive in the store, they are recorded in the computer system called Makito, entering the stock. This system is used for inventory control and daily sales. The records are made by the employees, who also record the daily sales. The owner uses the system for daily sales control, but does not use all available functionalities, not issuing reports that the system provides, thus not having an updated inventory control. As the businesswoman does not make use of all the functionalities of the computer system, the financial controls of the store are carried out through an Excel spreadsheet, where the businesswoman keeps track of fixed and variable expenses. In this spread sheet, it is also recorded what was paid and what still must be paid, in addition to the financial volume of monthly sales.

The money received by sales in one month is used to finance next month's activities. Most sales are spot on or in 30 and 60 days. Inventory replacement (purchases) is monthly with payments in 30, 60, and 90 days. This way, the receipt times are short, and the store needs the sales of the goods to keep up. There is a monthly stock surplus of 15%. Using this cash flow format, the fall in sales affects store activities and inventory replacement.

The store does not have either an effective control of cash flow and banks or as the control of fixed and variable expenses does not include all accounts. There is also a lack of more effective control of the inventory and the sales price practiced. With the few controls practiced by the entrepreneur, it is not possible to reliably and quickly identify whether the clothing store is making profits or losses and relies on financial resources for investments.

About marketing, the store does not make any kind of advertising in traditional media. Only advertises in digital media, like Instagram, with photos and videos of the products.

Due to this context, the store has been facing difficulties in identifying the real financial condition. As it does not maintain adequate financial controls, there is no way to know what the real conditions are to take risks and make new investments to expand the business, such as opening an online store (women's fashion e-commerce), aiming to increase revenue, and become more competitive in the market.

Given the above, the question is: Is there economic and financial viability to expand the company opening an online store in the women's fashion business in the city of Cascavel, Paraná?

## 1.2 GOALS

### 1.2.1 General Objective

The objective of this work is to perform an economic and financial feasibility analysis with a view to assisting in investment decision making to open an online store in the women's clothing business.

### 1.2.2 Specific Objectives

a) Leading a study of the retail of the women's fashion sector in the commercial virtual environment
b) Perform financial analysis of the women's clothing store.
c) Perform economic and financial feasibility analysis, identify opportunities, threats and define competitive strategies for opening an online store.

## 1.3 JUSTIFICATION AND CONTRIBUTION OF TECHNICAL PRODUCTION

When an entrepreneur decides to invest in a new business, he knows that the return on investment is not the only reason for this decision, because there are other aspects that must be considered, such as the economic, financial, and social growth and development of the company.

This study is considered relevant from a theoretical point of view, bringing to the fore the importance of financial management for the viability and permanence of the enterprise, presenting the perspectives of connection between financial management, entrepreneurs, and organizational performance. According to Neves and Pessoa (2006), the lack of financial planning, together with other factors, when setting up or expanding a business, causes entrepreneurs to be blindfolded, aimlessly, and this undermines the survival of the business and the return on investment.

From a practical point of view, this study is relevant and is justified since it will allow to know the economic and financial situation of the business, assisting the decision-making to expand the company with the opening of an online store, e-commerce, in the city of Cascavel - Paraná. Given the scenario to be studied, it is believed that the methodological procedures

chosen, in addition to seeking understanding about the situation and financial management of the enterprise, should assist the entrepreneur in identifying possible difficulties of day to day in relation to finances, providing management improvements and a vision of the possibilities of investments for the expansion of the business.

## 1.4   DISSERTATION STRUCTURE

This dissertation was structured as follows: The first chapter it is the introduction, the description of the research problem, the research question, the general and specific objectives and the justification and contribution of technical production; in the second chapter are the theoretical and practical references of the literature giving the theoretical support that guide the work; in the third chapter, methodological procedures are presented; in the fourth chapter, the presentation of the problem situation, the analysis of the data, discussions, diagnosis and interpretation of the results is performed;  in the fifth chapter are presented proposals for improvements and interventions in the physical store and feasibility study for the creation of the online store; finally, in the sixth and last chapter, the  main results, conclusions and considerations of the work were addressed.

## 2   THEORETICAL AND PRACTICAL REFERENCES

## 2.1   ENTREPRENEUR AND ENTREPRENEURSHIP CONSIDERATIONS

According to Brito et al. (2013), the term entrepreneurship has its origin attributed to the writer and economist Richard Cantillon (century. XVII), because he was one of the first to distinguish the entrepreneur (person who takes risks) from the capitalist (capital provider).

According to Dornelas (2001), an important figure for entrepreneurship is the person of the entrepreneur, identified as the one who detects new opportunities and creates ventures, assuming previously calculated risks, aiming to obtain a return on the investment made. Entrepreneurs need to have strategic capabilities, that is, think about issues that distinguish them from others, and see what others do not see (Barros & Pereira, 2008).

According to GEM (2018), entrepreneurship is defined as any attempt to create a new business or new enterprise, such as an autonomous activity, a new company, or the expansion of an existing enterprise, by an individual, groups of individuals or by established companies.

According to Filion (1999), entrepreneurship has practical connotations, but also implies attitudes and ideas to develop or do things differently and in new ways. Pelogio (2011) considers entrepreneurship as the phenomenon of generating enterprises, based both on the creation of new companies and on the expansion of an already established company, such as the opening of a new business unit or a subsidiary.

Barreto (1998) defines entrepreneurship as the ability to conceive and establish something from extraordinarily little or almost nothing. The author thus considers entrepreneurship as a behavior or process aimed at creating and developing a business that will bring out positive results.

In order that the entrepreneurship may be developed, the figure of the entrepreneur is necessary, who,  according to Dornelas (2008), are defined as individuals who make a difference; visionaries; they know how to make decisions; know how to make the most of opportunities; are determined and dynamic; are dedicated; are optimistic and passionate about what they do; are independent and build their own destiny; become rich; are leaders and team makers; are well-connected; are organized; they plan; they have knowledge; they take calculated risks and create value for society.

For Chiavenato (2004), entrepreneurial spirit is the energy of the economy, the lever of resources, the impulse of talents and the dynamics of ideas. The entrepreneur sniffs out the

opportunities and needs to be extremely fast, taking advantage of the fortuitous opportunities before other adventurers do, being the one who starts a business to accomplish an idea or personal project taking risks and responsibilities and continuously innovating.

According to Global Entrepreneurship Monitor (GEM, 2018) and Leite e Oliveira (2007), individuals turn to entrepreneurial activities moved essentially by two reasons: by necessity or by opportunity. Entrepreneurs by need are defined as individuals who engage in autonomous activities, because there is a lack of working choices or they are unsatisfactory. Entrepreneurs by opportunity, on the other hand, seek to create companies motivated by the perception of a potential market opportunity, and convinced that they can succeed in ventures (GEM, 2018).

According to Drucker (1987), innovation is the central element of the information society, and as such, the main motivating tool for entrepreneurs. In a globalized society, where communication and information circulate in real time, innovation becomes the primary capital of the new entrepreneur.

## 2.1.1 Entrepreneurship in Brazil

Dornelas (2001) points out that the movement around entrepreneurship in Brazil began in 1990 when entities such as the Brazilian Service of Support to Micro and Small Enterprises (SEBRAE) and the Brazilian Society for Software Export (SOFTEX) were created. As the political and economic environment of the country was not favorable before this period, there was no talk of entrepreneurship and small business creation. The entrepreneur could hardly find information to help him.

In 2018, two out of five Brazilians between the age of 18 and 64 were at the head of a business activity or had plans to have a business. This is shown by the research done by GEM (2018), which verified the second-best performance for the entrepreneurship rate since 2002, when the index began to be measured. The research shows that the total rate of entrepreneurship, which brings together new entrepreneurs and business owners already established, reached 38%. According to this indicator, approximately 52 million Brazilians of productive age were involved with some entrepreneurial activity. The research was carried out in 49 countries and, in Brazil, had the support of the Brazilian Service of Support to Micro and Small Enterprises (SEBRAE).

The percentage of total entrepreneurs is the second highest recorded in the entire historical series of the Global Entrepreneurship Monitor - Brazil, falling only from that recorded in 2015 (39%) and represents an increase of two percentage points compared to the previous two years.

One of the reasons for the increase in entrepreneurship was that, in 2019, unemployment showed alarming rates. Data released by the Brazilian Institute of Geography and Statistics IBGE (2019) indicate that the unemployment rate in the first quarter of 2019 rose to 12.7%, amounting to 13.4 million Brazilians without work. Thus, unemployment and the economic crisis are the main factors of the increase in entrepreneurship, especially out of necessity.

Despite the increase in the number of entrepreneurs, Brazil still faces a high mortality rate and business closure, according to Data SEBRAE (2016), in a research conducted on the survival of companies, with a sample of 2006 companies representing the universe of companies established in 2011 and 2012, it is shown that there is not only a determining factor of the closure, but a combination of "contributing factors", in particular: (1) the type of occupation of the entrepreneur before the opening (whether unemployed or not); (2) the experience/knowledge of the previous entrepreneur in the field; (3) the motivation for the opening of the business; (4) proper business planning prior to opening; (5) the quality of business management; and (6) the training of owners in business management.

Given this context, an entrepreneur when planning the opening or expansion of a business, should come up with a business plan, as well as perform economic and financial feasibility analysis to better know the market, the business in which it is inserted and the possibilities of return on investment to be accomplished.

## 2.2   BUSINESS PLAN

For the entrepreneur, who intends to invest in a new business, planning is a vital word these days, since the market is highly competitive and if not planned, the chance to succumb is great, the business plan being one of the forms of planning.

Salim (2005) defines business plan as a document that contains the characterization of the business, the way of operating, the strategies, the plan to conquer a market share and projections of expenses, revenues, and financial results.

Dornelas (2008) follows the same line and defines a business plan as a document used to describe an enterprise and the business model that sustains the company, and that the

elaboration involves a process of learning and self-knowledge and allows the entrepreneur to be in the business environment.

In the view of Dolabela (2012, p. 89). Business plan is a document to fully describe the company's objectives and how it intends to achieve these objectives by synthesizing business plan as:

- A way to think about the future of the business: where to go, how to go faster, what to do along the way, to reduce uncertainties and risks.
- One way to describe a business: the reason for the existence of the business opportunity, how the entrepreneur intends to grab it, how he will seek and manage the resources to take advantage of it.
- A description of the enterprise and the potential for success or possible failure, describing juridical or legal obstacles, risks, and whether the expected profitability will be sufficient to ensure the survival of the new business.
- An internal and external negotiation instrument to manage interdependence with partners, employees, funders, incubators, customers, suppliers, banks, etc.
- An instrument for obtaining financing, loans, piece of persuasion of new partners, internal control, integration of the team and involvement of employees and employees.

According to SEBRAE (2013, p. 5), the business plan helps the entrepreneur understand whether the idea is viable, identifying the strengths and weaknesses of the business, and should contain, among others:

a) Market analysis - the entrepreneur must study and know the sector to which he wants to be inserted, analyzing customers, competitors, and suppliers, who are part of the microenvironment.

b) Financial plan - is the most complex part of the business plan. It involves several items, such as: Fixed investments, working capital, pre-operating investments, estimate of the company's monthly invoicing, estimate of marketing costs, estimation of labor costs, estimation of monthly fixed operating costs and feasibility indicators.

For Kotler (1998), the importance of the business plan has been increasing within the new market reality, implying a more realistic analysis, and suggesting a comparison with works that have already been carried out in the past.

Salim (2005) emphasizes the importance of the business plan and clarity in the information, being indispensable that the planning of the company is done correctly, that the business is completely described, and that the operation is very well understood. These points

show which market will welcome the product or service or the solution that the company intends to offer.

## 2.3   FINANCIAL ANALYSIS

For Helfert (2000), any business, large or small, can be described as a system of financial relationships and cash movements driven by administrative decisions to generate value. The generation of this value depends on a positive business of money flows that exceeds the expectations of the investor, becoming a successful managed business, with a system that generates monetary flows in due time and even more in the future.

According to Zdanowicz (2009), to do financial planning and analysis is to avoid surprises and figure out alternative plans to be followed if unforeseen events occur. The absence of long-term financial planning is a reason cited for the occurrence of financial difficulties and the bankruptcy of companies.

For Salazar and Benedicto (2004), financial analysis should be used by all companies, regardless of size and industry, since the information obtained can be used to support strategic decisions or to expand economic activities, being able to affect future financial performance.

For Matarazzo (2003), the analysis of the financial statements requires knowledge of what each account that appears in them represents. Even the transactions of a simple trading company, transact a certain amount of accounts, and without a notion of what the accounts represent, the interpretation of the financial statements is impaired. Perfect knowledge of the meaning of each account makes it easy to obtain accurate information.

Barbosa (2010) states that statements such as Cash Flow, Income Statement for the Year, and the Balance Sheet, among other financial analysis reports, provide information relevant to decision-making and the survival of companies. Such statements are important in an increasingly competitive market, where the efficiency and effectiveness of the decisions made are factors that can determine the success or failure of the company.

According to Neto (2012), the analysis of the financial statements is one of the most important studies for companies, attracting interest for both internal administrators and external analysts. The analysis aims primarily at the study of the economic and financial performance of a company in each past period, to diagnose, consequently, the current position and produce results that serve as the basis for predicting future trends.

Padoveze (2008) reinforces that economic and financial indicators are the elements that present the results of mathematical calculations made from the balance sheet and income statement, seeking numbers that help in the clarification process for understanding the company's situation, especially in the equity, financial and profitability aspects. Neto goes on to (2012) state that despite the existence of some sophisticated criteria, the use of indexes is the technique most used in studies of this nature.

The basic indices and techniques for performing a financial analysis of a company are: Minimum Attractiveness Rate (MAR), Net Present Value (NPV) method, Profitability Index (PI), Internal Rate of Return (IRR) and Payback method.

The Minimum Attractiveness Rate (MAR), according to Casarotto Filho and Kopittke (2010) and Souza and Clemente (2008), is an interest rate that represents the minimum that an investor expects to earn by making an investment or to the maximum that someone proposes to pay when making a financing. In Brazil, MAR is usually referenced in the SELIC (Special Custody Settlement System) rate, which has an[1]influence on all interest rates used in loans, financing, and investments.

The minimum rate of attractiveness (MAR) is considered in the methods of economic analysis of NPV and IRR, which estimate the profitability of an investment and assess the economic viability of different proposals (Assaf Neto & Lima, 2014).

The Net Present Value (NPV) according to Silva and Fontes (2005) and Woiler and Mathias (2010) of an investment project can be defined as the algebraic sum of the deducted values of the cash flow associated with it. In other words, it is the difference in the present value of revenues minus the present value of the costs. The calculation of the NPV takes place through Equation 1:

$$NPV = -I + \sum_{t-1}^{n} \frac{CF}{(1 + i)^t}$$
(1)

where:

I = Initial investment.

CF= Cash Flow.

i= interest rate (MAR).

t= period from 1 to n.

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[1] The SELIC Rate is considered the base rate of the Brazilian economy, since it is used by copom (Monetary Policy Committee) as one of the instruments for controlling interest rates in the country.

The project that presents net present value (NPV) greater than zero (positive) is economically viable. The higher the NPV, the more attractive the design.

NPV > 0 viable project.
NPV = 0 project break-even point; and
NPV < 0 unfeasible design.

The Profitability Index (PI) is an analysis criterion that consists of establishing the ratio between the present value of the project's net cash inflows and the initial investment. According to Woiler and Mathias (2010), it consists of the relationship between the sum of the Net Present Value (NPV) of cash flow and the absolute value invested in the implementation of the project. The IL is calculated according to Equation 2:

$$PI = \frac{\sum_{t=1}^{n} \frac{CFt}{(1 + i)^t}}{I} \tag{2}$$

where:

HR     = Cash Flow.
i         = interest rate (MAR).
t         = periods, which goes from 1 to n.
I         = initial investment.

The Profitability Index (PI) provides information like net present value (NPV) in terms of decision for the choice of investments, that is, for the project to be viable, this project must present an IL greater than the unit, therefore:

PI > 1 viable project.
PI = 1 balance point of the project; and
PI < 1 project unfeasible, as it does not cover the company's capital cost.

The higher the PI the more attractive the design.

The Internal Rate of Return (IRR), according to Souza and Clemente (2008), is the rate that cancels the NPV of a cash flow and should be interpreted as a risk measure of the decision. For Woiler and Mathias, (2010); Motta and Calôba (2002) IRR is an index of the profitability of an investment per unit of time. The IRR represents the compound interest rate that will make the NPV of an investment equal to 0 (zero).  IRR is calculated according to Equation 3:

$$0 = NPV = \sum_{t=0}^{n} \frac{CFt}{(1 + IRR)^t} = 0 \tag{3}$$

where:

CF = Cash Flow.

IRR = Internal Rate of Return.

t = periods, which go from 0 to n.

The IRR criterion recommends that a project will be viable if the IRR is equal to or greater than the Minimum Attractiveness Rate (MAR).  Therefore, the analysis of any investment should follow the following parameters:

IRR > MAR the viable project.

IRR = MAR reflects the balance point of the project; and

IRR < MAR the unfeasible project.

The Payback, according to Rasoto et al. (2012) shows the time required for the project benefits to restore the amount invested, the u is, so that the cash inflows are equal to what was invested, being considered a risk measure of the project. For Woiler and Mathias (2010) and Motta and Calôba (2002), Payback is an indicator that determines the recovery period of an investment, considering, in the calculation, the update of cash flow to a given MAR. The Payback calculation formula is represented in Equation 4:

$$Payback = Investimento - Fluxo\ de\ Caixa\ Descontado\ (até\ se\ tornar\ positivo) \quad (4)$$

Ryba, Lenzi and Lenzi (2012) state that this method is important due to the simplicity and possibility of use in situations involving risks, because the shorter the time of return, the

better. If the payback result corresponds to a longer period than the time expected by the investor, the project must be rejected. Otherwise, it must be accepted and have go on with the analysis (Macedo & Corbari, 2014).

For the calculation, two types of Payback, the Simple (PBS) and the Descanted (PBD) can be used. The first refers to a simple form of analysis, where values are considered nominal, without changes over time. This way, the analysis becomes fast, however, less accurate. On the other hand, the second type comprises actual values analyzed, with money update over time. Thus, the method becomes more complex due to the increase in calculations, being more accurate (Macedo & Corbari, 2014).

Cherobim, Lemes and Rigo (2017) describe discounted Payback as a method of analysis capable of evidencing the time needed to recover the initial investment. According to the authors, this method considers the value of money in time, using a discount rate to verify the number of periods in which the project recovers the initial amount invested.

Other important issues that should be considered at the time of decision-making, in addition to the techniques presented, are the opportunity cost, which are the remunerations that will be discarded for the realization of the investment; the project risk in relation to the gain to be received; and the liquidity that is the speed of conversion of the investment into cash.

## 2.4   VIRTUAL LOJA: E-COMMERCE

E-commerce can be defined as commercial transactions carried out over the Internet (using devices such as computers, tablets, or smartphones) between organizations and customers, where money is exchanged for products or services (Laudon & Traver, 2016). This definition frames as e-commerce transactions whose orders are carried out by these methods, even when payment or delivery is made offline.

Barbosa (2013) states that e-commerce is one of the tools that the Internet came up with and that it stands out in the business environment for representing a great strategic opportunity. According to Galinari et al. (2015), with low barriers to entry, e-commerce is formed by large corporations and numerous small retailers that tend to specialize in certain niches or market segments. Being that, according to Xie (2014), act in e-commerce traditional physical store companies with initiatives in e-commerce, exclusively virtual companies and originally virtual companies that choose to have later physical establishments.

E-commerce has become one of the main driving forces of the Brazilian retail market. In 2017, even though it was a year surrounded by an economic crisis, the segment, in e-

commerce, showed a growth of 7.5%. But e-commerce is not only important as a new path for the expansion of sales in a period of restricted investments, but it has also become the master spring of an intense process of digital transformation that the retail market is going through, according to the Brazilian Retail and Consumer Society (SBVC, 2018).

According to OECD (2013), the impact of e-commerce on the activity is not limited to a simple change in the way of trading goods or services. The technologies associated with this type of commerce have been changing the entire logic of the organization of the market and retail companies.

Agreeing with OECD vision (2013). Mendes (2013), on the other hand, states that e-commerce was one of the inventions that most impacted the 21st century, affecting the retail market and making more efficient the way society and companies communicate and carry out transactions.

Nisar and Prabhakar (2017) highlight four main differences between traditional business practices and e-commerce. (i) The first is the location. In traditional commerce customers choose the nearest store, in e-commerce the store is available globally and 24 hours a day. (ii) The second is the fact that the absence of a physical store allows e-commerce companies to react quickly to external changes. (iii) The third is the impossibility of testing products before transactions occur, and the (iv) last is that e-commerce processes have different characteristics at times of sale and after-sales. So, e-commerce offers more flexibility, greater market reach, lower cost structures, faster transactions, broader product lines, greater convenience, and customization.

The implementation of a Virtual Store by small companies can make them more competitive, since e-commerce has lower operating and transaction costs, better communication and coordination with customers, lower cost of disclosure, fewer obstacles and logistics costs of delivering products. These facts help small businesses reach new markets, thus overcoming physical and time constraints (OECD, 2013; Savrul et al., 2014).

E-commerce has inserted retail into the digital world, transforming the way consumers relate to businesses, and how companies communicate, inform, sell, interact, and relate to consumers. This digital transformation generates organizational and cultural changes, transforming structures, processes and business models, bringing the focus to mobility and customer search. Companies need to be attentive, because Brazilian consumers are moving faster than retail in the adoption of the digital world and for many companies' digital transformation is still only in the intention (SBVC, 2018).

2.5    E-COMMERCE AND EXPERIENCES IN BRAZIL AND IN THE WORLD

According to web site Emarketer (2020), the growth trend of e-commerce is worldwide, led by Asia and The Pacific (+30.3%), which showed 24% growth worldwide in 2018, reaching a mark of 2.9 billion dollars in sales. In Latin America, growth was 17.9% compared to the same period in 2017. In the top 10 U.S. e-commerce companies by 2020, Amazon.com remains the number one undisputed exponent, but there is a new number two, the company Walmart.

Considered the largest e-commerce in the world, Amazon started the internet business in 1994, selling books over the internet, now becoming the most revenue-making e-commerce company and undoubtedly the world's largest online conglomerate. Amazon has a full range of products, including electronics, clothing, software, pet supplies and books. In 2017, Amazon generated $177.9 billion in net sales. The company employs 566,000 employees, reflecting the size of the e-commerce store's operations (SBVC, 2017).

According to Rosa (2019), a survey conducted by Internet Retailer and Bizrate Insights in 2017 with 2,815 U.S. e-commerce consumers, it was shown that Amazon is already the leading search destination in online shopping, ahead of Google, the largest search engine in the world.

Amazon's mission is to stay focused on always offering consumers high-quality products, accompanied by the best service and at the lowest possible prices. In other words, there are reasonably priced products, a great offer and the highest possible availability. Jeff Bezos, President and CEO - Chief Executive Officer - of Amazon states, "Our goal is to be the most customer-focused company in the world. The place where people can find and discover everything they want to buy online"(Núñez Balladares et al., 2019).

AliBaba, founded in 1999, is another giant e-commerce, based in China. He started business targeting the online wholesale market, but today it also serves the final consumer. AliBaba's absolute dominance in China, the world's third largest market, was enough to include it in the list of major e-commerce companies (SBVC, 2017).

The wide dissemination of AliBaba Group's activities has enabled its development and growth in a stable way through its strong business diversification, such as the sale of consumer products in e-commerce, online payments, and cloud computing, reaching users in more than 190 countries (Wulf, 2010).

The eBay company, founded in 1995 in San Jose, California, is one of the world's leading e-commerce companies. The e-commerce platform provides a market for transactions

between companies and between companies and consumers, having a variety of product categories that cover almost everything, using a system like that offered by the Free Market website, here in Brazil. What makes eBay an outstanding e-commerce and one of the top 10 ecommerce companies in the world is the bidding feature. Stakeholders can bid for a product and the highest bid receives the product. Every in-store sales transaction generates a small share in the value of sales. In 2017, this small portion accumulated revenue of US$9 billion (SBVC, 2017).

One of the great differentials of eBay was the launch of the program "eBay International Market", that allows buyers to, from a website in a country, adapted to the local language and with the most appropriate product categories for the region, can have access to offers from several other countries, provided that the sellers of these offers agree to make the delivery to the buyer's country. Especially in free trade areas, this has exponentially increased the assortment offered to buyers (Bohrer and Dib, 2014).

Zappos is a shoe store considered one of the leading e-commerce companies in the industry with the best customer support in the world. The goal has always been to impress customers by the exceptional service. As part of differentiated customer service, do not charge freight, return cost or purchase cost. After delivery, you can return the shoes if you do not like it and get the money back. Amazon offered to buy Zappos for $1.2 billion in 2009, but the proposal was rejected (SBVC, 2017).

Zappos is considered one of the companies that has one of the highest standards of service in the world. In it, there is a staff of employees who stay 24h on Twitter at hand, sometimes, posting something funny, sometimes giving a "good morning" or "good night", or talking trivia with internet users. They are not there to sell; they are on the social network to interact with the customer. The company's own CEO - Chief Executive Officer - Tony Hsieh, exchanges messages with consumers, effective or potential, on Twitter (Galindo & Santos, 2010).

Rakuten is one of the leading e-commerce companies and Japan's largest e-commerce site, where 90% of Internet users have registered an account. It owns 40,000 companies and has also purchased several foreign assets and converted them into subsidiaries. It is considered one of the largest e-commerce companies in the world, with global transactions rising to 12.9 trillion yen. It employs more than 10,000 employees and operates in 24 countries (SBVC, 2017).

Japan's Rakuten invested in expanding its geographic penetration by deciding to enter the digital book market. In 2011, it acquired Canadian company Kobo, the manufacturer of the digital reader of the same name, and later The American OverDrive Holdings Inc., an

aggregator that operates the digital book distribution platform OverDrive. Joining its acquisitions with its expertise in online retail commerce, Rakuten not only empowered to compete in the e-reader and e-book markets, but also broadened its expectations in this second market, by empowering to compete also in the subscription business for access to digital editorial content (Mello et al. 2016).

In Brazil, they are examples of nationally known e-commerce stores, according to Turban et al. (2010), Submarino.com and Americanas.com, both belonging to the company B2W, being also owner of the Ingresso.com brand, which mediates the sale of tickets to cinemas, theaters, concerts, football games and cultural events.

For France and De Siqueira (2003), the experience of the Pão de Açúcar Delivery store also adds to the relationship of virtual stores in operation, having been analyzed in a study on virtual retail as a new form of relationship with the consumer.

Another example of a nationally known e-commerce store, according to Santarosa (2016), is the company A Esportiva, which after more than 50 years of operation in traditional commerce, innovated by adopting a business model in which physical establishments started to coexist with a virtual channel. Thus, in 2010, the retail chain, which until then restricted its internet presence to an institutional website, opened the e-commerce store A Esportiva, starting to compete with two major e-commerce companies, Centauro and Netshoes.

Santarosa (2016) also highlights that Netshoes, electronic commerce of sporting goods, founded as a physical shoe store in São Paulo, in 2000, where, after two years of work, the online store was launched on the Internet, expanding the focus of sales to the entire sports world. In 2007, the company focused its efforts on sales exclusively in e-commerce, closing all physical stores, and became the largest e-commerce of sporting goods in the world, with operations in Brazil, Argentina, and Mexico.

According to the E-bit report (2019), e-commerce in Brazil has been growing more than traditional stores. Even in a turbulent year, with events such as the World Cup, elections, the dollar's rise and the impacts of the Truckers' Strike, e-commerce maintained the growth curve in 2018 and recorded revenues of R$53.2 billion, a nominal increase of 12%, compared to 2017. There are already 58 million consumers, that is, 27% of the population, representing an increase of 6% compared to the previous year. The sector is mainly fostered by the growth in the number of orders, which in 2018 reached the mark of 123 million, and the average ticket of purchases was R$ 434, an increase of 1%.

Brazil is the most developed market in terms of e-commerce in Latin America, with sales importance of 4.3% and double-digit growth (12%). The most incipient markets such as

Argentina also have significant growth figures (37.5% in 2018 compared to 2017) but have high inflation rates (40.5%) (E-bit, 2019).

The Brazilian economy is still in the process of recovery and e-commerce can play a key role at this time. E-commerce also appears as an opportunity for entrepreneurs who need a complementary source of income.

Beauty products in Brazil have a large market. However, selling these products over the internet presented a difficulty because customers could not try cosmetics, generating a great resistance to purchases in e-commerce. However, it was a great opportunity for the company Beauty on the Web with the creation of e-commerce. The company has overcome this resistance by bringing well-known beauty professionals to create content and endorse products, also bet on professional lines, which are more difficult to find in physical retail. In 2017, despite facing competition from large companies in the sector, the e-commerce of Beauty on the Web has a turnover of about R$ 200 million per year (SBVC, 2017).

A great case of Brazilian e-commerce is Magazine Luiza, which started what would be the embryo of e-commerce store, using multimedia terminals, where it was possible to shop in the store without the store having products on display or even in stock. With this, the organization created the first ecommerce model. In 1999, the concept of online store, created by the brand at the beginning of the decade, was taken to the internet. Magazine Luiza takes the concept of multichannel seriously. The concern is not only to be present where the consumer is, but also to offer an omnichannel shopping experience. By integrating operations across all channels, the customer realizes the same service pattern wherever they are. With these differentials, Magazine Luiza has become one of the successful cases in Brazilian e-commerce, even with the origin of physical retail (Michelon et al. 2018).

# 3 METHOD AND RESEARCH TECHNIQUES

## 3.1 RESEARCH DESIGN

According to Mota-Roth and Hendges (2010), the research methodology aims to present data and methods to be adopted to meet the research problem. The methodology describes the procedures for collecting and analyzing the data and the materials that lead to obtaining the results.

As for nature, this study can be characterized as an applied research, since it intends to support business management, which, according to Da Silva and Menezes (2005), aims to generate knowledge for practical application in the search for solutions to specific problems.

As for the approach, this study can be considered a qualitative research, which according to Creswell (2014), conceptualizes the qualitative approach to explore and understand the meaning that individuals or groups attribute to a social or human problem.

This study is also characterized as a descriptive study, Moresi, (2003), since it showed a feasibility study analyzing correlations between qualitative quantitative variables. According to Cervo and Bervian (2011), when the study aims at observing, recording, analyzing and correlating phenomena without manipulation, it is considered an exploratory descriptive study, not establishing hypotheses, only objectives to guide the research.

Being considered a case study, Révillion (2003), since it seeks to examine phenomena in the natural environment to obtain information from the studied objects, addressed in this study by the search for understanding the economic and financial situation and the feasibility analysis for the opening of a virtual store by the entrepreneur. According to Boyd et al. (1989) and Mattar (1994), case studies allow a further knowledge of complex and systemic problems by observing dynamics and interaction with multiple factors.

This study was also characterized by using a literature review in the search for references on entrepreneurship and entrepreneurship, small business management, business plan, market analysis, financial management, financial analysis, e-commerce and experiences in Brazil and worldwide, being items that make up the theoretical framework, serving as the basis for this study. According to Boccato (2006), the literature review seeks to identify a problem through published theoretical references, bringing support for knowledge about what was researched, and the focus and perspectives of how the subject was presented and treated in the scientific literature.

## 3.2   DATA COLLECTION PROCEDURES

This research is directed to a case study of a women's clothing store, which operates in the retail business, operating with a physical store in the city of Cascavel, Paraná, and which plans to expand the business by also opening an online store, an e-commerce of women's fashion, aiming to increase revenues and become more competitive in the market. In this context, the study is limited to identifying the economic and financial situation, marketing of the women's clothing store and the economic and financial feasibility analysis for the opening of the virtual store. Prodanov and De Freitas (2013) define the delimitation of research as the objective and efficient description of empirically observable reality, that is, of what we intend to study, analyze, interpret, or verify through empirical methods.

The database to compress the theoretical framework and which supported the analyses performed were obtained through bibliographic review. According to Rampazzo (2005), the literature review is characterized by the collection of information from materials already published. That is, it is carried out through the survey of theoretical references already analyzed and published in books, journals, publications in journals and scientific articles, newspapers, bulletins, monographs, dissertations, theses, cartographic material, internet, with the objective of putting the researcher in direct contact with all material already written about research.

The data used in the economic and financial analysis, to identify the current situation of the company, were obtained through the small records of financial transactions, sales, billing and inventories kept in spreadsheets and through semi-structured interviews with the businesswoman responsible for the store.

It also performs a market study of the women's clothing industry in the sector that the company operates, as well as the search for data and information necessary for feasibility analysis for opening an online store. According to Dornelas (2008), in the market analysis, it is necessary to identify how the market is segmented, trends in the sector and the specific segment, consumer trends, new entrants in this market, suppliers, among others.

## 3.3   DATA ANALYSIS PROCEDURES

The data obtained with the literature review in articles, theses and dissertations served as the basis for the construction of the theoretical framework. On the other hand, the data used in the economic and financial analysis, to identify the current situation of the company, were

obtained through the records of financial transactions, sales, billing and inventories and through semi-structured interviews with the businesswoman responsible for the store.

After collecting data from the records of financial transactions, sales, billing and inventories, the analysis and interpretation was performed. The objective was to organize the data systematically in a way that would allow them to provide answers to the problem investigated. According to Gil (2008), the analysis consists of organizing and condensing the data to provide answers to the problem. The interpretation seeks a broader sense of the answers, through the union of this with another knowledge already acquired.

The data were organizations by tabulation, aiming at the preparation of the Statement of Results for the Year (ISY), of the years referring to the records provided. Because the businesswoman does not have a complete control and record of all revenues and expenses, for the preparation of the ISY it was necessary to make a careful analysis of the expenses and revenues recorded, in addition to an interview with this company to identify missing or incomplete items.

According to Ehrhardt and Brigham (2012), the Statement of Income for the Year (ISY) presents quantitative financial results allowing to elucidate the reason for a given result, providing an analysis and a brief discussion of future events that may directly affect operations.

Rigo (2006) also states that, in addition to determining the company's profit or loss, the Statement of Income for the Year (ISY) identifies the allocation of resources as well as serves as the basis for the analysis of some financial indicators.

The Statement of Income for the Year (ISY) served as the basis for the economic and financial analysis of the company, using the indexes Minimum Attractiveness Rate (MAR), Net Present Value (NPV), Profitability Index (IL), Internal Rate of Return (IRR) and Payback method.

Through these indexes, we seek to evaluate the economic and financial conditions of the company, information that will serve as a basis for decision-making of current and future operations.

## 3.4   USE OF DATA AND RESEARCH DELIMITATIONS

From this context, this study was developed with the following objectives: To analyze the financial controls of the women's clothing store seeking to identify financial movements, cash flows and banks, fixed and variable costs, the stock of goods, and the prices charged,

aiming at the calculation of the data to allow the analysis of the economic and financial situation of the business.

Seek indicators that show the level of growth and profitability, thus allowing to subsidize the businesswoman with data and information that support the decision for investment in virtual commerce.

Identify the economic and financial viability for investment in the opening of an online store. Conduct a study of the retail sector of women's fashion in the environment of virtual commerce aiming to identify the framing of the women's clothing store in this market and the acceptance of marketed products.

Conduct a study to identify the opportunities and threats of the virtual market of women's clothing, how to define competitive and management strategies of the company to act in this new business modality that allows to increase the clientele and the billing and profitability of the company.

As research limitations, we highlight the lack of more elaborate controls on cash flow and banks, inventory, sales price, working capital and fixed and variable costs of the store.

# 4   SITUATION PROBLEM, ANALYSIS, DISCUSSIONS AND DIAGNOSIS

## 4.1   THE RETAIL OF THE FASHION SECTOR IN BRAZIL

The retail of the fashion sector in Brazil has stood out mainly due to the purchasing power of Brazilians, which has allowed the use of part of its budget for the purchase of garments. Retail sales in the fashion sector amounted to R$220 billion in 2017, 9% more than in 2016, with 6.2 billion pieces sold. In 2018, growth was slightly lower, standing at R$225 billion. This is due to the behavior of Brazilians in classes C and D, who tend to spend their entire budget on consumption, rather than making investments. As fashion is intricately linked to the status and aesthetics of the individual, it is always changing and adapting to new trends (Febratex, 2019).

The retail trade of fashion and accessories, with more than 1.05 million companies, is the branch of activity with the largest number of active companies in Brazil, which corresponds to 83.3% of the total companies. The Brazilian states with the highest concentration of retail trade in fashion and accessories are São Paulo (+ 250,000 companies in this sector), Minas Gerais (+ 100,000), Rio de Janeiro (+ 90,000), Rio Grande do Sul (+ 80 mil), Paraná (+ 60,000), Bahia (+ 60,000), Santa Cataria (+ 40,000), Ceará (+ 30,000), Goiás (+ 30,000) and Pernambuco (+ 30,000) (Fenaju, 2019).

According to Iemi, (2020), clothing retail closed 2019 with a turnover of R$229.5 billion, a 1.7% increase over 2018. In volumes, 2019 stood at 6.25 billion pieces sold, with growth of 0.6%. With these numbers, the Brazilian fashion market is the fifth largest consumer of clothing in the world ranking.

The set of factors that influenced retail trade from 2018 were: i) controlled inflation; (ii) successive interest rate cuts, keeping it at the lowest level in history and making credit lines cheaper. The demand of families for credit for expansion of spending increased; iii) release of FGTS and PIS/Pasep resources in the second half of 2019, which boosted sales on the main dates of national trade (Black Friday and Christmas) (Lafis, 2020).

According to IBGE (2019), consumption expenses are those made for purchases of goods and services used to directly meet the personal needs and desires of families and their members. On average, consumption expenses represent 81.0% of the salary related to the expenses of Brazilian families. The percentage of consumer wage expenses with clothing and

fashion (Graph1) varies according to the region, with the average Brazil being 4.5% of the salary, reaching 5.3% of the salary in the northern region.

Graph 1 - % Consumption with Clothing and Fashion in Brazil

**% Consumdo com Vestuário e Moda**

| Região | % |
|---|---|
| Região Sul | 4,5% |
| Região Centro-Oeste | 4,5% |
| Região Sudeste | 3,7% |
| Região Nordeste | 5,1% |
| Região Norte | 5,3% |
| Média Brasil | 4,3% |
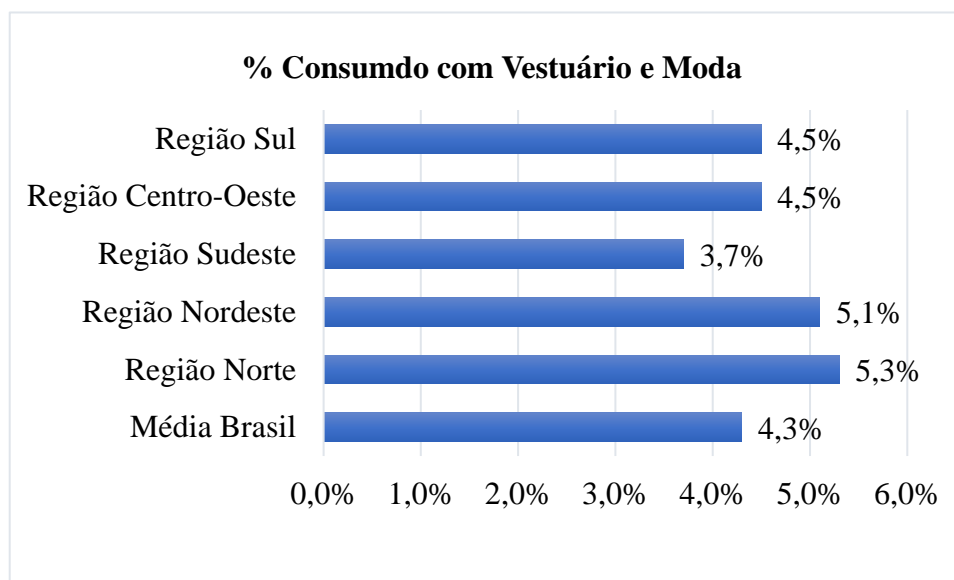
Source: SEBRAE (2019) (Adapted).

The retail trade corresponds to 43.0% of the general trade and 12.0% of the Brazilian GDP, it is also the most sensitive to the oscillations of the economy and, therefore, must adapt quickly to the market and its trends. Trends affecting fashion retail are important for any business segment. For example, the niches of fashion retail; consumer behavior; sales of the segment and the role of fashion influencers are factors that can also inspire other segments (Globo, 2019).

The participation of the general retail trade in Brazilian GDP has been leveraged, mainly, by the increase in purchases made in the virtual retail trade. This fact is evidenced when the results of virtual commerce in 2019, whose revenues were R$61.9 billion, an increase of 16.3% compared to 2018 (Ebit, 2020). The increasing access to technology in the country, consumer confidence in the safety of purchase, agility, ease, and other aspects cause sales on online platforms to evolve, even in periods of recession (SEBRAE 2019).

According to Albertin (2016), projections for virtual retail trade point to the continuity of this high. Even though the economy has been shrinking since mid-2014, the advance has occurred, and the virtual retail segment exhibits positive rates (Ebit, 2019). This growth trend of the virtual retail trade should remain strong, with above-average growth since the tail of e-commerce is long, supporting the entire retail chain (SBVC, 2019).

The use of virtual retail trade has changed people's behavior by producing a new profile of consumers, defining more participating customers, since people search not only for products and services, but for all information that meets their satisfaction of functional and emotional level (Kotler; Kartajaya; Setiawan, 2010).

According to Wen et al. (2019), for fashion retailers, rapid changes in fashion trends create a major challenge to predict market demands. The authors comment on how turbulent and unpredictable it is and reinforce that an unforeseen demand can denigrate a brand image, as well as overestimating demand causes high inventory costs, something that should be avoided.

Most fashion companies understand the need for speed and data-driven decision-making, so improving the speed for the market is the company's highest priority or top priority. In the fashion retail market, 80% of companies seek to generate insights about consumers, but few are taking advantage of broad insights into their business, and many rely on a single source of insight, such as sales data or product rankings (Mckinsey, 2018).

On the correct use of insights and market data for decision making, a fashion retail company is among the top ten in the country. In the fifth edition of the Ranking 300 Largest Companies of Brazilian Retail, the Renner Stores assumed the 10th position, with gross revenues of R$ 9.78 billion, between the Renner, Youcom and Camicado chains. The data are contained in the annual survey developed by the Brazilian Society of Retail and Consumption, through technical support of Education and Consulting, Varese Retail and Center for Retail Studies and Research (Cepev-usp). In addition, the revenues of the 300 largest retail chains in Brazil reached R$648 billion in 2018, which corresponded to an 8.0% growth over 2017, according to the study by the Brazilian Society of Retail and Consumption. With 47 companies, five fewer than in the previous year, the Fashion, Footwear and Sporting Goods sector accumulated revenues of R$70.38 billion, an increase of 10.8% over 2017. Of this total volume, R$ 49.54 billion were obtained only by fashion retailers (SBVC, 2019).

With the arrival of the Covid pandemic19, different types of business have been affected and fashion retail is one of them since the purchase of garments is considered non-essential. In addition, the new corona virus led to the closure of trade in several countries around the world, since, as a measure of containment of the spread of the virus, cities decreed distancing and social isolation. According to SEBRAE research, already in the first week of closing trade, the fall in revenues in the fashion sector was 74.0%, lower only than the tourism and creative economy sectors. Overall, 91.0% of entrepreneurs have already recorded a drop in their monthly revenues (SEBRAE, 2020).

With the pandemic arises the need to discuss changes aimed not only at the survival of the fashion trade, but also on the permanence and consolidation post-pandemic. One of the main alternatives is based on online sales. Major brands have used the virtual model to show collections, and increasingly seek to use the digital environment, not only to showcase creations and collections, but also to keep the retail trade in fashion active and growing (Ufjf, 2019).

## 4.2 THE RETAIL MARKET OF THE CITY OF CASCAVEL - PARANÁ

According to IBGE data, 2010 census, the City of Cascavel in the State of Paraná, had a population of 286,205,000 people. Of this total, 64,357,000 women are between the ages of 15 and 39 years (Table 1) consumers of the fashion retail trade, profile of customers that the store of this study seeks to meet. The store has 17,000 followers on Instagram and an average monthly service of 140 customers, of which 3.0% are online, and there is therefore a number of consumers not yet loyal, a market to be explored by the store.

Table 1 - Population and age group of Cascavel-PR

| age group | Female Population |
|-----------|-------------------|
| 35 to 39  | 11.790            |
| 30 to 34  | 12.225            |
| 25 to 29  | 13.198            |
| 20 to 24  | 13.717            |
| 15 to 19  | 13.427            |
| **total** | **64.357**        |

Source: adapted from IBGE (2010).

For the market in focus, female audiences aged between 15 and 39 years, it should be taken into account that the data presented by the last IBGE census are from 2010, when the population of the City of Cascavel in Paraná was 286,000 people. The population has been growing gradually, and IBGE statistical data have an estimated population for 2020 of 332,000 people, which allows a slightly higher estimate of possible customers for the women's clothing store (IBGE, 2019).

The municipality of Cascavel is a highlight in the primary sector, with 577 establishments and 3,205 workers, accounting for 23.2% of the labor force formally employed in the sector in 2015. Despite being present in the 53 municipalities that make up the Western Region of the State of Paraná, trade showed a growth of 59.0% in the number of employees and

39.0% in the number of establishments in the period from 2005 to 2015, and 62.0% of the jobs in the commerce sector were concentrated in the three largest municipalities: Cascavel, Foz do Iguaçu and Toledo. The total number of jobs generated by these cities were 28,504, 16,589 and 9,152 respectively, in 2015, according to the Itaipú Technological Park Foundation (FPTI, 2016).

As for the formal use of the textile industry, clothing, and fabric artifacts in the municipalities of western Paraná, the positive highlight, in absolute number of jobs, was with the municipality of Terra Roxa, known as the "national capital of baby fashion", with 1,360 workers in 2015. Regarding the number of establishments, the municipality of Cascavel came first, with 135 companies (FPTI, 2016).

In 2018, the average monthly salary in the City of Cascavel was 2.6 minimum wages. The proportion of people employed in relation to the total population was 37.4%. In comparison with the other municipalities of the state, the City of Cascavel occupied the 18 positions of 399 municipalities. In comparison with cities throughout the country, it was in position 214 of 5570 municipalities (IBGE, 2019).

The city of Cascavel is pointed out as one of the metropolises of the future and is on the list of the 70 best Brazilian cities to build a professional career. Data from the City Hall further highlight the growth and potential of the city of Cascavel, which ranks third in the ranking of cities with the highest number of formalization of jobs and sixth place in the Municipal Development Index of Micro and Small Enterprise in Paraná (Rpc, 2015).

According to Faria and Torres (2015), the consumption of fashion involves much more than just the product itself, because it is necessary to consider the concept of hospitality, necessary in fashion retail. Hospitality is part of the city of Cascavel, so much so that it is even included in the city's anthem: "Cascavel, hospitable city, you are rich source of labor, From the west quadrant you are the first, we love you with all fervor". Hospitality, as a performance, paves the way to relate it to fashion retail, being a means of communicating the brand identity in a physical (store) and social (seller) environment, also in view of the dynamism of the market where the omnichannel concept is used, that is, working hospitality and integration in multiple channels, both online and offline.

4.3    ECONOMIC AND FINANCIAL ANALYSIS OF THE PHYSICAL STORE

To perform the economic and financial analysis of the physical store of women's clothing, the data available for the years 2017 and 2018 and the available data from January to April 2019 were compiled. With the obtaining of financial data, the Statement of Income for the Year (ISY) was prepared for the years 2017, 2018 and from January to April 2019. On the other hand, a complete analysis of 2019 is detailed at another time of this study, since in the period from May to December 2019 interventions were carried out in the administration and financial administrative controls aimed at improvements and increased revenues.

The Statement of Income for the Year (ISY) aims to clarify how the company's net situation was formed at the end of the year, considering the amounts received, as well as the amounts spent on business activity and deducting revenue expenses in order to obtain the value of the profit. According to Lins and Francisco Filho (2012), the ISY is the accounting report that evidences the company's performance, that is, whether it had a profit or loss between January and December of each year.

4.3.1    Financial Analysis

Tables 2, 3 and 4 present the Income Statement for The Year (ISY) for the years 2017, 2018 and January to April 2019 of the women's clothing store under study. The ISY contains in its structures the parts in capital letters and marked in bold that are called synthetic and are mandatory, they are:

- 1 - GROSS SALES - Represents everything that the company received relevant to sales operations, u i. revenues generated by sales of products of the period.
- 2 - TAXES - Represents taxes and contributions on sales.
- 3 - NET SALE (1-2) - Net sales are basically everything that has been sold, except returns, rebates and taxes.
- 4 - COST GOODS SOLD - Represents the amount that was spent to bring the product to the point of being marketed, that is, the cost of purchase of the merchandise.
- 5 - CONTRIBUTION MARGIN (3-4) - Contribution Margin is an amount left over from the revenue obtained through the sale of the products, after removing the amount of variable expenses, composed of variable cost and variable expenses.

- 6 - VARIABLE EXPENSES - Are the expenses that vary, proportionally, to the volume sold, that is, there will only be expense, if there is sale.

- 7 - FIXED EXPENSES - Fixed expenses are expenses that occur every month and are not associated with the cost of a product, that is, it is always the same regardless of sales costs.

- 8 - NET INCOME - Net Income represents the remaining amount of a company's revenue after deduction of all costs for the year.

The other parts of the Statement of Income for the Year (ISY), which are in bold and non-shouted lowercase letters, are called analytical, which includes the most important records for the company, thus allowing a good level of detail of the statement of financial transaction.

It is emphasized that the businesswoman did not effectively perform financial administrative controls, such as cash flow and banks, fixed and variable expenses did not include all accounts, and lacked a more effective control of the stock of products. In such a way that such information was collected and systematized from the said store.

Table 2 presents the 2017 Income Statement of Income (ISY) of the store under study.

Table 2 - Statement of Income for the 2017 Financial Year (ISY) of the Store under Study

| Description | January | February | March | April | May | June | July | August | September | October | November | December | Year Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1-GROSS SALE (VB)** | **8.665,00** | **20.860,00** | **32.004,00** | **19.776,00** | **32.072,08** | **23.000,00** | **23.580,00** | **40.000,00** | **37.513,75** | **38.900,00** | **35.000,00** | **42.017,00** | **353.387,83** |
| **2-TAXES** | **489,95** | **0,00** | **564,79** | **450,49** | **305,39** | **274,70** | **211,47** | **161,76** | **255,47** | **450,00** | **209,63** | **271,53** | **3.645,18** |
| (-) Sales taxes | | | 197,1 | 169,96 | 128,73 | | | | | 150 | | | 645,79 |
| (-) simple | 279,36 | 0 | 317,75 | 172,78 | 123,77 | 151,56 | 153,48 | 105,13 | 143,96 | 150 | 192,86 | 143,71 | 1.934,36 |
| (-) Darf | 210,59 | 0 | 49,94 | 107,75 | 52,89 | 123,14 | 57,99 | 56,63 | 111,51 | 150 | 16,77 | 127,82 | 1.065,03 |
| **3-NET SALE (1-2)** | **8.175,05** | **20.860,00** | **31.439,21** | **19.325,51** | **31.766,69** | **22.725,30** | **23.368,53** | **39.838,24** | **37.258,28** | **38.450,00** | **34.790,37** | **41.745,47** | **349.742,65** |
| **4-COST GOODS SOLD** | **12.240,80** | **30.578,10** | **15.667,55** | **19.043,91** | **19.728,09** | **13.489,60** | **12.330,46** | **9.290,29** | **16.911,83** | **22.690,98** | **24.950,39** | **20.327,18** | **217.249,18** |
| **5-MARGIN CONTRIBUTION (3-4)** | **-4.065,75** | **-9.718,10** | **15.771,66** | **281,60** | **12.038,60** | **9.235,70** | **11.038,07** | **30.547,95** | **20.346,45** | **15.759,02** | **9.839,98** | **21.418,29** | **132.493,47** |
| **6-VARIABLE EXPENSES** | **882,00** | **1.218,30** | **1.632,46** | **1.564,44** | **1.103,33** | **1.743,85** | **790,28** | **237,96** | **715,86** | **1.055,00** | **2.017,73** | **1.459,00** | **14.420,21** |
| (-) Working Capital Interest | | | | | | | | | | | 964,73 | 964,73 | 1.929,46 |
| (-) Bank Rates | | | | | | | | | | | | | |
| (-) Credit Card | 882 | 768,3 | 984,46 | 1.096,44 | 689,33 | 1.353,85 | 760,28 | 237,96 | 715,86 | 1.055,00 | 1.053,00 | 494,27 | 10.090,75 |
| (-) Boy | | 450 | 648 | 468 | 414 | 390 | 30 | | | | | | 2.400,00 |
| **7-FIXED EXPENSES** | **7.391,63** | **6.070,90** | **7.020,35** | **7.980,62** | **8.375,24** | **9.114,34** | **8.371,69** | **9.600,28** | **10.331,79** | **9.263,76** | **9.821,22** | **11.069,72** | **104.411,54** |
| **7.1 Personnel Expenditure** | **3.036,44** | **1.313,66** | **3.208,18** | **3.680,38** | **3.679,22** | **4.214,28** | **3.494,96** | **4.464,60** | **5.213,13** | **3.992,55** | **5.468,20** | **5.934,98** | **47.700,58** |
| (-) wages | 2.313,32 | 420 | 2.530,00 | | | | | 2.600,00 | 4.200,00 | 2.873,00 | 4.815,67 | 4.354,00 | 24.105,99 |
| (-) FGTS | 335,04 | 343,16 | 242,15 | 277,18 | 234,53 | 286,4 | 253 | 238,61 | 413,42 | 453,55 | | 559 | 3.636,04 |
| (-) GPS | 388,08 | 550,5 | 436,03 | 484,2 | 425,56 | 496,88 | 433,96 | 434 | 599,71 | 666 | 652,53 | 1.021,98 | 6.589,43 |
| (-) Pro-labor | | | | 2.919,00 | 3.019,13 | 3.431,00 | 2.808,00 | 1.191,99 | | | | | 13.369,12 |
| **7.2 Administrative Expenses** | **4.355,19** | **4.757,24** | **3.812,17** | **4.300,24** | **4.696,02** | **4.900,06** | **4.876,73** | **5.135,68** | **5.118,66** | **5.271,21** | **4.353,02** | **5.134,74** | **56.710,96** |
| (-) electrical energy | 239 | 140,13 | 68,44 | 414,44 | | | | 242,88 | 203,1 | 206,75 | | 220,11 | 1.734,85 |
| (-) Water and Sewage | 109,19 | 109,19 | 109,19 | 111,59 | 111,66 | 123,91 | 106,6 | 106,6 | 106,6 | 106,6 | 108,78 | 108,78 | 1.318,69 |
| (-) Internet and Landline | 240 | 175,32 | 188,96 | 253,1 | 242,98 | 184,38 | 187,27 | 186,43 | 189,19 | 186,95 | 184,47 | 182,18 | 2.401,23 |
| (-) rent | 3.100,00 | 2.845,72 | 1.952,52 | 1.952,52 | 1.952,52 | 2.213,91 | 2.213,00 | 2.213,91 | 2.213,91 | 2.364,05 | 2.213,91 | 2.213,91 | 27.449,88 |
| (-) Makito Computer System | 326 | 327,5 | 320 | 320 | 320 | 330 | 320 | 336 | 336 | 336 | | 338,9 | 3.610,40 |
| (-) Accounting service | 205 | 205 | 205 | 205 | 225 | 205 | 205 | 205 | 225 | 225 | | 225 | 2.335,00 |
| (-) Atlanta Security | 136 | 136 | 149,68 | 169 | 168 | 167 | 169 | 169 | 169 | 170 | 170 | 170 | 1.942,68 |
| (-) trade union | | | | 56,21 | | | | | | | | | 56,21 |
| (-) loan | | | | | 857,48 | 857,48 | 857,48 | 857,48 | 857,48 | 857,48 | 857,48 | 857,48 | 6.859,84 |
| (-) financing | | 818,38 | 818,38 | 818,38 | 818,38 | 818,38 | 818,38 | 818,38 | 818,38 | 818,38 | 818,38 | 818,38 | 9.002,18 |
| **8-NET RESULT (5-6-7)** | **-12.339,38** | **-17.007,30** | **7.118,85** | **-9.263,46** | **2.560,03** | **-1.622,49** | **1.876,10** | **20.709,71** | **9.298,80** | **5.440,26** | **-1.998,97** | **8.889,57** | **13.661,72** |

Source: Prepared by the author.

Table 2 shows that the store, in 2017, was in deficit in January, February, April, June and November. It can also be observed that the month of January was the one with the lowest revenue, this is due, according to the businesswoman, because it is a month of vacation, where many travels to the coast and the trade of the city of Cascavel feels the effects as the reduction of the clientele.

According to Table 2, the second half of 2017 was better in terms of sales and revenues, closing the year with a net result of R$13,661.72, covering the loans and financing for working capital due to the loss-making months, demonstrating that the year was difficult, but financially positive.

In 2017, administrative expenses had an impact on the results of the store in all months of the year (Graph 2)**,** and the month of January was the one with the highest impact with 53%, followed by personnel expenses weighing 37% in costs.

Graph 2 - Highest Expenses of 2017
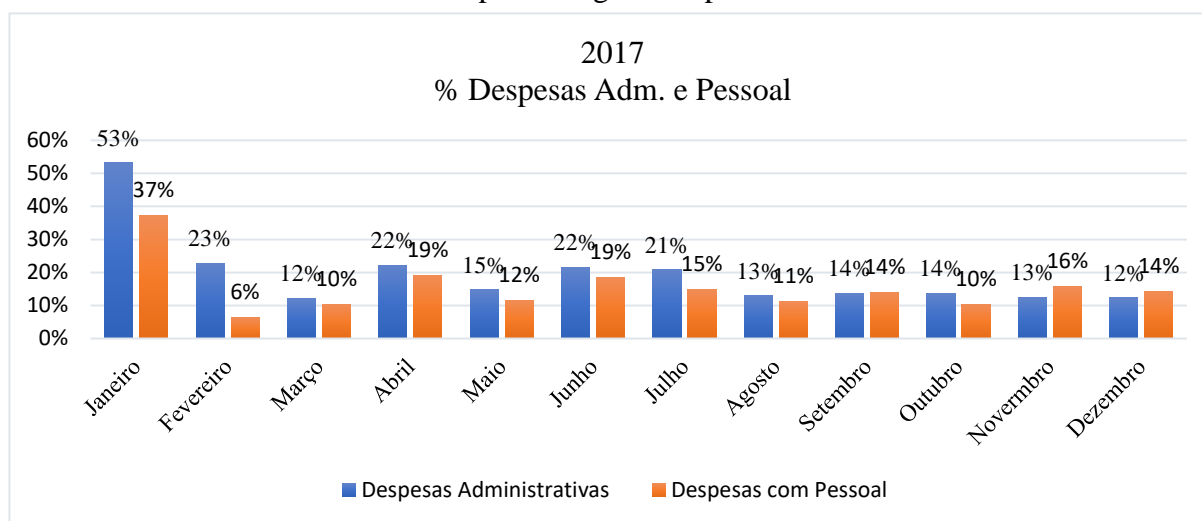


Source: Prepared by the author based on Table 2.

According to the businesswoman, in 2017, the company used extra financial resources to make capital contributions in the store, aiming to strengthen working capital and cash, and thus go on with the business in 2018. In the data collection, it was crystal clear that the store did not make use of a complete and effective record of fixed and variable expenses, and for data collection, it was necessary to rely on other records, such as bank statements, to complement the information of the financial statement.

For the year 2018, despite an improvement in sales, the businesswoman made no changes and inclusion in financial administrative controls, remaining still without an effective control of cash flow and banks. Similarly, the control of fixed and variable expenses did not include all accounts, still lacking a more effective control of the stock of products and calculation of the sales price practiced. Table 3 presents the Income Statement for the year 2018 of the store under study.

Table 3 - Statement of Income for the 2018 Year of The Store under Study

| Description | January | February | March | April | May | June | July | August | September | October | November | December | Year Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1-GROSS SALE (VB)** | **19.390,00** | **30.200,00** | **38.500,00** | **50.000,00** | **45.000,00** | **40.000,00** | **31.753,00** | **45.000,00** | **60.113,00** | **50.000,00** | **51.000,00** | **60.500,00** | **521.456,00** |
| **2-TAXES** | **321,70** | **264,91** | **409,48** | **438,70** | **593,68** | **463,48** | **584,44** | **424,68** | **408,40** | **803,99** | **669,80** | **597,20** | **5.980,46** |
| (-) Sales taxes | | 175,95 | 175,95 | 175,95 | 175,95 | 175,95 | 175,95 | | | | | | 1.055,70 |
| (-) simple | 132,37 | 88,96 | 158,63 | 224,75 | 384,72 | 268,72 | 408,49 | 424,68 | 408,4 | 726,48 | 611,77 | 531,66 | 4.369,63 |
| (-) Darf | 189,33 | | 74,9 | 38 | 33,01 | 18,81 | | | | 77,51 | 58,03 | 65,54 | 555,13 |
| **3-NET SALE (1-2)** | **19.068,30** | **29.935,09** | **38.090,52** | **49.561,30** | **44.406,32** | **39.536,52** | **31.168,56** | **44.575,32** | **59.704,60** | **49.196,01** | **50.330,20** | **59.902,80** | **515.475,54** |
| **4-COST GOODS SOLD** | **16.276,36** | **11.831,47** | **11.706,84** | **18.527,33** | **23.637,66** | **24.743,50** | **22.215,81** | **17.548,69** | **19.296,19** | **25.111,41** | **27.919,91** | **27.717,27** | **246.532,44** |
| **5-MARGIN CONTRIBUTION (3-4)** | **2.791,94** | **18.103,62** | **26.383,68** | **31.033,97** | **20.768,66** | **14.793,02** | **8.952,75** | **27.026,63** | **40.408,41** | **24.084,60** | **22.410,29** | **32.185,53** | **268.943,10** |
| **6-VARIABLE EXPENSES** | **1.610,75** | **1.053,29** | **1.109,46** | **1.468,57** | **795,26** | **895,47** | **68,96** | **690,17** | **1.995,00** | **1.988,27** | **1.982,25** | **1.500,00** | **15.157,45** |
| (-) Working Capital Interest | 815 | | | | | | | | | | | | 815 |
| (-) Overdraft Interest | | | | | | | | 92 | | | | | 92 |
| (-) Bank Rates | | 428,39 | 150,79 | 400 | 400 | | | 138,17 | 395 | 417,73 | 282,25 | | 2.612,33 |
| (-) Credit Card | 795,75 | 624,9 | 958,67 | 1.068,57 | 395,26 | 895,47 | 68,96 | 460 | 1.600,00 | 1.570,54 | 1.700,00 | 1.500,00 | 11.638,12 |
| **7-FIXED EXPENSES** | **10.034,84** | **8.313,72** | **9.732,20** | **5.804,04** | **9.000,06** | **8.972,71** | **8.936,97** | **7.818,75** | **7.985,02** | **9.652,64** | **9.252,76** | **9.975,79** | **105.479,50** |
| **7.1 Personnel Expenditure** | **6.275,42** | **3.748,77** | **5.043,95** | **2.161,90** | **5.324,09** | **5.296,74** | **5.245,30** | **4.177,63** | **4.255,63** | **5.641,47** | **5.464,71** | **6.269,46** | **58.905,07** |
| (-) wages | 2.013,90 | 1.400,00 | 1.400,00 | 1.400,00 | 1.400,00 | 1.400,00 | 1.400,00 | 1.400,00 | 1.400,00 | 1.400,00 | 1.400,00 | 1.400,00 | 17.413,90 |
| (-) FGTS | 591,52 | 374,69 | 371 | 181,47 | 370 | 370 | 370 | 306,98 | 353,27 | 570 | 424,52 | 884,57 | 5.168,02 |
| (-) GPS | 670 | 574,08 | 572,95 | 580,43 | 554,09 | 526,74 | 475,3 | 470,65 | 502,36 | 671,47 | 640,19 | 984,89 | 7.223,15 |
| (-) Pro-labor | 3.000,00 | 1.400,00 | 2.700,00 | | 3.000,00 | 3.000,00 | 3.000,00 | 2.000,00 | 2.000,00 | 3.000,00 | 3.000,00 | 3.000,00 | 29.100,00 |
| **7.2 Administrative Expenses** | **3.759,42** | **4.564,95** | **4.688,25** | **3.642,14** | **3.675,97** | **3.675,97** | **3.691,67** | **3.641,12** | **3.729,39** | **4.011,17** | **3.788,05** | **3.706,33** | **46.574,43** |
| (-) electrical energy | | 197,07 | 223,8 | 223,99 | 223 | 223 | 223 | 150 | 223 | 223 | 223 | 223 | 2.355,86 |
| (-) Water and Sewage | 106,6 | 106,6 | 106,6 | 106,6 | 106,6 | 106,6 | 106,6 | 112,05 | 112,05 | 112,05 | 112,05 | 112,05 | 1.306,45 |
| (-) Internet and Landline | 186,43 | 186,43 | 181 | 146,18 | 181 | 181 | 146,18 | 146,18 | 149,98 | 150,48 | 150 | 150,48 | 1.955,34 |
| (-) rent | 2.213,91 | 2.120,37 | 2.120,37 | 2.120,37 | 2.120,37 | 2.120,37 | 2.120,89 | 2.120,89 | 2.120,89 | 2.429,96 | 2.294,73 | 2.294,80 | 26.197,92 |
| (-)  Makito Computer System | | 330 | 330 | 330 | 330 | 330 | 336 | 336 | 336 | 336 | 343,27 | 338 | 3.675,27 |
| (-) Accounting Service | 225 | 225 | 363 | 225 | 225 | 225 | 225 | 234 | 242 | 242 | 242 | 242 | 2.915,00 |
| (-) Atlanta Security | 170 | 170 | 170 | 170 | 170 | 170 | 174 | 170 | 173,47 | 169,68 | 175 | 170 | 2.052,15 |
| (-) financing | 857,48 | 857,48 | 857,48 | | | | | | | | | | 2.572,44 |
| (-) loan | | 372 | 336 | 320 | 320 | 320 | 360 | 372 | 372 | 348 | 248 | 176 | 3.544,00 |
| **8-NET RESULT (5-6-7)** | **-8.853,65** | **8.736,61** | **15.542,02** | **23.761,36** | **10.973,34** | **4.924,84** | **-53,18** | **18.517,71** | **30.428,39** | **12.443,69** | **11.175,28** | **20.709,74** | **148.306,15** |

Source: Prepared by the author.

In 2018 (Table 3), the store had an improvement in sales, and the months of January and July were deficits, but in the other months of the year the company obtained profitability, with the months of April and September being the most profitable, with R$ 23,761.36 and R$ 30,428.39, respectively. According to the owner, for the month of January is already expected a reduction in sales due to the vacation, for the month of July, although it is also a month of vacation, as it is winter customers do not travel so much, so it should not be deficit, and in this case, the businesswoman intends to reevaluate sales strategies for the month of July next year.

In 2018, administrative expenses and personnel expenses were the ones that most impacted the store's results in all months of the year (Graph 3) being the month of January, unlike 2017, the most impact. Staff expenditure swells at 33%, followed by 20% of administrative expenses.

Graph 3 - Highest Expenses of 2018
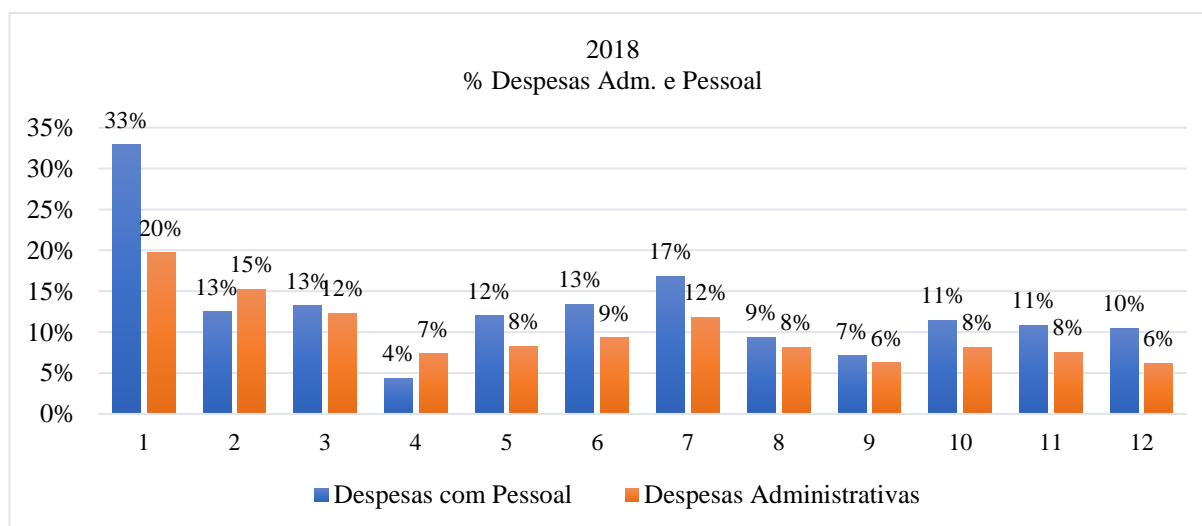


Source: Prepared by the author based on Table 3.

Although 2018 was better in terms of sales and revenue, the businesswoman still needs to improve her financial administrative controls to better plan sales strategies, especially for the months of January and July, which were deficits.

Regarding the financial results of 2019, the financial analysis was performed only from January to April 2019, because, as previously commented, the complete analysis of the year 2019 is detailed at another time of these studies since interventions were made in the administration and financial administrative controls in the period from May to December 2019.

Therefore, in the 2019 analysis, which included the first four months of the year (Table 4) we found that, although January 2019 was a loss-making month, the months of February, March and April were profitable.

Table 4 - Income Statement for the Year (ISY)
January to April 2019 of the Store in Study

| Description | January | February | March | April |
|---|---|---|---|---|
| **1-GROSS SALE (VB)** | **27.800,00** | **40.000,00** | **52.500,00** | **47.175,00** |
| **2-TAXES** | **751,50** | **617,33** | **446,44** | **835,73** |
| (-) Sales taxes | | | | |
| (-) simple | 640,5 | 502,33 | 446,44 | 835,73 |
| (-) Darf | 111 | 115 | | |
| **3-NET SALE (1-2)** | **27.048,50** | **39.382,67** | **52.053,56** | **46.339,27** |
| **4-COST GOODS SOLD** | **23.160,21** | **16.409,06** | **19.810,61** | **24.242,24** |
| **5-MARGIN CONTRIBUTION (3-4)** | **3.888,29** | **22.973,61** | **32.242,95** | **22.097,03** |
| **6-VARIABLE EXPENSES** | **800,00** | **0,00** | **1.000,00** | **803,70** |
| (-) Working Capital Interest | | | | |
| (-) Overdraft Interest | | | | |
| (-) Bank Rates | | | | |
| (-) Credit Card | 800 | | 1.000,00 | 803,7 |
| (-) Boy | | | | |
| **7-FIXED EXPENSES** | **5.074,27** | **8.976,10** | **10.641,66** | **13.580,91** |
| **7.1 Personnel Expenditure** | **1.341,74** | **4.924,71** | **8.773,71** | **9.715,73** |
| (-) wages | 0 | 0 | 3.929,81 | 4.655,12 |
| (-) FGTS | 636,89 | 383,5 | 345,47 | 641,17 |
| (-) GPS | 704,85 | 541,21 | 498,43 | 419,44 |
| (-) Pro-labor | | 4.000,00 | 4.000,00 | 4.000,00 |
| **7.2 Administrative Expenses** | **3.732,53** | **4.051,39** | **1.867,95** | **3.865,18** |
| (-) electrical energy | 393 | 270,62 | 314,38 | 273,33 |
| (-) Water and Sewage | 112,05 | 112,05 | 112,05 | 112,05 |
| (-) Internet and Landline | 150,48 | 150 | 150 | 150,48 |
| (-) rent | 2.311,00 | 2.500,00 | 290 | 2.311,32 |
| (-) Makito Computer System | 338 | 336 | 342,8 | 336 |
| (-) Accounting Service | 242 | 248 | 248 | 248 |
| (-) Atlanta Security | 186 | 186,72 | 186,72 | 186 |
| (-) trade union | | | | |
| (-) financing | | | | |
| (-) loan | | 248 | 224 | 248 |
| **8-NET RESULT (5-6-7)** | **-1.985,98** | **13.997,51** | **20.601,29** | **7.712,42** |

Source: Prepared by the author.

In 2019, Table 4, the month of January was deficient, this was due to the holidays. In February, March and April there was an improvement in revenues, showing a good profitability in April with R$ 20,601.29 of net income.

In 2019, an analysis was carried out from January to April, and in this period, due to increased sales, administrative expenses and personnel expenses did not have a major impact on the financial result of the store (Graph 4), with the greatest impact on personnel expenses, which in April reached 21%. The administrative expenses had a smaller impact in the period, with the largest weight in January with 14%.

Graph 4 - Higher expenses for the first quarter of 2019
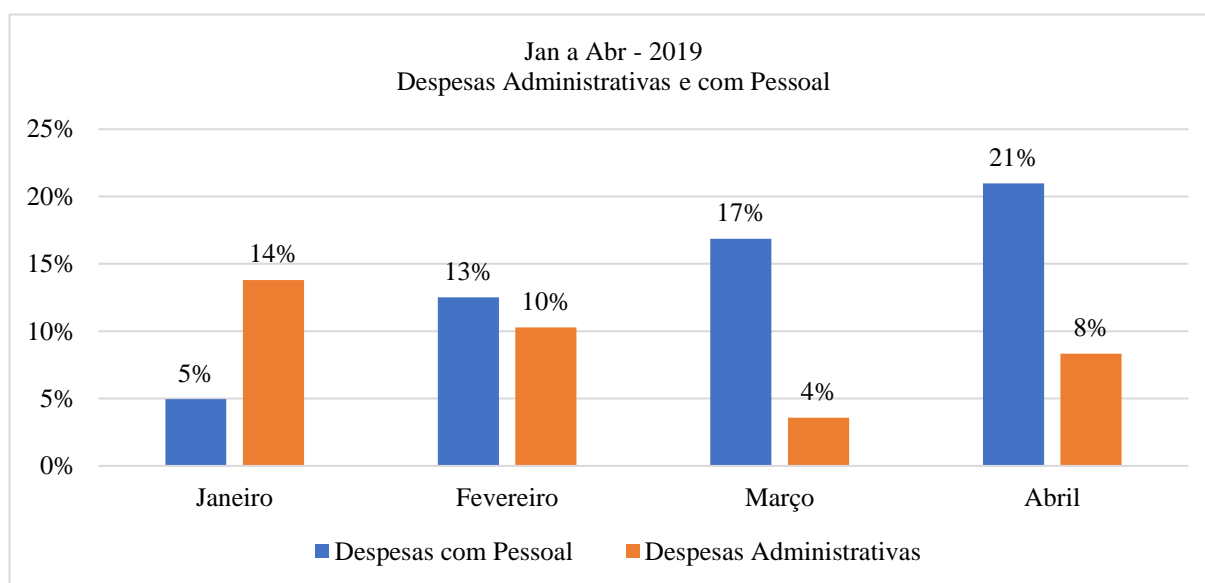


Source: Prepared by the author based on Table 4.

The administrative expenses and personnel expenses of a company are those that are less susceptible to present variations, according to the volume of sales, and are part of the management of any business, composing the expenses necessary for the activities. These costs involve amounts paid with personnel, rent, energy, water, telephone, cleaning material and other routine expenses. These items have values that remain stable every month, regardless of whether the company sells.

Based on data from the Income Statement for the Year (ISY) for the years 2017, 2018 and January to April 2019, Table 5 was generated, already with the taxes applied, which indicates the results obtained in each of these periods, and the year 2018 presented a good net result.

Table 5 - Income Statement for the Year (ISY)
Years 2017, 2018 and Jan to April 2019 of the Store in Study

| Description | Years | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| 1-GROSS SALE (VB) | 353.387,83 | 521.456,00 | 167.475,00 |
| 2-TAXES | 5.262,07 | 7.379,32 | 3.520,58 |
| (-) Sales taxes | 2.006,99 | 2.076,60 | 680,60 |
| (-) simple | 2.095,56 | 4.369,63 | 2.425,00 |
| (-) Darf | 1.159,52 | 933,09 | 414,98 |
| 3-NET SALE (1-2) | 348.125,76 | 514.076,68 | 163.954,42 |
| 4-COST GOODS SOLD | 217.249,18 | 246.532,44 | 83.622,12 |
| 5-MARGIN CONTRIBUTION (3-4) | 130.876,58 | 267.544,24 | 80.332,30 |
| 6-VARIABLE EXPENSES | 18.338,69 | 16.463,61 | 4.777,76 |
| (-) Working Capital Interest | 1.929,46 | 815 | 0,00 |
| (-) Overdraft Interest | 0 | 92 | 0,00 |
| (-) Bank Rates | 3.918,48 | 3.918,49 | 1.306,16 |
| (-) Credit Card | 10.090,75 | 11.638,12 | 3.471,60 |
| (-) Boy | 2.400,00 | 0 | 0,00 |
| 7-FIXED EXPENSES | 130.912,39 | 108.038,91 | 45.867,88 |
| 7.1 Personnel Expenditure | 72.447,24 | 60.905,07 | 32.062,39 |
| (-) wages | 34.452,24 | 17.413,90 | 12.891,43 |
| (-) FGTS | 4.036,45 | 5.168,02 | 2.007,03 |
| (-) GPS | 6.589,43 | 7.223,15 | 2.163,93 |
| (-) Pro-labor | 27.369,12 | 31.100,00 | 15.000,00 |
| 7.2 Administrative Expenses | 58.465,15 | 47.133,84 | 13.805,49 |
| (-) electrical energy | 2.936,89 | 2.588,12 | 1.251,33 |
| (-) Water and Sewage | 1.318,69 | 1.306,45 | 448,20 |
| (-) Internet and Landline | 2.401,23 | 1.955,34 | 600,96 |
| (-) rent | 27.449,88 | 26.197,92 | 7.412,32 |
| (-) Makito Computer System | 3.937,55 | 4.002,42 | 1.352,80 |
| (-) Accounting service | 2.560,00 | 2.915,00 | 986,00 |
| (-) Atlanta Security | 1.942,68 | 2.052,15 | 745,44 |
| (-) trade union | 56,21 | 0 | 0,00 |
| (-) loan | 6.859,84 | 2.572,44 | 0,00 |
| (-) financing | 9.002,18 | 3.544,00 | 1.008,44 |
| 8-NET RESULT (5-6-7) | -18.374,50 | 143.041,72 | 29.686,66 |

Source: Based on Tables 2, 3 and 4.

To identify the economic and financial situation of the women's clothing store, the period analysis was performed, using the parameters NPL, IL, IRR and Payback considering the initial investment in the amount of R$ 80,000.00 and MAR with reference in the Selic Rate of 7.0% per year, referring to the month of January 2017, results presented in Table 6.

Table 6 - Feasibility Indices

| Criteria | Indexes |
|---|---|
| Investment (R$) | -80.000,00 |
| MAR | 7,00% |
| NPV (R$) | 81.939,30 |
| PI | 2,02 |
| IRR | 51,38 |
| Payback | 1 year |

Source: Prepared based on Table 5.

In the analysis performed, according to Table 6, it was verified that the NPV found was R$81,939.30; il was 2.02, IRR was 51.38% and Payback was 1 year. Considering the evaluation criterion of the NPV, where the recommendation is to only validate investment projects that present an index above zero; also from the IL, whose criterion says that only investment projects that have a rate above 1 (one); and, the IRR, where the criterion says that an investment project for it to be accepted is necessary to be positive and higher than the Minimum Rate of Attractiveness (MAR). Itis therefore appropriate that the indexes presented in the analysis prove the viability of the business in the period considered.

Through financial statements is that the entrepreneur visualizes the strengths and weaknesses of the business and can plan the corrections and adjustments necessary to increase profitability. The results presented in the analysis of the feasibility indexes show that the company is viable, and that it has already recovered the invested capital, as well as obtaining a good profitability, being able to plan new investments to expand the business.

Even without changing and including financial administrative controls, such as cash flow and banks, a more complete control of fixed and variable expenses, a more effective control of product inventory and a calculation of the sales price, the women's clothing store proved profitable, where it is recommended to implement and improve administrative and financial controls in order to obtain more accurate data that allow to change and plan business strategies to obtain profitability in all months of the year.

# 5 IMPROVEMENT PROPOSALS AND INTERVENTIONS IN THE PHYSICAL STORE

Table 1shows proposals for improvements and suggestions for intervention to improve the administration and management of the store under study. These proposals are intended to implement more effective financial controls that will allow a more comprehensive view of the economic and financial situation of the store, assisting and speeding up the decision-making process.

Table 7 - Proposals for improvements and Interventions

| Proposals | goal | Benefits |
|---|---|---|
| Daily Cash and Bank Control Worksheet | Improve the financial controls of Cash and Banks. | Identify, correct and eliminate unnecessary costs and increase company profits. |
| Monthly Results Calculation Worksheet | Improve financial records of sales, costs, and expenses. | It makes it possible to know the financial results of the business in the period. |
| Control of Accounts payable and receivable. | Control the terms and volumes of resources payable and received. | Control payment modalities, identifying the most profitable ones and improving cash flow. |
| Make use of the Makito Computer System for effective inventory control. | Control of receipts, issues, and inventory balance. | Improve purchasing management and inventory costs. |
| Manage seasonality in January and July. | Decrease indebtedness with suppliers. | Lower operating costs and inventory volume. |
| Control of accounts receivable. | Identify the volumes of resources that the store must receive and define the best average payment period to be offered. | Better sizing of working capital. |
| Stock burning campaigns. | Eliminate the monthly surplus of inventory. | Generate working capital and decrease inventories. |

Source: Prepared by the author.

The proposals presented in Table 7 are expanded in items 5.1 to 5.5 where they are presented in more detail and scope, allowing a better understanding of the objectives and benefits that will provide, if implemented, to the administration and management of the store.

## 5.1 CHANGES TO CONTROLS AND IMPROVEMENT PROPOSALS

To improve the financial controls of the women's clothing store, the daily cash and bank control spreadsheet tool, Table 8, elaborated by SEBRAE (2019) was proposed and made available to the entrepreneur to be used by small companies.

Table 8 - Daily Cash and Bank Control

| DAILY CONTROL | | | | | | | |
|---|---|---|---|---|---|---|---|
| Cash | | | | Banks | | | |
| Previous balance | | | | Previous balance | | | |
| Entries | | - | | Entries | | - | |
| Outputs | | | | Outputs | | | |
| Current Balance | | | | Current Balance | | | |
| closure | | | | closure | | | |
| date | description | entry | output | date | description | entry | output |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| availability | | - | | availability | | | |

Source: SEBRAE - Minas Gerais (2019).

The daily control worksheet of Cashier and Banks is a tool considered easy to use and operationalization, which was well accepted by the owner of the women's clothing store, being put to immediate use. This worksheet will serve to feed a monthly cash and bank control worksheet.

Another tool available to the entrepreneur was the Monthly Results Calculation spreadsheet (Table 9). The tool allows you to identify the financial difference between the total sales of a period and the total costs and expenses for this period. It is a financial management tool that allows the entrepreneur to know the results of the business, for a certain period.

Table 9 - Monthly calculation in the form of Income Statement for The Year (ISY)

| Description | January | February | March | April | May | June | July | August | September | October | November | December | Year Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1-GROSS SALE (VB)** | | | | | | | | | | | | | |
| **2-TAXES** | | | | | | | | | | | | | |
| (-) Sales taxes | | | | | | | | | | | | | |
| (-) simple | | | | | | | | | | | | | |
| (-) Darf | | | | | | | | | | | | | |
| **3-NET SALE (1-2)** | | | | | | | | | | | | | |
| **4-COST GOODS SOLD** | | | | | | | | | | | | | |
| **5-MARGIN CONTRIBUTION (3-4)** | | | | | | | | | | | | | |
| **6-VARIABLE EXPENSES** | | | | | | | | | | | | | |
| (-) Working Capital Interest | | | | | | | | | | | | | |
| (-) Overdraft Interest | | | | | | | | | | | | | |
| (-) Bank Rates | | | | | | | | | | | | | |
| (-) Credit Card | | | | | | | | | | | | | |
| **7-FIXED EXPENSES** | | | | | | | | | | | | | |
| **7.1 Personnel Expenditure** | | | | | | | | | | | | | |
| (-) wages | | | | | | | | | | | | | |
| (-) FGTS | | | | | | | | | | | | | |
| (-) GPS | | | | | | | | | | | | | |
| (-) Pro-labor | | | | | | | | | | | | | |
| **7.2 Administrative Expenses** | | | | | | | | | | | | | |
| (-) electrical energy | | | | | | | | | | | | | |
| (-) Water and Sewage | | | | | | | | | | | | | |
| (-) Internet and Landline | | | | | | | | | | | | | |
| (-) rent | | | | | | | | | | | | | |
| (-) Makito Computer System | | | | | | | | | | | | | |
| (-) Accounting Service | | | | | | | | | | | | | |
| (-) Atlanta Security | | | | | | | | | | | | | |
| (-) financing | | | | | | | | | | | | | |
| (-) loan | | | | | | | | | | | | | |
| **8-NET RESULT (5-6-7)** | | | | | | | | | | | | | |

Source: Prepared by the author.

Through the Monthly Results Calculation tool, the entrepreneur can visualize the strengths and weaknesses of the business, planning the corrections and adjustments necessary to increase profitability. The tool available was elaborated based on the fixed and variable expenses of the store, being well accepted by the entrepreneur.

The new tools complement the existing controls and will support a more effective control of accounts payable and receivable, allowing to identify more clearly the volume of resources that the company has to receive, what the average term of payments being offered, what payment modalities are most used, as well as the monthly control of accounts payable , enabling the forecasts of payments arising from the acquisition of products on time, as well as fixed costs and other financial commitments, to be followed up.

Another important control, which needs to be considered, is inventory control, which allows you to control and analyze goods receipts and issues, providing important information for purchasing management, making the goods replacement process effective, with a follow-up on inventory-related costs.

During the months of June to December 2019, we followed the use, by the women's clothing store, of all financial controls mentioned here, capturing the data, month by month, which were used to complement the financial analysis information    for the whole of 2019.

With the use and assimilation of the annotation culture in spreadsheet, developed by the entrepreneur, it was also oriented to make the food and records of products in the Makito computer system in operation in the store, using it more efficiently, allowing the monitoring of inventory and sales registration.

## 5.2   SEASONALITY, ACCOUNT TO RECEIVE AND WORKING CAPITAL

Through the financial analysis it was identified that the revenue of the women's clothing store, in the months of January, February, May, June and July fall short of the desired, and the months of January and July do not cover the costs of the store. The low turnover occurred in all the years analyzed, confirming itself as a seasonality that needs to be managed to reduce operating costs and inventory volume in these months. In the months of January and February, the store's revenue swells due to holidays, when many people leave the city. The same occurs in July. Another fact observed is that, as the store focuses on the young female audience, it ends up not generating increased sales on two special dates, such as Mother's Day and Valentine's Day. Therefore, it is important to be aware, in these months, of indebtedness with suppliers so

as not to compromise the company's cash and capital and turnover, which can hinder investments for business growth.

The financial analysis also demonstrated that the monthly control of accounts receivable needs to be improved, because the current one does not allow identifying the volume of resources that the company has to receive, what the average term of payments being offered, which payment modalities are most used, but also does not allow planning marketing strategies that reduce the impact of default.

As already commented, the women's clothing store does not have adequate working capital, working with a high and monthly cash turnover, that is, the money received by sales in a month, much of it is used to finance the activities of next month. Therefore, the deadlines are short, and the store needs the sales of the goods to keep up. Most sales are on sight or on time, with 30 and 60 days to make the payment. Inventory replacement (purchases) is monthly with payments in 30, 60, and 90 days. It was also identified that there is a monthly surplus of stock of 15%. With this cash flow the fall in sales can quickly affect store activities. As already reported, the store does not have an effective control of cash flow and banks.

With inadequate working capital, the women's clothing store, at times, uses third-party, short-term resources to pay for commitments. Inadequate sizing of working capital can generate losses for the company, even if it presents high levels of returns and increasing market share. The recommendation, for the businesswoman, was to maintain balance through the management of working capital, evaluating the average terms of receipts and payments, which are fundamental to manage the company's liquidity.

Nikolay and Nikolay (2017) point out that the financial measures indicate whether the strategies implemented by the company are contributing to the optimization of results.

For good management of working resources, it is important to make use of financial indicators, such as the average payment period (APP) and average time of receipt (ATR) which allow the store to better know and manage synchronization between receipts and payments. For Assaf Neto (2012), average payment period (APP) is the average time the company makes the payment of its purchases, and the average period of receipt (APP) is the average time in which it receives the payment of its sales.

A comparison analysis between the APP and the ATR may show an unfavorable situation if the store works with an APP larger than the ATR and may cause liquidity problems if there is not enough working capital to meet its financial obligations. Assaf Neto (2012) defines liquidity as the ability and the company to pay its debts and recommends that the period

of receipt of sales be reduced to ensure available resources, not only for payment of debts, but also for investment in profitable investments.

The average payment period shows the average amount in days that the company takes to pay its suppliers. The longer your average payment period, the better for the cashier, because the store has time to sell the product, receive for the sale and pay the supplier without relying on external capital.

To calculate the average payment period, the following formula can be used:

- APP = Sum of all payment terms x bond value / sum of bond amounts.

The average time of receipt shows the time it takes the store to receive sales. The shorter the average receiving time, the better for cash flow. Offering terms and payment terms is an attraction, but the period of receipt directly impacts cash flow and consequently financial management.

To calculate the average time of receipt you can use the formula:

- ATR = Sum of all receipt periods x value of bonds / sum of bond values.

5.3  STOCK REPLACEMENT AND SUPPLIERS

The replacement of the stock is carried out monthly, where the businesswoman, every beginning of the month, travels to São Paulo and makes purchases for the replacement of the stock. According to the businesswoman, the producer center of São Paulo has a large offer of products with extremely attractive prices and payment terms. The producer pole sells the collection only with retailers in the clothing sector, and brands value the exclusivity of collections and clothes are strategically distributed among the various retailers in the country, so those who buy these collections can offer exclusivity to customers. Purchases are made in several different stores, which allows to make up a stock with a variety of products and brands, meeting the different profiles of the clientele.

As a strategy of inventory replacement, the businesswoman makes a long-term purchase on the condition of 30, 60 and 90 days, spending a maximum of 50% of the previous month's

revenue, except for January and July, when it does not make purchases since sales are much lower than expected.

In the analysis performed and according to the businesswoman, there is a monthly surplus of 15% of stock, a percentage that is contained in the price calculations of the products. The leftover stock is put up for sale with promotions and discount, aiming at burning this stock and restocking.

According to the 2018 Statement of Results for the Year (ISY), a stock replacement suggestion, Table 10, was developed, using the average monthly stock calculated based on a one-semester inventory report.

Table 10 - Suggested Stock Replacement Values

| Inventory Change in the Semester | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Home Stock | 65.347,00 | | | | | | | | | | | |
| Final Stock | 78.732,00 | | | | | | | | | | | |
| Half-Yearly Stock | 72.039,00 | | | | | | | | | | | |

| | 2018 Results | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Sale | 19.390,00 | 30.200,00 | 38.500,00 | 50.000,00 | 45.000,00 | 40.000,00 | 31.753,00 | 45.000,00 | 60.113,00 | 50.000,00 | 51.000,00 | 60.500,00 |
| Cost Goods Sold | 16.276,36 | 11.831,47 | 11.706,84 | 18.527,33 | 23.637,66 | 24.743,50 | 22.215,81 | 17.548,69 | 19.296,19 | 25.111,41 | 27.919,91 | 27.717,27 |
| Billing Variation | 83,94% | 39,18% | 30,41% | 37,05% | 52,53% | 61,86% | 69,96% | 39,00% | 32,10% | 50,22% | 54,74% | 45,81% |
| Percentage Change in Inventory Replacement | 16,06% | 60,82% | 69,59% | 62,95% | 47,47% | 38,14% | 30,04% | 61,00% | 67,90% | 49,78% | 45,26% | 54,19% |
| Monthly Average Inventory | 12.006,00 | 12.006,00 | 12.006,00 | 12.006,00 | 12.006,00 | 12.006,00 | 12.006,00 | 12.006,00 | 12.006,00 | 12.006,00 | 12.006,00 | 12.006,00 |

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Inventory Replacement Values | 13.933,92 | 19.308,40 | 20.361,29 | 19.563,22 | 17.705,47 | 16.585,24 | 15.612,07 | 19.330,01 | 20.158,09 | 17.982,25 | 17.439,32 | 18.511,61 |

Source: Prepared by the author.

5.4    COMPETITION OF THE PHYSICAL STORE

The city of Cascavel in Paraná does not yet have a large shopping center, and the current one is considered small for the size of the city, with few stores of women's clothing. Therefore, most of the competition of women's clothing is composed of high street stores, many with the same size and profile, selling remarkably similar products, since most retailers make the purchases of spare stock in the same pole in São Paulo.

Because the stores sell similar products and meet the same needs of the target audience of the women's clothing store, they are considered competitors, and the businesswoman seeks to monitor the behavior of competing stores in every detail, serving as the basis for the choice of spare products, formation of the sales price and in the elaboration of strategies and forms of dissemination.

In the analysis of the competition, it was not considered virtual stores that sell over the Internet, the analysis was based only the physical stores, like the women's clothing store.

Sixty-four stores were identified in the city of Cascavel, considered competitors of the women's clothing store, either because they sell the same products or for selling similar products, of which only fifteen stores are in the same region and close to the women's clothing store, around 300 meters (Table 11) and of these only one store sells the same products, getting the differentiation in colors, models and prints.

Table 11 - Main competitors

|    | Store Name | address | distance Miles |
|----|------------|---------|----------------|
| 01 | WOMAN ABC | av. Brazil, 7324, Coqueiral - Cascavel, PR | 0.1 km |
| 02 | BAHAUS BOUTIQUE | R. Sete de Setembro, 3050 Centro - Cascavel, PR | 0.3 km |
| 03 | BELLA DONNA | R. Carlos de Carvalho, 3669, Centro - Cascavel, PR | 0.1 km |
| 04 | BOUTIQUE VIA DUMONT | av. Brazil, 6282, Centro - Cascavel, PR | 0.1 km |
| 05 | DAKNOLLSEISEN AND CIA | av. Brazil, 6282 - s-313, Centro - Cascavel, PR | 0.1 km |
| 06 | DONA FLORINDA | R. Sete de Setembro, 2734, S2, Centro - Cascavel, PR | 0.3 km |
| 07 | EMFOCO FASHIONS | R. Souza Naves, 3654, Centro - Cascavel, PR | 0.1 km |
| 08 | JOSE V M SANTOS | R. Paraná, 2799, Centro - Cascavel, PR | 0.2 km |
| 09 | COSTA DO SOL STORE | R. Padre Champagnat, 154, Centro - Cascavel, PR | 0.3 km |
| 10 | EVIDENCE STORE | R. Carlos de Carvalho, 3679, Centro - Cascavel, | 0.1 km |
| 11 | NEW FACE STORE | R. Paraná, 3033, Centro - Cascavel, PR | 0.3 km |
| 12 | PEARL STORE | R. Souza Naves, 3768-Centro, Centro - Cascavel, PR | 0.1 km |
| 13 | PLANET GIRLS | av. Brazil, 6282 - s-314, Centro - Cascavel, PR | 0.1 km |
| 14 | STANGERIE | R. Souza Naves, 3525, Centro - Cascavel, PR | 0.3 km |
| 15 | VERSATILE BOUTIQUE | R. Souza Naves, 3600 - s-5, Centro - Cascavel, PR | 0.2 km |

Source: Prepared by the author.

To better identify the preferences of consumers and the main competitors, it was suggested that the women's clothing store conduct a survey with the clientele, to identify profile

and consumption habits, according to the form presented in Table 12. This type of research allows you to identify the satisfaction of consumers and the reasons for buying in the store and not in competitors.

Table 12 - Customer Satisfaction Survey Form

**1. When was the last time you bought a product in our store?**

| ◯ | ◯ | ◯ | ◯ | ◯ |
|---|---|---|---|---|
| In the last week | In the last 20 days | In the last month | Between 1 month and 3 months | More than 3 months ago |

**2. Compared to competing stores, how do you evaluate the quality of our products?**

| ◯ | ◯ | ◯ | ◯ | ◯ |
|---|---|---|---|---|
| Extremely superior. | A little higher. | Just like the competition. | A little lower. | Much lower. |

**3. Compared to competing stores, how do you rate the price of our products?**

| ◯ | ◯ | ◯ | ◯ | ◯ |
|---|---|---|---|---|
| Extremely superior. | A little higher. | Just like the competition. | A little lower | Much lower. |

**4. How satisfied are you with the payment methods offered by the store?**

| ◯ | ◯ | ◯ | ◯ | ◯ |
|---|---|---|---|---|
| Extremely satisfied | Not very satisfied. | Neither satisfied nor dissatisfied. | Little dissatisfied. | Very dissatisfied. |

**5. Generally speaking, how satisfied, or dissatisfied are you with the service of our store?**

| ◯ | ◯ | ◯ | ◯ | ◯ |
|---|---|---|---|---|
| Extremely satisfied | Not very satisfied. | Neither satisfied nor dissatisfied. | Little dissatisfied. | Very dissatisfied. |

**6. How satisfied are you with the Store's communication channels (Phones, social networks, WhatsApp)?**

| ◯ | ◯ | ◯ | ◯ | ◯ |
|---|---|---|---|---|
| Extremely satisfied | Not very satisfied. | Neither satisfied nor dissatisfied. | Little dissatisfied. | Very dissatisfied. |

**7. How convenient is it for you to visit and buy in our store?**

| ◯ | ◯ | ◯ | ◯ | ◯ |
|---|---|---|---|---|
| Extremely convenient | Very convenient | More or less convenient. | Not very convenient. | Nothing convenient. |

**8. How do you evaluate our sellers in relation to the knowledge of the products sold?**

| Excellent knowledge. | Very good knowledge. | Median knowledge. | Not very good | Little knowledge. |
|---|---|---|---|---|
| ○ | ○ | ○ | ○ | ○ |

**9. To what extent do you like our store?**

| I like it a lot. | I like it moderately. | I don't like it or dislike it. | I am a little disgusted. | I don't like it. |
|---|---|---|---|---|
| ○ | ○ | ○ | ○ | ○ |

**10. Would you buy a product again in our store?**

| Extremely likely. | Most likely. | More or less likely. | Very unlikely. | Not at all likely. |
|---|---|---|---|---|
| ○ | ○ | ○ | ○ | ○ |

**11. Would you recommend our store and our products to friends and family?**

| Extremely likely. | Most likely. | More or less likely. | Very unlikely. | Not at all likely. |
|---|---|---|---|---|
| ○ | ○ | ○ | ○ | ○ |

Source: Prepared by the author.

The questions of a consumer habits survey seek to understand how consumers act, the factors that influence their purchasing decisions, what, when and where they usually buy their products, and, also, it is possible to clearly identify more specific questions about the consumer.

Freedom of choice, freedom of opinion and freedom to live, these values aligned with consumption habits and interests, awaken in companies the creation of strategies that motivate customers not only to purchase a product, but experiences (Ceretta, and Froemming, 2011).

The analysis of competition in consumer habit surveys comes in the form of direct questions. This type of questionnaire can investigate what are your preferred brands at the time of buying a product, what was the last time you bought in the competition, what makes you choose one store instead of another, which would lead you to buy in other stores.

Through questions like these, you can hear directly from the customer what they think of the store and the competition, as well as investigate, according to the opinion of the consumer, what is making the difference when deciding for one store or another.

5.5    MARKETING AND MARKETING

The women's clothing store does not make any kind of advertsing in traditional media. The dissemination is carried out only in digital media, through Instagram. Promoting, however small, is important to present the store, products, inform about news, promotions, remember and convince customers to buy. The disclosure included the store front, showcase, bags, business cards, ads in newspapers, magazines, radio or TV, social networks (Facebook, Instagram, WhatsApp, LinkedIn) and other media.

The businesswoman was presented with some marketing strategies (Table 13), aiming to win new customers, better brand awareness, market expansion and increased revenues. One of the strategies would be to make a complete registration of the clientele, because getting to know the clients better would help to better structure the marketing objectives defining what to sell, how   to sell and especially how to disclose. With the complete registration of the clientele, it is possible to strengthen the relationship through an after-sales contact and the offer of products of each customer's preference.

Table - 13 - Suggestions for Marketing Strategies and Expected Results

| strategy | share | goal | Expected Result |
|---|---|---|---|
| Façade and Showcase | Mannequins - Daily product renewal Banner - Products on sale with discount | Attract customers who circulate in the region | New customers |
| billboard | Banner - Store Disclosure (Brand) | Promote the Store | Brand (shop) known in the city |
| Newspapers and Magazines | Presentation of Products and Brand | Conquer your target audience | New customers |
| Radio or TV | Campaign ads and promotions | Dissemination of products and Brand (store). | Burning new customers stock |
| Social Networks Instagram | Photos and Videos | Product and Brand Disclosure (store) | Online sales |
| Social Networks Youtube | Videos | Product and Brand Disclosure (store) | Online sales and new customers |
| email | Campaigns and promotions | Maintain clientele | Customer loyalty after-sales relationship |
| Bags, cards | Product deliveries | Promote the Store | Customer loyalty |
| WhatsApp | Photos and Videos | Maintain clientele | Customer loyalty |
| blog | Useful content | Trust relationship | Loyalty and New Customers |

Source: Prepared by the author.

Using the internet and social media, in addition to Instagram, to relate to customers, facilitates and speeds up communication and access to information about the company and products. With the ease of internet access and the use of smartphones, consumers are opting for online relationship, whether for product search, promotions, search for news, purchase of products or even to assess the satisfaction or complaints of consumers about a particular store. The current consumer likes the convenience, mobility, and ease of access to information, the consumers are connected on social media 24 hours a day, 7 days a week, making it clear that social media generates great opportunities for promotional campaigns, make it possible to segment and reach the target audience with a relatively low investment.

The intensification of the dissemination is important to present the store, the products, inform about news, promotions, as well as remember and convince customers to buy. It is understood that with the implementation of suggested marketing strategies and improvements, the physical store in question, can obtain an increase in the dissemination of its products and its brand, gaining new customers and improving management and sales.

Some of the strategies and proposals for marketing improvements were implemented by the businesswoman, such as the manufacture of personalized bags and boxes, business cards, increased disclosures on Instagram and use of WhatsApp, as well as daily changes of the products exhibited in the showcase and the store. All implementations and improvement strategies implemented were carried out from May to December 2019, which were monitored through the analysis of the economic and financial results of the store as presented in Table 14.

Table 14 - Statement of Income for the 2019 Year of the store under study

| Description | January | February | March | April | May | June | July | August | September | October | November | December | Year Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1-GROSS SALE (VB)** | **27.800,00** | **40.000,00** | **52.500,00** | **47.175,00** | **40.000,00** | **40.000,00** | **39.248,00** | **60.000,00** | **60.500,00** | **65.000,00** | **66.000,00** | **68.000,00** | **606.223,00** |
| **2-TAXES** | **751,50** | **617,33** | **446,44** | **835,73** | **747,38** | **589,46** | **592,43** | **447,64** | **869,84** | **793,91** | **811,07** | **781,57** | **8.284,30** |
| (-) Sales tax | | | | | | | | | | | | | |
| (-) simple | 640,5 | 502,33 | 446,44 | 835,73 | 693,82 | 549,81 | 551,67 | 427,64 | 794,91 | 692,59 | 704,63 | 680,25 | **7.520,32** |
| (-) Darf | 111 | 115 | | | 53,56 | 39,65 | 40,76 | 20 | 74,93 | 101,32 | 106,44 | 101,32 | **763,98** |
| **3-NET SALE (1-2)** | **27.048,50** | **39.382,67** | **52.053,56** | **46.339,27** | **39.252,62** | **39.410,54** | **38.655,57** | **59.552,36** | **59.630,16** | **64.206,09** | **65.188,93** | **67.218,43** | **597.938,70** |
| **4-COST GOODS SOLD** | **23.160,21** | **16.409,06** | **19.810,61** | **24.242,24** | **32.292,64** | **24.621,89** | **21.937,26** | **13.547,82** | **20.226,27** | **27.347,53** | **28.473,65** | **18.144,80** | **270.213,98** |
| **5-MARGIN CONTRIBUTION (3-4)** | **3.888,29** | **22.973,61** | **32.242,95** | **22.097,03** | **6.959,98** | **14.788,65** | **16.718,31** | **46.004,54** | **39.403,89** | **36.858,56** | **36.715,28** | **49.073,63** | **327.724,72** |
| **6-VARIABLE EXPENSES** | **800,00** | **0,00** | **1.000,00** | **803,70** | **446,42** | **800,00** | **900,00** | **900,00** | **1.462,68** | **2.000,00** | **1.840,00** | **1.750,90** | **12.703,70** |
| (-) Working Capital Interest | | | | | | | | | | | | | |
| (-) Overdraft Interest | | | | | | | | | | | | | |
| (-) Bank Rates | | | | | | | | | | | | | |
| (-) Credit Card | 800 | | 1.000,00 | 803,7 | 446,42 | 800 | 900 | 900 | 1.462,68 | 2.000,00 | 1.840,00 | 1.750,90 | **12.703,70** |
| **7-FIXED EXPENSES** | **5.074,27** | **8.976,10** | **10.641,66** | **13.580,91** | **13.064,18** | **11.763,90** | **11.461,44** | **12.272,57** | **17.058,07** | **13.273,36** | **14.784,76** | **13.335,84** | **145.287,06** |
| **7.1 Personnel Expenditure** | **1.341,74** | **4.924,71** | **8.773,71** | **9.715,73** | **8.995,71** | **7.682,85** | **7.679,11** | **7.933,70** | **12.995,56** | **9.029,35** | **10.675,89** | **9.230,03** | **98.978,09** |
| (-) wages | 0 | 0 | 3.929,81 | 4.655,12 | 4.473,00 | 3.800,00 | 3.844,21 | 3.600,00 | 7.849,52 | 3.548,22 | 5.301,17 | 4.260,77 | **45.261,82** |
| (-) FGTS | 636,89 | 383,5 | 345,47 | 641,17 | 401,89 | 363,8 | 339,71 | 340,67 | 458,89 | 573,67 | 478,04 | 390,86 | **5.354,56** |
| (-) GPS | 704,85 | 541,21 | 498,43 | 419,44 | 620,82 | 519,05 | 495,19 | 493,03 | 687,15 | 907,46 | 896,68 | 578,4 | **7.361,71** |
| (-) Pro-labor | | 4.000,00 | 4.000,00 | 4.000,00 | 3.500,00 | 3.000,00 | 3.000,00 | 3.500,00 | 4.000,00 | 4.000,00 | 4.000,00 | 4.000,00 | **41.000,00** |
| **7.2 Administrative Expenses** | **3.732,53** | **4.051,39** | **1.867,95** | **3.865,18** | **4.068,47** | **4.081,05** | **3.782,33** | **4.338,87** | **4.062,51** | **4.244,01** | **4.108,87** | **4.105,81** | **46.308,97** |
| (-) electrical energy | 393 | 270,62 | 314,38 | 273,33 | 211,1 | 187,01 | 137,12 | 130 | 163,07 | 220 | 220 | 220 | **2.739,63** |
| (-) Water and Sewage | 112,05 | 112,05 | 112,05 | 112,05 | 112,05 | 121 | 121,43 | 121,43 | 121,43 | 121,43 | 121,43 | 121,43 | **1.409,83** |
| (-) Internet and Landline | 150,48 | 150 | 150 | 150,48 | 150 | 157 | 157,74 | 163,4 | 163,4 | 163,86 | 163,4 | 160,34 | **1.880,10** |
| (-) rent | 2.311,00 | 2.500,00 | 290 | 2.311,32 | 2.311,32 | 2.311,32 | 2.311,32 | 2.311,32 | 2.311,89 | 2.396,00 | 2.311,32 | 2.311,32 | **25.988,13** |
| (-) Makito Computer System | 338 | 336 | 342,8 | 336 | 336 | 358 | 358 | 358 | 346 | 346 | 346 | 346 | **4.146,80** |
| (-) Accounting Service | 242 | 248 | 248 | 248 | 272 | 270 | 270 | 270 | 272 | 270 | 270 | 270 | **3.150,00** |
| (-) Atlanta Security | 186 | 186,72 | 186,72 | 186 | 186 | 186,72 | 186,72 | 186,72 | 186,72 | 186,72 | 186,72 | 186,72 | **2.238,48** |
| (-) Advertising and Advertising | | | | | 250 | 250 | | 250 | 250 | 300 | 250 | 250 | **1.800,00** |
| (-) seamstress | | | | | | | | | 300 | | | | **300,00** |
| (-) loan | | 248 | 224 | 248 | 240 | 240 | 240 | 248 | 248 | 240 | 240 | 240 | **2.656,00** |
| **8-NET RESULT (5-6-7)** | **-1.985,98** | **13.997,51** | **20.601,29** | **7.712,42** | **-6.550,62** | **2.224,75** | **4.356,87** | **32.831,97** | **20.883,14** | **21.585,20** | **20.090,52** | **33.986,89** | **169.733,96** |

Source: Elaborated by the author through the financial controls of the store.

According to Table 14, it is verified that there was an increase in sales and revenues, especially in the second half of 2019, where gross revenue from August to December was around 60,000 reais, reaching 68,000 reais in December, which made it possible to end the year 2019 with a net profit of 169,000 reais, a value never before reached by the store , showing that the improvements implemented have had positive effects, and that according to the owner, they will be maintained for the coming years.

## 5.6 FEASIBILITY STUDY FOR THE CREATION OF THE ONLINE STORE

According to the proposed objectives, this study is part of an economic and financial feasibility analysis for the creation of an online store as a business plan to be carried out by the physical store of women's clothing, aiming at expanding the market and seeking new customers.

### 5.6.1 Form of Creation and Purpose of the Virtual Store

The online store will be created as a new channel of sales and customer service, using the same CNPJ, tax framework and legal form of the physical store and the same fancy name. As the physical store sells products considered social and social sport, the goal of the online store is to continue in this market, serving this public in other cities of the country. In this way, the online store will act in the same follow-up, seeking the same clientele and age group that is served by the physical store.

Therefore, the online store will have as its own place the same location of the physical store, sharing the same physical space for inventory, but with separation in stock of the physical store and stock of the virtual store, occurring this same differentiation in the system of entry and control of products. This separation is mainly aimed at making products available in the online store, since the online store is open 24 hours a day, 7 days a week, where customers can purchase the products even outside the office hours of the physical store.

### 5.6.2 Market Analysis

In the market analysis, it was found that the fashion sector in Brazil is constantly growing, as demonstrated in item 4.1 of this study, where the retail of the fashion sector in

Brazil was analyzed, showing that Brazil is the fifth largest consumer of clothing in the world ranking. This is due to the increase in the purchasing power of Brazilians, which has allowed the use of part of their budget for the purchase of garments.

The growth of retail trade has been mainly driven by the increase in sales made through the virtual environment. Andin 2018, the turnover of virtual commerce was R$ 53.2 billion. Andin 2019, it achieved a growth of 16.3%, closing the year with a turnover of 61.9 billion (Ebit 2020). The increasing access to technology in the country, consumer confidence in the safety of purchase, agility in delivery, ease of access and other aspects cause sales on online platforms to evolve, even in periods of recession (SEBRAE 2019).

Even though the economy has been shrinking since mid-2014, the advance has occurred, and the virtual retail segment exhibits positive rates (Ebit, 2019). As already commented, this growth trend of the virtual retail trade should remain strong, with above average growth, since the tail of e-commerce is long, supporting the entire retail chain (SBVC, 2019).

Choi (2014) points out that the fashion market is a combination of product, information, investment, and ease of price comparison in the online environment, where decisions are made by the consumer, who dictates what he wants to buy, where he wants to buy and how he wants to receive the product. Sen Alper (2008) says that a fashion product usually has a life cycle of 10 weeks, with five seasons of sale during the year, so it needs to reach the market fast, and the digital environment is the most agile channel to reach the consumer.

According to a research by Jetecommerce (2019), the largest sales representative of fashion and accessories products online are in the states of São Paulo, Rio de Janeiro and Minas Gerais, which account, respectively, 30.8%, 19.3% and 11.5% of online sales conversions. It was also verified that the desktop was the most widely used medium for online shopping. However, the survey confirms that the use of mobile, as smartphones has increased year by year, being a trend, that is, the purchase can be made on the computer, however, mobile devices have been used, both for consultations and for closing purchases.

In this market analysis, it was found that the impact of the pandemic on fashion retail was global. In 2020, with the pandemic, different types of business were affected, and fashion retail is one of them since the purchase of garments now is considered non-essential. The effects of the crisis of the new corona virus reached the fashion industry as early as 2020, when the virus was mainly concentrated in China and its surroundings, and which had an impact on the global chain, because, in addition to much of this chain's productive being in China, the country is also a major global consumer.

With the pandemic comes the need to discuss changes aimed not only at the survival of the fashion retail trade, but also on the permanence and consolidation post-pandemic. One of the main alternatives is based on online sales. Major brands have used the virtual model to expose their collections, and increasingly seek to use the digital environment, not only to showcase creations and collections, but also to keep the retail trade in fashion active and growing (Ufjf, 2019).

Although the women's clothing store does not yet have a virtual store, already carries out sales over the Internet, making use of Instagram to advertise their products, where, customers interested in the products, are served via WhatsApp application, and make payment through links, and the product is sent to the customer by post office. These internet sales now account for around 5.0% of the store's revenues. The purpose of the online store is to facilitate the process of purchasing products by the clientele, to have a greater territorial scope, as well as to increase the sales and sales of the store, mainly in the niche market that operates.

5.6.3    Strategies and Digital Marketing Plan

As a strategy and digital marketing plan, the   women's clothing store will continue with the disclosures it has already been making on Instagram, since there is already a clientele following the store in this digital media. In addition to Instagram, the online store intends to expand the dissemination in the digital environment. This has been defined as the following strategies:

1) Digital Marketing: In addition to Instagram, to advertise on other digital media, such as Facebook, LinkedIn and Twitter and sharing images and videos of products and content, aiming to attract consumers.

2) Search Marketing – whose goal is to reach potential customers now they perform the search for a product on the Internet. It involves SEO, Search Engine Optimization, which aims to improve the position of the store in the list of natural searches in an internet search engine, and paid search marketing, using for this ads or sponsored links in search engines and digital media such as Google AdWords and Facebook Ads.

3) Content Marketing – The businesswoman already carries out this activity with the dissemination, on Instagram, of videos about color combination and examples of clothing looks that combine more. This activity should continue as attractive content

is relevant to the store's target audience. It is recommended to use enough volume and quality content to allow consumers to find, inform and relate to the store, mainly to attract more consumers to the online store.

4) E-mail Marketing – Use in the online store a prize for capturing visitors' e-mail for future use in e-mail marketing and newsletter shots, as a means of communication that allows to present the products that the store sells, the means of sales and the ways of contacting the store.

## 5.6.4   E-commerce platform

The e-commerce platform will be Type SaS (Software as a Service), which will have a monthly fee to be paid for use, with support in the creation of the layout and basic settings. The website of the online store will follow the market pattern, with an attractive look and with ease of navigation. For customers to find products on the site, there will be specific menus that correspond to each of the product categories sold by the store, and a search field at the top of each page of the site. To perform a search, customers select one of the product categories or keywords in the search field, and then specify the product name or other information. Customers can also click on the photos of the products that will be on the main page as disclosure, and then be directed to the product page where the details of the product are presented. The women's clothing store already has the registration of your domain on the Internet, which will be used in the online store.

## 5.6.5   Payment method in the Online Store

The online store will provide payment methods via credit card, debit, deposit, and bank transfer via Pix or conventional with payment term up to 3 times, following the same payment period of suppliers, in addition to payment slip for cash payments discounted. The online store website will have a digital certificate to ensure the safety of customers when providing payment information.

5.6.6   Delivery logistics


As delivery logistics will be used only the post office, this by the scope it has, and, also, due to the products are low weight and small format, the freight decreases for customers with this logistics.


5.6.7   Manpower


To manage the online store, it will be necessary to hire an employee with knowledge in internet, e-commerce platform, digital marketing, and dissemination tools, which will be responsible for the online store, registering products, fulfillment and delivery of orders and dissemination of the store. In time, if necessary, other employees will be hired.


5.6.8   Financial planning


Financial planning aims to present a projection and indicate the financial situation of a project. In financial planning, the investment variables, the required working capital, fixed costs, variable costs, among others are presented and calculated (SEBRAE, 2013).

As the online store will be just another channel of sales and customer service, making use of the same structure of the physical store, the costs to be considered will be only the investment costs of creating and maintaining the virtual store and the investment in expanding the inventory of products that will focus on marketing in the online store.

For the initial stock of the online store should be carried out additional acquisition of goods in the amount of R $ 7,583.10 which corresponds to 35.0% of the average value of monthly purchases for the year 2018 (Table 15), and for the following months should be provisioned this same value for the replacement of stock, which can be changed to depending on the sales volume.

Table 15 - Virtual Store Deployment Costs

| Investment | 1st Month | 2nd Month | 3rd Month | 4th Month |
|---|---|---|---|---|
| **Monthly Inventory** | **7.583,10** | **7.583,10** | **7.583,10** | **7.583,10** |
| **FIXED EXPENSES** | **6.788** | **6.298** | **6.298** | **4.998** |
| **Personnel expenses** | **3.000** | **3.000** | **3.000** | **3.000** |
| (-) wages | 2.500 | 2.500 | 2.500 | 2.500 |
| (-) FGTS | 200 | 200 | 200 | 200 |
| (-) GPS | 300 | 300 | 300 | 300 |
| **Administrative Expenses** | **3.788** | **3.298** | **3.298** | **1.998** |
| (-) E-commerce Platform Deployment | 1.300 | 1.300 | 1.300 | 0 |
| (-) E-commerce platform month | 398 | 398 | 398 | 398 |
| (-) Photos Products | 350 | 350 | 350 | 350 |
| (-) Marketing Digital | 650 | 650 | 650 | 650 |
| (-) Packaging | 350 | 350 | 350 | 350 |
| (-) Digital Certificate | 450 | 0 | 0 | 0 |
| (-) Internet domain | 40 | 0 | 0 | 0 |
| (-) Banners | 100 | 100 | 100 | 100 |
| (-) Motoboy | 150 | 150 | 150 | 150 |

Source: Prepared by the author.

5.6.9   Economic and Financial Analysis of Investment

In the economic and financial analysis of investment to open the online store was considered a period of 6 years considering the amount of R $ 7,583.10 monthly investment in stock of products for the virtual store. Also considered in this analysis is the costs involved in hiring an e-commerce manager, and the fixed and variable expenses for the operation of the virtual store.

The turnover of the online store was projected with 80.0% of the cost with annual merchandise acquisition in the amount of R$ 90,997.20 (referring to the monthly investment of R$ 7,583.10 of inventory replacement). This projection was based on the percentage of gross sales of the physical store, from 2018, in relation to the cost of the merchandise. Table 16 shows the projected revenue for Year 1 (163,794.96), with a growth of 20.0% (196,553.95) for Year 2 in relation to Year 1 and an annual growth of 25.0% (245,692.44) for Year 3 compared to Year 2 and so on until Year 6.

The cost of purchasing goods follows the same reasoning and percentages of revenues, that is, there is the projected cost for Year 1 (90,997.20), with a growth of 20.0% (109,196.64) for Year 2 in relation to Year 1 and an annual growth of 25.0% (136,495.80) for Year 3 compared to Year 2 and so, successively, until Year 6 (Table 16).

The other variable costs follow the percentages of 4.42% for the simple, 1.02% for darf and 7.0% for the credit card. The other personnel and administrative expenses are fixed as can be observed in Table 16.

Table 16 - Financial analysis for online store

| Description | Year1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|---|---|---|---|---|---|---|
| 1-GROSS SALE (VB) | 163.794,96 | 196.553,95 | 245.692,44 | 307.115,55 | 383.894,44 | 479.868,05 |
| | 80% | 20% | 25% | 25% | 25% | 25% |
| 2-TAXES | 8.910,45 | 10.692,53 | 13.365,67 | 16.707,09 | 20.883,86 | 26.104,82 |
| (-) Sales taxes | | | | | | |
| (-) Simple (4.42%) | 7.239,74 | 8.687,68 | 10.859,61 | 13.574,51 | 16.968,13 | 21.210,17 |
| (-) Darf (1.02%) | 1.670,71 | 2.004,85 | 2.506,06 | 3.132,58 | 3.915,72 | 4.894,65 |
| 3-NET SALE (1-2) | 154.884,51 | 185.861,42 | 232.326,77 | 290.408,46 | 363.010,58 | 453.763,23 |
| 4-COST GOODS SOLD | 90.997,20 | 109.196,64 | 136.495,80 | 170.619,75 | 213.274,69 | 266.593,36 |
| | | 20% | 25% | 25% | 25% | 25% |
| 5-MARGIN CONTRIBUTION (3-4) | 63.887,31 | 76.664,78 | 95.830,97 | 119.788,71 | 149.735,89 | 187.169,87 |
| 6-VARIABLE EXPENSES | 11.465,65 | 13.758,78 | 17.198,47 | 21.498,09 | 26.872,61 | 33.590,76 |
| (-) Credit Card (7%) | 11.465,65 | 13.758,78 | 17.198,47 | 21.498,09 | 26.872,61 | 33.590,76 |
| 7-FIXED EXPENSES | 66.666,00 | 62.766,00 | 62.766,00 | 62.766,00 | 62.766,00 | 62.766,00 |
| 7.1 Personnel Expenditure | 38.400,00 | 38.400,00 | 38.400,00 | 38.400,00 | 38.400,00 | 38.400,00 |
| (-) wages | 30.000,00 | 30.000,00 | 30.000,00 | 30.000,00 | 30.000,00 | 30.000,00 |
| (-) FGTS | 2.400,00 | 2.400,00 | 2.400,00 | 2.400,00 | 2.400,00 | 2.400,00 |
| (-) GPS | 6.000,00 | 6.000,00 | 6.000,00 | 6.000,00 | 6.000,00 | 6.000,00 |
| 7.2 Administrative Expenses | 28.266,00 | 24.366,00 | 24.366,00 | 24.366,00 | 24.366,00 | 24.366,00 |
| (-) E-commerce Platform Deployment | 3.900,00 | 0 | 0 | 0 | 0 | 0 |
| (-) E-commerce Platform Monthly | 4.776,00 | 4.776,00 | 4.776,00 | 4.776,00 | 4.776,00 | 4.776,00 |
| (-) Photos Products | 4.200,00 | 4.200,00 | 4.200,00 | 4.200,00 | 4.200,00 | 4.200,00 |
| (-) Marketing Digital | 7.800,00 | 7.800,00 | 7.800,00 | 7.800,00 | 7.800,00 | 7.800,00 |
| (-) Packaging | 4.200,00 | 4.200,00 | 4.200,00 | 4.200,00 | 4.200,00 | 4.200,00 |
| (-) Digital Certificate | 350 | 350 | 350 | 350 | 350 | 350 |
| (-) Internet Domain | 40 | 40 | 40 | 40 | 40 | 40 |
| (-) Banners | 1.200,00 | 1.200,00 | 1.200,00 | 1.200,00 | 1.200,00 | 1.200,00 |
| (-) Motoboy | 1.800,00 | 1.800,00 | 1.800,00 | 1.800,00 | 1.800,00 | 1.800,00 |
| 8-NET RESULT (5-6-7) | -14.244,33 | 140,00 | 15.866,50 | 35.524,63 | 60.097,28 | 90.813,10 |
| -90.997,20 | -14.244,33 | 140,00 | 15.866,50 | 35.524,63 | 60.097,28 | 90.813,10 |
| NPV | 39.227,11 | | | | | |
| PI | 1,43 | | | | | |
| IRR | 14% | | | | | |
| MIRR | 12% | | | | | |
| Payback | 5a4m | | | | | |

Source: Prepared by the author.

From the ISY - Income Statement for the Year, financial feasibility calculations were made. It was considered the same MAR used for evaluation of the physical store (7.0% per year) and an investment of R$90,997.20. The NPV was R$39,312.46, the PI was 1.43, the IRR was 14%, the IRR was 12%, (As it has 2 negative flows (-90,997.20 and -14,244.33) the IRR presents itself as imprecise for this situation (IRR of 14%). To correct this inaccuracy, the MIRR was used, which is indicated for more than one negative cash flow. In this case, the result was an MIRR of 12% for a financing rate of 7.0% per year and a reinvestment rate of 2.0% per year.), and Payback was 5 years and 4 months.

Taking into account the evaluation criterion of the NPV where the recommendation is to only validate investment projects that present an index above zero; Also from the PI, whose criterion says that only investment projects that have a rate above 1 (one); and the IRR where the criterion says that an investment project to be accepted is necessary to be positive and higher than the Minimum Rate of Attractiveness (MAR), the indexes presented in the analysis prove the financial economic viability for the opening of the virtual store.

However, it is the orientation that changes, in the economic conjuncture, affect the income of the population, or changes in the current fiscal structure, as in the case of the outbreak of the disease caused by the new coronavirus (Covid-19) occurred in 2020, and which constituted a Public Health Emergency of International Importance. Such factors can influence the increase in interest rates, rising inflation, among others, affecting the indices found, however, this is a risk that every entrepreneur is subject to, since he does not exert influence on such variables.

## 6    RESULTS AND CONCLUSIONS

The objective of this work was to perform an economic and financial feasibility analysis in a physical store of women's clothing, established in the city of Cascavel in Paraná, with a view to assisting investment decision making to open an online store in the same branch. With these defined objectives, an economic and financial analysis was first carried out in the women's fashion physical store.

In the diagnosis of the current financial situation, based on financial data from 2017, 2018 and January to April 2019, it was found that all financial indicators Net Present Value (NPV), Profitability Index (IL), Internal Rate of Return (IRR) and Payback, were within the

standards and attested to the viability of the physical store in the period considered, being able to make investments for the opening of the virtual store.

In the analysis of administrative controls and internal management, the need for the implementation of new controls was identified, in such a way as to allow greater visibility of financial flows, better daily control of cash and banks, control of accounts payable and receivable that would make it possible to identify the volume of resources that the company moves and must pay and receive. Also, identify the average term of payments being offered to customers, and what are the most used payment modalities, as well as the implementation of a monthly control of accounts payable that clearly indicates the payment forecasts arising from the acquisition of products on time and identification of fixed costs and other financial commitments.

To correct these findings, proposals for improvements were presented for economic and financial and management controls, such as: A Daily Cash and Bank Control spreadsheet, a Monthly Results Calculation Control worksheet, a Monthly Accounts Payable and Receivables Control worksheet, use of inventory control with the Makito computer system used by the store, as well as suggesting inventory replacement values, calculated based on 2018 financial results. It is understood that all these controls are extremely important for the proper management of economic-financial flows and store administration and management.

The proposals for improvements presented will serve as a basis for having greater control of resources, because with these controls it is possible to increase visibility of the financial flow and more accurate information for decision making, especially for opening an online store.

To improve sales and financial results of the store, proposals for improvements in marketing were presented during 2019, such as the daily update of the showcase, advertising on billboards, newspapers and magazines, radio or TV, increased dissemination on social networks, especially on Instagram and YouTube. Use of E-mail marketing, making bags and personalized boxes, business cards, use of WhatsApp for dissemination and contact with customers, as well as Blog with recommendations and suggestions of colors and prints.

As the businesswoman accepted and implemented, in 2019, some of the suggested marketing improvement proposals, it can be verified, in the analysis of the ISY - Income Statement for the 2019 Financial Year, that there was an increase in sales and revenues, especially in the second half of 2019, whose gross revenue from August to December was around R$ 60,000.00, reaching R$ 68,000.00 in December, which made it possible to end the

year 2019 with a net profit of R$ 169,000.00, values that have never been reached by the store before.

The positive results in the financial indicators, based on data from 2017, 2018 and more the full analysis of the year 2019, showed that the store has the resources to make investments, and put into practice the plan to open the virtual store. In view of this finding, the businesswoman included in the planning, the opening of the online store, and the studies and analysis of the platform to be used, as well as the other needs of the online store, were planned to start in March 2020.

Faced with the pandemic that occurred in 2020, the women's clothing store was obliged to comply with the decrees of social isolation imposed by the municipal health department and closing the trade, closing the doors from March 23 to April 7, 2020, because, according to the decree published on April 4, 2020, the stores, with up to nine employees, could open the doors only from April 7, 2020, provided they respect safety rules for customers and employees. Due to these restrictions and social isolation, where agglomerations of any nature (concerts, festivals, fashion shows, restaurants, among others) were prohibited, a fact that led to sales of the fashion retail trade falling sharply. This fact contributed even more to validate the opening of the online store.

With the results obtained in this study, the proposed objectives were achieved, and as a contribution, is the recommendation for financial management courses to be made available by higher education institutions (HEIs), in a way accessible to entrepreneurs of small companies, mainly aiming to better predate them for the management of their business, which will contribute to decrease the mortality rate of small companies, as well as the recommendation for university extension activities with students of the courses in the areas of administration, economics and accounting sciences to be developed through consulting in small companies.

Studies like this are extremely important to support and guide small and medium-sized enterprises in the implementation of more improved and complete economic-financial and management controls, allowing these companies to grow safely and sustainably, mainly in an increasingly competitive market, where decision-making needs to be carried out in an agile and more technical way based on more technical information, both administrative, economic   and financial, than decisions made only on empirical bases.

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