

Amaro's business model innovation: DNVB or platform?

Amaro's
business model
innovation

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Abstract

Purpose – This teaching case aims to analyze the business model of Amaro, a company that directly sells lifestyle goods to end consumers (B2C), focused on the women's market. Amaro's original business model is introduced and a challenging dilemma is proposed: could Amaro innovate its business model, moving from a digitally native vertical brand (DNVB)-type company to a platform, specifically a vertical marketplace focused on the female audience? Would Amaro be prepared for this evolution or would it be more appropriate to focus on or strengthen the DNVB model?

Design/methodology/approach – This teaching case was developed based on in-depth interviews with Amaro's leadership. The teaching notes were proposed based on business model innovation, competitive positioning and market trends concepts. The teaching case considers a new type of business model called DNVB. Students can review the concepts, create analyses and recommend which strategic options can leverage the company for a new growing cycle.

Findings – Using the case study in the classroom should promote the discussion and reflections on business model innovation and the future of retail in omnichannel contexts - Amaro offers products online (on an e-commerce platform and native mobile applications) and physically in locations called guide shops. The authors suggested the adoption of frameworks and tools (e.g. the competitive positioning map to allow students to visualize ways to compare strategies and make decisions).

Research limitations/implications – The case introduces a fictional dilemma related to the decision to maximize offline or online investments or completely change the company's business model by adding a new vertical marketplace approach.

Practical implications – This teaching case contributes to the student's learning about business model innovation and evolution. Case discussions could explore contemporary concepts such as value proposition, disintermediation and omnichannel commerce.

Originality/value – Offering goods directly to the consumers by using modern technological architecture through vertical integration within the supply chain makes the DNVB business model an original topic in the start-up segment.

Keywords Business model, Strategic innovation, Business model innovation, Entrepreneurship, Retail

Paper type Case study



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Introduction

Amaro was founded in 2012 in Brazil as a digital start-up with the mission of being a fashion brand for urban and well-informed women. Its business model was conceived based on a direct-to-consumer (DTC) model and control of its supply chain. In this sense, Amaro can be considered a DNVB-type organization with a verticalized chain.

In the beginning, the commercialization of its products was carried out exclusively online. As of 2015, Amaro introduced guide shops, concept stores located at commercial points, preferably with high traffic. In the guide shops, consumers could see, touch, try and buy the products; afterward, the purchased items were delivered to them. These stores were small and provided Amaro consumers with a new shopping experience in addition to the online format. Furthermore, the guide shops served as a way to showcase the Amaro brand.

In March 2020, the coronavirus disease 2019 (COVID-19) pandemic arrived in Brazil. Amaro realized the opportunity to experiment with a new product offer model: in addition to its own products, it began to offer other brands from strategic partners in an initiative named Amaro Collective. Within the company's e-commerce, Amaro was responsible for the relationship with consumers, including purchasing intermediation, product delivery and after-sales service. This business model is based on commissions on sales, in which partner brands (or affiliates) remunerate Amaro based on intermediation. This company initiative, carried out in a minimum viable product (MVP) format, was in line with what was seen as a trend for retail in this new decade: to operate as a platform – in this case, a vertical marketplace platform specialized in the female audience. Initially, seven partner brands were part of this experiment alongside the Amaro team.

This initiative was well accepted by Amaro's customers and the entrepreneurs responsible for the partner brands. Thus, a strategic dilemma arose for the founders:

- (1) Would it be time for Amaro to innovate its business model, moving from a DNVB-type company to a platform, specifically a vertical marketplace focused on the female audience?
- (2) Would Amaro be prepared for this evolution, or would it be more appropriate to maintain the focus to strengthen the DNVB model?

Strategy for a new decade

It was the end of 2020, and shortly before leaving for the Christmas and New Year recess, the company's chief executive officer (CEO), Dominique Oliver, had just left a videoconference with the other founders. They were discussing a dilemma and he needed to decide. What would be the dominant business expansion strategy for the coming years? How would this affect Amaro's business model? Some questions associated with that decision came to his mind.

What new digital technologies to further improve the customer experience should we prioritize? Amid the pandemic, could we maintain our plans to open physical stores in more cities? How could each of these different paths impact our business model? How to grow and maintain the original startup identity? Where might the greatest uncertainties – and opportunities – reside for each alternative?

All options had advantages, but he still could not decide. He started to think about his company, its characteristics, culture and strategy.

Dominique considered his clients “connected, digital, practical women who value their time.” He reinforced that Amaro wanted to “build a more accessible and intuitive brand.” This was one of the company's mottos. He then recalled his partners' arguments during the earlier meeting. Lodovico Brioschi, chief operations officer (COO) and chief financial officer (CFO) of the company reminded him of the reasons for opening the guide shops:

We found that we had to go offline to get consumers online. Guide shops solved some of the common questions of the first purchase and gave credibility to a new brand. We created attention for the Amaro brand and managed to build loyalty. We already have seventeen stores and 25% of the company's revenue comes from them. Moreover, how much of our online channel growth did not come from the customers we captured through the guide shops?

Roberto Thiele, the chief technology officer (CTO) (executive responsible for innovation, technology and data), stated: "Artificial intelligence is the new electricity. Companies that do not have a solid strategy for employing such technologies will be left behind and obsolete". In that sense, he pointed out that the company was already hiring more data scientists to support its expansion.

Furthermore, he was right, Dominique thought. "Data intelligence is in our DNA and is essential for us to maintain our good relationship with customers and our operational efficiency." Moreover, he believed that the future of retail was the end of wholesale and digital technology was critical to that. So, he needed to keep investing in predictive data analytics, new ways to interact with customers and refining Amaro's value proposition.

Between one thought and another, a new message appeared on Dominique's cell phone – Julia, a friend and founder of a women's accessories brand. She was interested in a partnership with Amaro: "Dominique, I think our product suits your customers very well. Moreover, with the drop in traffic we are still facing in shopping malls, it seems that this is the right time to start a partnership - the number of visitors to Amaro's website could benefit our brand. Our product would also help to expand the interested public in their fashion categories".

Partnership requests like these were now appearing more frequently. After a pilot to offer products with the first partner brands, more entrepreneurs interested in a potential partnership with Amaro started to get in touch. Dominique then prepared his coffee and decided to rethink Amaro's history and the main elements of its current business model.

Amaro's history

Conceived by Dominique Oliver and Lodovico Brioschi, both Swiss citizens, and by the Brazilian Roberto Thiele, Amaro was born with a technology start-up culture focused on retail (hence, known as a retail tech) and developed a relevant brand in the market, won awards in innovation and amassed over a million followers on Instagram.

The idea for Amaro was developed in 2008. Dominique worked at an investment bank in New York, managing mergers, acquisitions and recovery of companies after the 2008 crisis. He specialized in serving clients in the fashion industry with financial and operational difficulties. Moreover, he understood what to do and – mainly – what not to do in this industry.

However, there was more going on nearby. Dominique watched how co-workers consumed online clothing shopping services. Every day, before lunch, people started browsing clothing e-commerce sites. It was common to see these colleagues receiving orders and trying on new shoes in the office. Nevertheless, not only some colleagues indicated this trend. When picking up an order at a FedEx station, he encountered a massive queue of people looking for their deliveries. The FedEx delivery man was exasperated; he said he could no longer take it as the orders grew daily.

From this observation came the idea of connecting fashion to smartphones in a completely online business, but one that had its own manufactured products. "You can read a lot about trends, follow the numbers and watch the industry grow, but nothing is stronger than an 'aha moment' like that". You see something before you and think, "This is real. It is going to happen!" recalled Dominique.

Nevertheless, soon came a substantial doubt: Where would we sell? What would the market be? At the time, much was said about the market potential of the BRICS (Brazil, Russia, India, China and South Africa) – the group of emerging countries with significant

economic weight. In these countries, the online fashion market was not as developed and competitive as in mature markets such as the United States of America or Europe. Furthermore, of the BRICS, Brazil drew attention because, besides having a continental-sized population, around 95% of clothing purchases were offline. "In England, 30% of clothing purchases were online; in Brazil, 5%. Brazil had a growth potential. Furthermore, among the BRICS, Brazil had a culture most similar to ours", explained Lodovico.

Dominique then had a plan: to set up a digital fashion business in Brazil. At the time, it seemed like a ridiculous idea to many. "The fashion market is complex; Brazil is very risky, and people do not trust buying clothes online." Moreover, they said: "You do not even speak Portuguese."

After taking some Portuguese classes, in 2011 Dominique landed in Brazil to develop his idea. He enrolled in an MBA course and compiled the company's business plan. It took a few months to draw the business model on paper. Meanwhile, in Switzerland, Lodovico worked as a financial consultant at a bank. In 2011, two international projects emerged, one in New York and the other in São Paulo, and they consulted him on which project he would like to be allocated. Lodovico thought, "I can go to New York at any time; there is always an opportunity for a project there, but, for São Paulo, maybe this is the only opportunity to go to a project in such a different place." He decided on São Paulo. And so it was, as fate would have it, that Lodovico and Dominique met in Brazil, where their future partnership began to mature. That is when the Brazilian co-founder, Roberto Thiele, a technology specialist, joined to compose the trio.

The business plan was almost ready, and the company's name was yet to be defined. Roberto has developed software to help with this. They had some assumptions about the logic of this program: the brand should start with the letter A - to appear first in alphabetical listings. Furthermore, it should be easy to pronounce in different languages. And then came the name of the company: Amaro.

In September 2012, with its three founders, Amaro started operations in a small office in downtown São Paulo. In December, they made their first sale, and the business began to grow. Time flew by. In 2013, a warehouse was rented to store and distribute production. In 2014, they expanded the stock and studio spaces. In 2015, they opened the first guide shop, where customers could try on the brand's clothes but buy online at available totems. In 2017, apps for iOS and Android systems arrived.

In 2020, the company already had seventeen physical stores, the guide shops, concomitantly with sales in the online format. In that year, the company employed approximately 400 individuals. During this period, the Brazilian market already had different consolidated companies in the fashion segment – some of which competed with Amaro. Moreover, many of these companies have also accelerated their digitalization, driven by the need to adapt to the COVID-19 pandemic.

Why are we disruptive? We eliminate intermediaries in a business model different from the traditional one. We are responsible for our entire production chain, from design to delivery, explained Lodovico – So Amaro simplified its operations.

Different from retailers that depended on a complex chain of suppliers, stylists and distributors, there was no need for third parties, multi-brands, or franchises at Amaro. With the elimination of intermediaries, the cost of production is reduced compared to traditional retailers – generating a source of competitive advantage for the company. The introduction of new products was carried out by internal product development teams responsible for categories such as clothing, shoes and accessories.

Value proposition: emotional connection in the physical and digital world

In the United States of America, there were companies like Stitch Fix and Farfetch, which were born digital, but without a focus on developing their own products. On the other hand,

brands that generally developed products still needed more data expertise. “We cover both areas,” explained Dominique.

According to Lodovico, the company delivered excellent and accessible products at fair prices, packaged in sophisticated packaging, providing an experience superior to the market average. This experience was facilitated by in-app purchases and the Internet on desktops and consolidated by guide shops located in major centers, mainly in shopping malls.

For Dominique, Amaro wanted “to be the most loved brand in the country. We want to create an emotional connection between our customers and the brand with everything we do in the physical and digital world. The new retail must be practical, allowing you to express yourself, live, and advise. We want Amaro to be the best friend of our customers”.

For this configuration, Amaro considered having a DNVB (digitally native vertical brand) business model, that is, a digitally native company, which was born on the Internet and produces consumer goods with its own chain.

Integrated operations model: design, manufacture and delivery

The company had systems and technology that automated product design activities in the fashion category (product engineering and 3D modeling), production planning and control (PPC) and manufacturing (cutting and sewing).

Fashion product design was carried out internally and a software platform managed the entire product development process. This team of around 30 designers delivered 100 to 120 models per week, which arrived on the site within 19 days. Including color variants, around 5,000 pieces were available for sale on the site. Designers received input from the business intelligence (BI) and data areas, which pointed out directions for planning the collections, including their average prices, colors and best-selling materials.

Partners were in charge of production, mainly in jeans, linen tailoring, knitwear and beachwear. In winter, the number of products produced by third parties increased as Amaro usually imported coats and heavier items. Inventory was planned according to data collected on social networks and online channels. This planning also considered the climate since the country has warmer regions in the north and colder ones in the south, even though the southeast region had been the primary buyer.

In 2013, when orders began to arrive in more significant numbers, a dedicated distribution center was set up to store production. The founders decided to rent a warehouse previously occupied by the Brazil's official postal service, Correios, with more than four thousand square meters. In 2020, ten transport companies worked with Amaro to ensure delivery speed. Within the city of São Paulo, one of the services offered by Amaro was express delivery, in which a product purchased on the site can reach the customer in up to two and a half hours. In large centers, delivery was made within two business days. Moreover, intending to reinforce the offer of distribution channels and contribute to the convenience of consumers, the seventeen guide shops also functioned as points for returning or picking up orders, with free shipping.

Relationship with customers: online and offline

Among the metrics most mentioned by Amaro's founders and used in the company's day-to-day activities were customer satisfaction rates. The company used the customer experience and journey mapping to integrate its various internal sectors, such as technology, logistics, marketing and customer service, within this common objective: to guarantee delivery standards.

The company implemented new self-service customer service, mainly focused on product return management and automation. In 2020, this process met 90% of exchange requests automatically.

Amaro also implemented a system for obtaining customer feedback, on rating scales with scores from 1 to 5, at different points of the journey. The system automatically published customer insights to all Amaro teams at 20-min intervals. The company calculated that investments to simplify the customer shopping journey, as well as the measurement of satisfaction to prioritize improvements, contributed to the 19% increase in the repurchase rate of consumers between 2017 and 2019. In addition, they reduced the need for customer service interactions, which have been streamlined and automated.

The company operates with online channels, its e-commerce website and native applications for iOS and Android operating systems and offline, with seventeen guide shops in cities such as São Paulo, Rio de Janeiro, Curitiba, Belo Horizonte and Porto Alegre. The offline channel represented around 25% of sales, with the remaining 75% being online. The guide shops imitated the look of the brand's e-commerce site and were created to increase Amaro's brand awareness in the market. Lodovico explained that "65% of store visitors were discovering Amaro for the first time."

The experience at the guide shops lets customers get to know the brand and its products while maintaining Amaro's digital touch. This happens because part of the product portfolio is exposed and made available for customers to try on. After choosing the item, the sellers lead the consumer to computers, where he/she concludes the purchase, as in e-commerce. Until September 2020, purchases were made on this platform and products were delivered to the customer's home. As of October 2020, Amaro also started to offer the possibility for customers to decide if they wanted to take the products immediately.

The company's speed in orchestrating technologies in consumer relations enabled the adoption of the WhatsApp communication application as an additional contact channel, both in post-sales and in the acquisition of new customers. This channel gained extra importance during the first months of social distancing required due to COVID-19, between March and July 2020 and allowed the company's guide shop teams to remain in contact with customers even with all units temporarily closed. The store managers of each unit began to act as content creators and engage with customers, ensuring a portion of the original revenue of these units during the period and helping customers on how to make a first online purchase.

Other ways of customers' relationship also involve social networks, primarily via Instagram, i.e. the central contact platform with more than one million followers. There were also professionals dedicated to the strategy with digital influencers, which included promoting events inside the store that were filmed and broadcasted live and through posts on Instagram.

According to Dominique, Amaro was one of the most prominent investors in Instagram influencer networks in the fashion segment in Brazil. Lodovico explained that marketing was essential for the business and measured up to the company's second highest cost, second only to raw materials for products.

Technology and data usage

Roberto Thiele, the company's CTO, created the digital platform to support the brand's growth and service creation. Thiele considered that the Amaro platform presented some main requirements:

- (1) An application programming interface (API), or programming interface between applications) offering, which consisted of connectors (or integrations) that provided shopping cart and product search capabilities for customer interfaces; an event orchestrator, which maintained active interactions, in addition to managing actions such as sending emails, processing orders in payment gateways and recommendation engines;

- (2) A web back-office application that allowed administrative management, such as content management, product data, promotions management and visualization of each user;
- (3) The platform, a retail services system, was developed from scratch and implemented internally by Thiele.

The strategy also accelerated the deployment of emerging technologies, such as recommending offers based on personalization algorithms. Access to browsing session data was an example of technology that allowed the company's team to build an internal solution using a model that outperformed models based on traditional filters. Thus, some of Amaro's main innovations are based on technologies such as artificial intelligence, predictive analytical systems and other digital services based on databases.

Constantly monitoring social media and transactions on websites, apps and guide shops, predictive technologies have been able to define style trends and the items that would sell the most, even before their production.

Purchase histories were used to conduct a predictive analysis of the likelihood of success for each piece launched, using algorithms and big data. Dominique said, "Our system analyzed data on past sales, part returns and social media interactions to determine the next trend."

All this information also fed decisions from design to manufacturing, optimizing purchases and reducing inventories. The algorithms made it possible to analyze more than 150 attributes and data for each product, such as colors, measurements, categories, fabrics, prices and contexts of use. From then on, they crossed the data with existing collections to define the number of pieces to be manufactured.

Amaro as a platform

In 2020, Amaro promoted experimentation and preparation of the systems to support seven new partner brands in an MVP approach. The possibility of executing this pilot was accelerated by COVID-19 since some companies, which had a smaller presence in digital channels and had their points of sale closed, saw Amaro as a potential partner at that time, which allowed early discussions about the partnership to feel more natural.

For Dominique, choosing brands that would integrate this vertical marketplace experience considered issues such as ease of use of products, cultural relevance and sustainability. He explained that Amaro would not sell items such as cell phone chargers, for example, "but products with an emotional appeal, which you put on your body, touch your skin or which you take home to feel good."

With this new business opportunity, Amaro also introduced a sexual wellness product category. Through internal research, Dominique noted that this product line did not have "a major retailer doing a well-done job for this niche, with interesting, feminine, light, fun communication. Even to take away this hidden sex shop image and bring it forward". The launch was publicized in the media and on Amaro's Instagram. The company enlisted influencer Penélope Nova to host a series of videos about the new products available at Amaro, including vibrators and lubricants. Penélope was a reference on the subject, also known for presenting on the former MTV Brazil channel, a program on sex education in the 2000s.

All available products were stored in the company's distribution center, and negotiations were carried out directly with the manufacturers. From the photographs to the product descriptions on the website, everything went "through the hands" of the Amaro team to offer an experience as easy as that of the company's products.

Amaro also opened up its data intelligence to this group of seven partner brands. The company shared a BI platform with data such as customer profiles, their cities and the devices used for each purchase. Everything is anonymized (preserving data that would allow each consumer to be personally identified), allowing Amaro's partners to think about launches and the best products offered in the company's vertical marketplace.

The future

Dominique Oliver concluded the retrospective on how Amaro has performed in recent years. It reflected on milestones related to fashion, new categories, logistical efficiency, technology, partnerships with complementary brands, shopping experience, after-sales for customers, capillarity - physical and digital- and the investment and revenue models of each opportunity.

For him, the company had some strengths, such as (1) intense and advanced use of technology, (2) a mature digital purchase process offered to consumers and (3) Amaro's ability to curate a catalog that matched its target audience.

He had also already thought about the advantages of the platform model for more agile growth in the number of products offered in e-commerce and thought about how ready the Amaro customer would be for this new model.

Dominique already felt more prepared for this strategic planning. He picked up his phone, entered the Amaro founders' group on the Slack corporate messaging app and invited Lodovico and Roberto to a new discussion about the transformations in Amaro's business model and retail, for the coming years.

Teaching notes

Teaching objectives

This teaching case applies to disciplines on strategy (with themes associated with competitive positioning and strategic innovation), innovation (mainly business model innovation), retail and entrepreneurship (notably development of start-ups and scale-ups) for undergraduate and graduate courses. In light of the theories associated with these themes, it is expected that students can, among other objectives:

- (1) Carry out analyses on business strategy, particularly on decisions associated with the growth strategy and competitive positioning;
- (2) Discuss decisions and challenges related to strategic innovation, particularly business model innovation, based on Amaro's dilemma;
- (3) Analyze how an organization can evolve its business model within its life cycle and thus capture opportunities and adjust to changes.

The central theme is the competitive positioning of Amaro and its possible future changes, which are summarized in [Table 1](#).

Teaching plan suggestion

We recommend that students read this teaching case before class. Complementary readings can also be carried out according to the theme and the teacher's objectives for the class. We suggest the following classroom dynamics:

- (1) Presentation of the Amaro case, preferably with visual support;
- (2) Discussion of the case in the classroom, among all, led by the professor;
- (3) Thematic seminar, based on the main topic and additional lines of opportunities, to stimulate focused studies that may contribute to indicating the best decision for the dilemma facing the company's CEO, Dominique Oliver.

Main dilemmas	Strategic options	Possible decisions	Potential implications
DNVB (keep the focus on the original model) vs. Platform (evolve Amaro's business model)	Maintain the DNVB business model and invest in the physical and digital world	Focus on product development	New manufacturing techniques, raw materials and efficiency Cost of producing goods
		Focus on the growth of physical stores	Prioritize the opening of physical stores
		Maintain balance in the growth of both the physical and digital world	Adequate allocation of resources between opening physical stores and investing in technology
	Evolve to the platform business model and expand the scope of action/product lines	Focus on the growth of the digital world	Invest in digital technologies
		Invest in platform technology	
	Would other strategies be possible?	Invest in expanding the platform's partners	Evaluate new competitors given new competitive positioning Income from commissions on sales on the platform To be presented by students
		Alternative or additional strategies to be proposed by students	

Table 1.
Analytical structure of the Amaro teaching case

Source(s): By the authors

Students should present a vision of the competitive positioning defined for the company and an analysis of Amaro's value proposition and business model as subsidies for discussions about the company's next steps.

Amaro as DNVB and Amaro's new competitive positioning

A competitive positioning map, as proposed by [D'Aveni \(2007\)](#), makes it possible to analyze organizations (or their brands, products and services) and their competitors in specific markets according to two dimensions: price (y-axis) and benefits or added value (x-axis).

Students will be able to consider this analysis in [Figure 1](#) and, based on their recommendations on the best decision for Amaro, seminar participants will be able to build a new competitive positioning map adapted to changes in the value proposition observed in the face of the case dilemma.

The authors considered the added value identified during the teaching case in the analysis. They were organized into three categories of attributes, according to recommendations identified by [Pedroso \(2016\)](#):

- (1) *Functional attributes, which include the quality of materials, cut, finish, fit and durability;*
- (2) *Convenience attributes, which include aspects of delivery speed, availability, delivery reliability, personalized service, ease of access to stores and after-sales services; and*
- (3) *Intangible attributes, which involve aspirational aspects and the customer's perception of the organization/brand, such as status, prestige and lifestyle.*

The main competitors identified to present Amaro's position in this teaching case were organized into five groups:

- (1) **Entry-level** fashion (affordable price): superstores, low-priced retailers, stores located in popular shopping centers and foreign online stores that ship products to Brazil at entry-level prices;

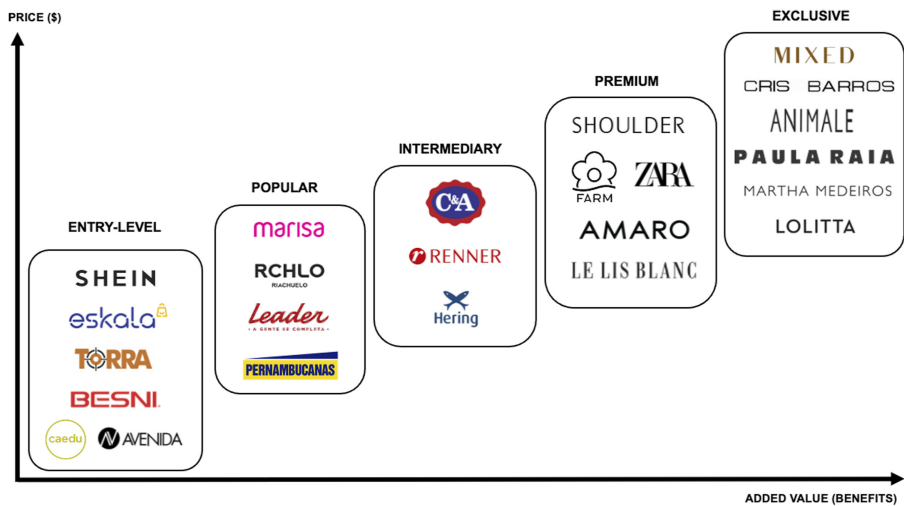


Figure 1.
Competitive
positioning map of
Brazil's fashion sector

Source(s): The authors. Amaro's competitive positioning was established based on an interview with Lodovico Brioschi (co-founder of Amaro) and the authors' perception

- (2) **Popular:** accessible stores with products for the whole family and, occasionally, items for the home, focusing on offers and payment facilities;
- (3) **Intermediary:** departmental stores (magazines), private label chains and mid-priced multi-brand stores;
- (4) **Premium:** chains of differentiated, own brands and multi-brands with a higher price and higher added value;
- (5) **High-added value:** sophisticated private label chains, offering limited and aspirational items (related to exclusivity) linked to lifestyle.

The case highlights that, in May 2020, Amaro started offering extra products to its visitors, exploring a new business model. The initiative brought together a selection of products from brands linked to the fashion, beauty and wellness industries. Within the company's e-commerce, Amaro itself was responsible for the relationship with the consumer, including the intermediation of the purchase and the delivery of the products, including the after-sales service. For Amaro, this business opportunity expanded its access to complementary categories and new styles of pieces, complementing its portfolio.

The company's new initiative was in line with what can be observed among the main retail trends in this new decade. Therefore, adopting a technological mindset (being a tech company) is necessary in order to adapt to a marketplace platform type of business model.

- (1) How does this strategic option constitute a business model innovation?
- (2) Would the launch of the *vertical marketplace platform* (specialized in a target audience, women and offering products from other manufacturers) be considered an expansion strategy? Why?
- (3) What are the strategic synergies and/or disruptions for the current model? Would you advocate this strategy?

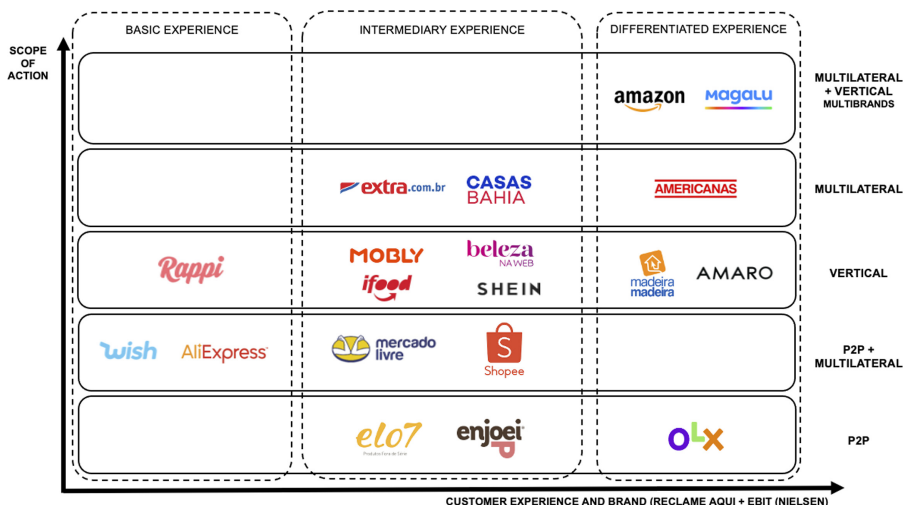
Each class can, therefore, present a new competitive positioning map in their seminars, following the guidelines below:

- (1) Update of Amaro's competitive positioning map considering its evolution to a vertical platform and/or its future strategy to be decided by Dominique Oliver.
- (2) In addition to competing directly within the current market segment, an assertive diversification strategy emerged from the dilemma. How could Amaro offer its products and services to other groups in this new situation?
- (3) Could potential new entrants, such as Amazon, which offers more than 27 private fashion brands in the United States of America, affect the current competitive landscape in Brazil? Magazine Luiza, Dafiti and Asian players such as AliExpress and Shein can also be considered in this analysis. Evaluate competitive benefits (the functional, convenience and intangible attributes) of potential new entrants and consider, through this new map, how these competitors could be grouped and positioned.

Based on these assumptions, the authors suggested a competitive positioning map for platform business models in [Figure 2](#) based on [NielsenIQ \(2022\)](#) and [Reclame \(2023\)](#).

Potential competitors considering this new competitive landscape were identified and organized into five groups:

- (1) **Multilateral + Vertical:** retailers have a growth strategy that also involves the acquisition of vertical marketplaces, bringing expertise and many sellers into specific niches.
- (2) **Multilateral:** platforms that offer hundreds of categories and connect thousands of suppliers, which operates with economies of scale and standardization of items;
- (3) **Vertical:** marketplaces that have a niche product or a limited target segment and promote volume aggregation and trusteeship of their products;



Source(s): Compiled by the authors based on reputation data

Figure 2.
Competitive
positioning map of
Brazil's marketplace
platforms

- (4) **P2P + Multilateral platforms**, which support individual sellers, but also connect with consolidated stores and offer their own logistics services to support economies of scale and standardization of items;
- (5) **P2P (person-to-person) platforms** allow users, in many cases individuals, to offer handcrafted or used products to other platform members on a limited scale.

Customer experience and brand reputation were rated by consulting the reputation ranking system of Reclame Aqui, a Brazilian organization. This organization evaluates how companies deal with complaints received from consumers and how much these customers would continue doing business with companies, on a scale of zero to ten. Companies with scores between zero and five were classified as “basic experience,”; between six and seven as “intermediate experience,”; and from eight onwards as a “differentiated experience.” Then, a second public reputation data provider, the Ebit platform, was also considered for the listed companies. Maintained by NielsenIQ, a consultancy focused on market research information, Ebit provides five different classifications for Brazilian e-commerce, including one called Diamond. The companies with this classification were also eligible to fall into the “differentiated experience” category. Data presented in this version of the competitive position map were collected in May 2023.

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