

TRABAJO DE INVESTIGACIÓN FINAL

Feasibility analysis for the expansion of the Argentinian brand King of the Kongo into Madrid, Spain.

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Abstract

This research evaluates the feasibility of the market entry of the Argentine fashion brand King of the Kongo into Madrid, Spain, through the opening of a physical retail store. The study analyzes whether the company possesses the commercial, financial, operational, and strategic conditions necessary to successfully enter and compete in Madrid's urban fashion market. The analysis focuses on consumer behavior, the regulatory environment, internal capabilities, and competitive dynamics.

A case study methodology combining quantitative and qualitative approaches was employed. Data were collected through surveys of young consumers in Madrid, interviews with company stakeholders, visual content analysis, financial evaluation, and regulatory review. Secondary sources, including academic and industry publications, were also incorporated.

The findings indicate that King of the Kongo's value proposition aligns with the preferences of its target audience, particularly regarding streetwear, authenticity, and brand identity. Social media and influencer marketing were identified as important factors influencing consumer behavior and supporting the company's market visibility. The analysis also found that the regulatory requirements for operating in Madrid are manageable and that the company possesses the financial resources and production capacity required to support expansion. While established competitors enjoy stronger market positioning, competition was not found to constitute a barrier to entry.

Overall, the research concludes that the proposed expansion into Madrid is feasible under the conditions analyzed and provides practical insights for emerging Latin American fashion brands considering entry into the Spanish market

Resumen

La presente investigación evalúa la factibilidad del ingreso de la marca argentina de indumentaria King of the Kongo al mercado de Madrid, España, mediante la apertura de una tienda física. El estudio analiza si la empresa cuenta con las condiciones comerciales, financieras, operativas y estratégicas necesarias para ingresar exitosamente en el mercado de moda urbana madrileño. Para ello, se examinan el comportamiento del consumidor, el entorno regulatorio, las capacidades internas de la empresa y la dinámica competitiva.

La investigación se desarrolló como un estudio de caso con un enfoque metodológico mixto. La información fue obtenida mediante encuestas realizadas a jóvenes consumidores en Madrid, entrevistas con actores clave de la empresa, análisis visual de contenido, evaluación financiera y revisión regulatoria. Asimismo, se utilizaron fuentes secundarias de carácter académico y sectorial.

Los resultados indican que la propuesta de valor de King of the Kongo se encuentra alineada con las preferencias de su público objetivo, especialmente en relación con el streetwear, la autenticidad y la identidad de marca. Asimismo, se identificó que las redes sociales y el marketing basado en influencers desempeñan un papel relevante en el comportamiento de los consumidores y favorecen la visibilidad de la empresa. El análisis también determinó que los requisitos regulatorios para operar en Madrid son manejables y que la compañía dispone de los recursos financieros y la capacidad productiva necesarios para sostener la expansión. Si bien existen competidores consolidados con una posición más fuerte en el mercado, la competencia no fue considerada una barrera para el ingreso.

En conclusión, la expansión de King of the Kongo hacia Madrid resulta factible bajo las condiciones analizadas y aporta conocimientos prácticos para otras marcas latinoamericanas emergentes interesadas en ingresar al mercado español.

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Chapter I. Introduction

This chapter outlines the foundations of the study and establishes the framework for the research that follows. It begins by presenting the overall aim of the project, then defines the specific objectives and research questions that guide the analysis. Finally, it introduces the hypotheses that will be examined in later sections.

Topic

Despite fashion brands continuing to expand internationally, entering highly competitive urban markets remains a complex strategic challenge. International business theory suggests that successful market entry depends on how well a firm's internal strengths align with external market conditions (Dunning, 2000). In practice, this means that entry decisions are influenced not only by demand, but also by factors such as consumer behavior, regulatory environments, internal capabilities, and the level of competition.

In this context, Madrid stands out as a relevant yet demanding market, given the maturity of its fashion industry and the strong presence of both local and international brands. While there is extensive literature on internationalization and market entry strategies, this study does not aim to develop new theories. Instead, it applies existing frameworks to a specific case: the potential expansion of the Argentine fashion brand King of the Kongo into Madrid through the opening of a physical store. Although existing internationalization frameworks identify the factors that influence foreign market entry decisions, they provide limited guidance on how companies can evaluate the practical feasibility of entering a specific market by simultaneously considering commercial, competitive, regulatory, operational, and financial dimensions. Likewise, research on the Spanish fashion industry tends to focus on market trends or established brands, rather than on the challenges faced by emerging independent fashion brands seeking international expansion.

This research addresses this gap by applying existing international business, market analysis, and feasibility assessment frameworks to evaluate the potential expansion of King of the Kongo into Madrid. The purpose of this research is to assess the commercial, strategic, and financial feasibility of this expansion. To do so, it analyzes key factors including the behavior of young consumers (*understanding “young consumers” or “target customers” as people within the age range of 16 to 35 years old who belong to the middle and upper classes*), the competitive landscape, licensing regulatory conditions in Madrid, and the brand’s internal capabilities. The goal is to determine whether the brand is well positioned to enter in the Madrid fashion market under current conditions. In doing so, the study seeks not only to provide a recommendation regarding King of the Kongo’s expansion, but also to offer a practical framework that may be useful for other emerging Latin American fashion brands evaluating entry into the Spanish market.

General Objective

The general objective of this research is derived from the purpose of the study and defines its main analytical goal: *“To evaluate the feasibility of the market entry of the Argentine fashion brand King of the Kongo into Madrid, Spain, through the opening of a physical store, by analyzing consumer behavior, the regulatory environment, internal capabilities, and competitive dynamics.”*

Specific Objectives

The following specific objectives are derived from the general objective and guide the structure of the analysis:

SO 1: Determine consumer behavior among young consumers in Madrid in order to assess their potential acceptance of King of the Kongo clothes and overall proposal.

Justification: Understanding consumer behavior is essential to evaluate whether the preferences, purchasing habits, and expectations of the target market are compatible with King of the Kongo's value proposition and product offering.

SO 2: Analyze the regulatory environment in Madrid in order to identify the licensing requirements for entering and operating in its fashion market.

Justification: Analyzing licensing requirements is necessary to assess whether the permits and administrative procedures required to operate a physical store in Madrid could affect the feasibility of King of the Kongo's market entry.

SO 3: Evaluate King of the Kongo's internal capabilities, including financial resources, production capacity and marketing strategy, to support its market entry into Madrid.

Justification: Assessing the company's internal capabilities is important to determine whether it possesses the resources and competencies required to successfully support and sustain an international expansion process.

SO 4: Examine the competitive structure of Madrid's urban fashion market, including key competitors and substitute products, to assess whether it constitutes a barrier to King of the Kongo's successful market entry.

Justification: Evaluating the competitive environment, including direct competitors and substitute products, is necessary to determine whether the intensity of competition may hinder King of the Kongo's successful entry into the Madrid market.

Research Questions

To ensure a structured analysis, a set of research questions is formulated. These questions are designed to guide the investigation by addressing the key factors influencing the feasibility of the market entry of King of the Kongo into Madrid, Spain.

R1: What are the main consumption behaviors of young consumers in Madrid?

R2: What are the main fashion trends among young consumers in Madrid?

R3: Which are the licensing requirements for establishing and operating a foreign fashion business in Madrid?

R4: To what extent is King of the Kongo financially viable to support its expansion into the Madrid fashion market, based on the main indicators?

R5: How capable is King of the Kongo's production system of scaling and adapting to the demands of Madrid's fashion market?

R6: How does influencer marketing contribute to King of the Kongo's international visibility and exposure in Madrid?

R7: How do influencers and streamers affect target consumers' fashion-related purchasing behavior in Madrid, Spain?

R8: How does the competitive intensity of Madrid's urban fashion market, including competition from key rivals (Nude Project and Eme Studios) and the threat of substitute products such as vintage clothing, affect the feasibility of King of the Kongo's market entry strategy?

Hypothesis

The following hypotheses are based on the research questions and are supported by them, and will be tested throughout the analysis, being either accepted, rejected, or left inconclusive depending on the results.

H1: King of the Kongo's product style aligns with the consumption behavior, and fashion trends of young consumers in Madrid, indicating a high potential for market acceptance.

Reasoning: This hypothesis is based on the assumption that market acceptance depends on the alignment between consumer preferences and the brand's product

offering. It will be assessed through the analysis of consumer behavior and fashion trends among young consumers in Madrid.

H2: The licensing requirements for opening a physical retail store in Madrid do not constitute a significant barrier to market entry, as their cost and complexity remain manageable for King of the Kongo's capabilities.

Reasoning: This hypothesis is based on the assumption that the licensing requirements required to establish and operate a retail fashion store in Madrid, can be fulfilled without creating significant financial or administrative barriers for the company. It will be assessed through the analysis of these requirements and their implications for King of the Kongo's market entry.

H3: Due to positive financial and economic performance indicators, King of the Kongo has the financial capacity to support its expansion into Madrid.

Reasoning: This hypothesis assumes that the company demonstrates sufficient financial strength through liquidity, solvency, debt and profit indicators. It will be evaluated by examining whether these indicators support the investment and operational requirements associated with the expansion into Madrid.

H4: Given the company's current productive strategy in China, the scalability of its production can be easily achieved to support expansion into Madrid.

Reasoning: This hypothesis is based on the assumption that the company's supplier in China can support the additional demand generated by the expansion into Madrid. While King of the Kongo also produces in Argentina, the analysis is limited to the Chinese supplier to ensure consistency in the evaluation of the import and export processes.

H5: Due to the use of streamers as part of the company's marketing strategy, the expansion would be facilitated.

Reasoning: This hypothesis assumes that the use of streamers facilitates market entry by increasing brand awareness and influencing consumer purchase decisions. It will be assessed through the analysis of influencer impact on purchasing behavior, brand awareness, and the company's current marketing strategy and its reach in Spain.

H6: The competitive intensity of the urban fashion market in Madrid, represented by key competitors (Nude Project and Eme Studios) and the potential threat of a substitute (vintage clothing), constitutes a significant barrier to the successful entry of King of the Kongo into the market.

Reasoning: This hypothesis assumes that the competitive intensity of the Madrid urban fashion market represents a significant challenge for King of the Kongo's market entry. It will be evaluated through an analysis of the two main direct competitors, Nude Project and Eme Studios, as well as the presence of vintage clothing as a potential substitute for streetwear products. This approach will provide a comprehensive assessment of the competition that may affect the brand's ability to successfully enter the Madrid market.

The specific objectives, research questions, and hypotheses are connected based on each topic and their relevance to reach the pertinent conclusions. These relations are clearly stated in the table developed to this purpose in the "III. Methodology" chapter (see Figure 5)

Scope and Limitations

This investigation is explicitly bounded in order to maintain analytical focus and ensure that the research questions can be answered with the available data and within the

timeframe of the study. The following boundaries define what this research covers and what falls outside of it.

In terms of geography, the study focuses exclusively on the city of Madrid and, where relevant, the Community of Madrid. Although Spain as a country is referenced for contextual purposes (particularly in the industry overview and regulatory analysis) the feasibility assessment pertains solely to opening a physical store in Madrid. Other Spanish cities, regions, or European markets are not evaluated as potential entry points.

In terms of market entry mode, the analysis is limited to the opening of a physical retail store. Other potential entry strategies (such as online-only expansion, wholesale distribution, pop-up stores, or franchise arrangements) fall outside the scope of this study. This decision reflects the strategic direction communicated by the company's founders during the interview phase of the research.

In terms of regulatory scope, the analysis focuses specifically on the licensing requirements associated with operating a physical retail store in Madrid: company formation, store opening permits, import processes, employment obligations, and key tax obligations. It does not extend to a comprehensive review of all legal obligations applicable to businesses in Spain, nor does it address regulatory aspects specific to other entry modes such as e-commerce law or cross-border distance selling.

In terms of production, the operational analysis is limited to King of the Kongo's Chinese supplier, as this is the production model that would supply the Madrid store. The company's Argentine production operations are referenced for contextual purposes but are not subject to detailed operational or financial analysis within this study.

In terms of competitive analysis, the study focuses on Nude Project and Eme Studios as direct competitors, given their structural similarity to King of the Kongo in terms of target audience, product positioning, brand model, and business size. Indirect competitors,

including fast fashion chains, sportswear brands, and ultra-low-cost platforms, are discussed in the context of market trends, but are not subjected to the same level of detail.

In terms of consumers, the study targets young people between 16 and 35 years old residing in Madrid who belong to the middle and upper socioeconomic segments, which corresponds to the profile defined by the brand's founders as its primary target audience. Responses from individuals outside this profile are collected separately and may provide supplementary insights but are not used to evaluate the hypotheses of this investigation.

In terms of time, the study reflects market conditions, regulatory frameworks, and company data available up to the first half of 2025. Financial projections are modeled over a three-year horizon from the assumed date of market entry.

Chapter II. Literature Review

This section presents the main topics related to the possible expansion of King of the Kongo into the Madrid fashion market. It includes an overview of the brand, consumer behaviour, competition, regulations, and the main theories used to support the analysis of the company's expansion feasibility.

Scope of the Literature Review:

The literature review focuses on academic and industry sources published primarily between 2022 and 2025 to ensure the analysis reflects current market conditions and consumer trends. The review is geographically limited to Madrid, Spain, as the proposed expansion analyzed in this study involves the opening of a physical store in this city. Particular attention is given to young consumers between 16 and 35 years old, the target segment of King of the Kongo, as well as to the urban fashion and streetwear market. Additionally, the review examines only

those regulatory, competitive, and operational factors that are directly related to assessing the feasibility of King of the Kongo's market entry into Madrid.

2.1 King of the Kongo

King of the Kongo represents a growing Argentine fashion company with characteristics that support the evaluation of a potential market entry into Madrid. Since its foundation in 2013 by Matías Artagaveytia and Lucas Varas, the brand has developed a differentiated value proposition based on distinctive designs and fashion as a form of self-expression, allowing it to establish a recognizable identity within the Argentine clothing market.

From an expansion perspective, the company has demonstrated adaptability and growth capacity. The incorporation of e-commerce in 2019 expanded its market reach beyond physical locations and strengthened its omnichannel capabilities, allowing the company to reach new customers and maintain its operations during the pandemic period.

The evolution from a male-focused brand to a more unisex positioning has broadened its target market and may facilitate adaptation to diverse consumer segments in Madrid. Furthermore, the company's existing international presence through exports to several Latin American countries and the United States indicates prior experience managing cross-border operations, reducing some of the risks typically associated with first-time internationalization.

Overall, King of the Kongo's brand identity, omnichannel experience and international exposure suggest a foundation that could support expansion into Madrid. Nevertheless, the success of such an entry will depend on the company's ability to adapt its offering to local consumer preferences, navigate the Spanish regulatory environment, and compete effectively within Madrid's highly developed fashion retail sector.

2.2. The Textile Industry in Madrid, Spain

Spain stands out as one of the most attractive markets in Europe for a fashion brand looking to expand internationally due to its population of more than 48 million consumers and its strategic position within the European Union (World Bank, 2025). Its recent economic performance has also been strong, with GDP growing by 3.2% in 2024 and employment increasing by 2.2%, reflecting a consumer environment with solid purchasing power (Observatorio del Textil y la Moda, 2025).

The fashion industry plays a significant role in the Spanish economy. According to Observatorio del Textil y la Moda (2025), the sector contributes 2.9% of the country's gross value added, accounts for 3.6% of total employment, and represents 8.2% of national exports (more than €31 billion). Fashion retail also generated €11.04 billion in sales in 2024, marking the third consecutive year of growth after the pandemic.

Over the past decade, the structure of fashion retail in Spain has evolved considerably. Specialized fashion chains increased their market share from 32% in 2015 to 40% in 2024, reflecting a growing preference for brands with a strong identity. At the same time, outlet and discount channels expanded, reinforcing a trend toward market polarization, where consumers increasingly prioritize either differentiated brands or lower prices (Observatorio del Textil y la Moda, 2025).

Additionally, according to Observatorio del Textil y la Moda, a particularly relevant trend is the growth of menswear. In 2024, menswear represented 33% of total fashion retail

Figure 1: Fashion industry over total exports



Observatorio del Textil y la Moda (2025)

Figure 2: Market Share by Retail Formats



Observatorio del Textil y la Moda (2025)

sales, surpassing womenswear for the first time. This reflects a broader cultural shift in which men are becoming more engaged with fashion and personal style. For King of the Kongo, whose sales are strongly driven by male consumers, this represents a favorable market condition.

Within Spain, Madrid represents the country's most important fashion retail market, accounting for 17.5% of national fashion sales

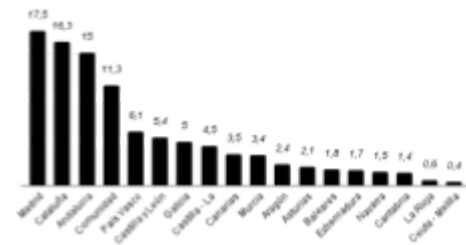
(Observatorio del Textil y la Moda, 2025). The city also concentrates a large population of young consumers and functions as Spain's cultural and commercial center, making it especially attractive for contemporary fashion brands. Areas such as Fuencarral, Chueca, and Malasaña have become key districts for streetwear and independent fashion brands.

The digital dimension of the Spanish fashion market is also highly relevant. Online fashion sales reached €6.03 billion in 2024 and already represent 25.4% of total fashion sales, while more than half of the population over 15 years old purchases fashion online (Observatorio del Textil y la Moda, 2025). These figures highlight the importance of combining physical retail with a strong e-commerce strategy.

At the same time, the competitive environment has become more challenging due to the rapid expansion of ultra-low-cost platforms such as Shein and Temu. Their growth has intensified price competition and transformed consumer expectations regarding affordability and speed.

Overall, Spain, and particularly Madrid, offers strong potential as a market entry point due to its large consumer base, growing fashion industry, and digitally engaged market. However, success depends on achieving strong brand positioning and developing an integrated strategy that combines both physical retail and e-commerce.

Figure 3: Revenue by Comunidad Autónoma



Observatorio del Textil y la Moda (2025)

2.3. The Uppsala Model of Internationalization

One of the most influential theories in internationalization literature is the Uppsala Model, developed by Johanson and Vahlne (1977). The model suggests that firms expand into foreign markets through a gradual and incremental process, increasing their international involvement as they acquire knowledge and reduce uncertainty. According to the authors, a firm's commitment to international markets is closely related to its understanding of those markets, which develops primarily through direct experience rather than just information (Johanson & Vahlne, 1977).

A key concept of the Uppsala Model is psychic distance, which refers to factors such as differences in language, culture, business practices, education, and institutional environments that may hinder the flow of information between a firm and a foreign market. The model proposes that companies tend to enter markets with lower psychic distance first, as these markets are perceived as less risky and easier to understand. Similar language, consumer preferences, cultural norms, and market trends can reduce perceived distance and facilitate a firm's entry into a foreign market. As firms accumulate knowledge and experience, they become more willing to enter markets characterized by greater psychic distance (Johanson & Vahlne, 1977).

Despite globalization, perceived cultural and linguistic similarities continue to influence foreign market selection, as they reduce uncertainty and facilitate business relationships (Johanson & Vahlne, 2009; Schweizer & Vahlne, 2022).

For the purpose of this research, the Uppsala Model provides a useful framework for examining the internationalization potential of King of the Kongo. In particular, the concept of psychic distance may help explain the attractiveness of the Spanish market, specifically Madrid, as a potential destination for expansion. Argentina and Spain share a common

language and exhibit cultural, social, and consumer similarities that may reduce uncertainty associated with foreign market entry. Additionally, similarities in fashion trends and urban culture may contribute to a lower perceived distance between both markets. Therefore, the model offers a valuable lens through which to analyze whether these perceived similarities could facilitate King of the Kongo's international expansion into Spain.

2.4. Consumer Behaviour

First of all, in order to understand young consumers in the Madrid's fashion industry, it is important to define the theory used to analyse it.

According to Schiffman and Kanuk (2014), **consumer behavior** refers to the actions individuals take when searching for, purchasing, using, evaluating, and disposing of products and services in order to satisfy their needs. Moreover, **consumer preferences** can be understood as a key part of consumer behaviour. According to Raje (2023), they refer to the specific tastes, desires, and choices that guide purchasing decisions. In fashion, these preferences are especially relevant, as they shape the styles, designs, and brand characteristics that individuals are attracted to and prefer.

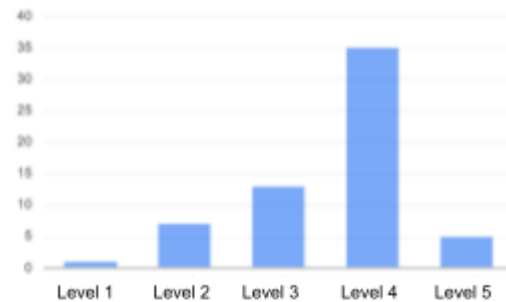
Overall, the theories provide the theoretical basis for understanding how purchasing decisions are formed. These concepts are particularly useful for analyzing how young consumers interact with fashion products and how their choices are shaped.

2.4.1. Consumer behaviour of the target audience in Spain

Many studies have already analysed young consumers in Spain and show how important clothing is in their lives. The following paragraphs look at recent research to understand some key behaviour patterns of young consumers in Madrid, such as how they see fashion, how often they buy clothes, and what influences their decisions.

In particular, Ferrer Ochando (2023), in her research, shows that fashion holds a high level of importance among young consumers in Madrid. As it can be seen in Figure 4, 57% of respondents rated fashion as 4 out of 5 in terms of importance, which reinforces its relevance. These findings suggest that fashion is not only associated with clothing consumption, but also with the construction of personal image and identity.

Figure 4: Importance of Fashion for Consumers



Note. Adapted from Ferrer Ochando (2023).

Regarding **purchasing habits**, in the same research, the author found that young consumers maintain a relatively stable level of clothing consumption, with 35% purchasing at least once per month, 31% every three months, and 21% every six months. Although fashion is not consumed with the same frequency as essential goods, it still represents an important part of their lifestyle.

In addition, the study highlights that young consumers in Spain combine both online and offline channels when purchasing fashion products. While online platforms are valued for their convenience and accessibility, physical stores remain relevant because they allow consumers to evaluate and try products before purchasing. This reflects an omnichannel purchasing behaviour among young consumers in Spain (Ferrer Ochando, 2023).

Regarding product attributes, price is consistently identified as one of the most important factors influencing purchasing decisions. FashionUnited Spain reports that Spanish young consumers are highly price-sensitive and tend to prioritise affordability, especially within the fast-fashion market (FashionUnited, 2024). Nevertheless, design and quality also play an important role in shaping preferences. For instance, Martínez Navarro (2016) explains that young consumers evaluate clothing based on a combination of criteria, that

includes design, price and quality showing that both emotional and rational factors influence their decisions.

Finally, Martínez Navarro (2016) explains that the **purchase decisions** among young consumers in Madrid are influenced by personal preferences, lifestyle, social environment, and external information sources. This highlights the complexity of the decision-making process, particularly in a context where consumers are constantly exposed to social and digital influences.

2.5. Important Trends in the Spanish Fashion Market

2.5.1. Fast Fashion

One of the most important current trends in the fashion industry is the rapid growth of ultra-fast-fashion digital platforms such as Shein. In particular, Shein represented 23% of online fashion purchases in 2024, positioning itself just behind Zara in consumer preference (Heraldo, 2024).

A key factor behind Shein's success is its intensive use of technology and data analysis to quickly identify trends and launch new products faster than competitors such as Zara and H&M. In addition, its on-demand production model allows the company to rapidly adapt to consumer preferences while reducing inventory risk (The Economist, 2022).

Another important factor behind the company's expansion is its low-price strategy, supported by efficient supply chains and a rapid production system.

This trend reflects a broader transformation in consumer behaviour, where digital accessibility and low prices are becoming increasingly important in purchasing decisions. As a result, competition within the fashion industry has intensified, especially in markets such as Madrid.

This competitive environment may also represent a challenge for King of the Kongo in Madrid. Although the brand competes through identity and streetwear positioning rather

than low prices, younger consumers are increasingly influenced by ultra-fast-fashion platforms. However, studies show that Generation Z consumers tend to value authenticity, individuality, and brand identity when choosing streetwear brands (Pérez López, 2023). Therefore, differentiation could become an important factor for competing successfully in the Spanish market.

2.5.2 Social Media and Influencers' Impact

Another important trend in the Spanish fashion industry is the growing influence of social media and influencer marketing on consumer behaviour, especially among younger generations. According to the study “La Generación Z española y la moda” published by IAB Spain and Mazinn (2023), Spanish Generation Z consumers are highly influenced by social media, digital trends, and aesthetic content when choosing fashion products. Platforms such as TikTok and Instagram have become key spaces where young consumers discover trends, interact with brands, and build their personal style.

The study also found that authenticity and visual identity are among the most important factors influencing young consumers' connection with fashion brands in Spain (IAB Spain & Mazinn, 2023). This suggests that brands with strong aesthetics and a clear identity may have greater potential to connect with younger audiences, particularly within the streetwear segment.

In Madrid, where fashion and digital culture are strongly connected, influencer marketing has become an increasingly important strategy for fashion brands. According to IAB Spain and Mazinn (2023), younger consumers tend to engage more with brands that maintain an active and visually attractive digital presence. Social media also allows companies to increase brand visibility, build online communities, and interact directly with consumers. In this context, King of the Kongo could benefit from collaborations with

influencers and content creators, especially considering the brand's current use of streamers and digital personalities as part of its marketing strategy in Argentina.

2.5.3. Fashion Trends among Young People in Madrid

Regarding fashion trends, literature shows that the targeted segment nowadays mostly prefers casual and informal clothing styles. For instance, according to McKinsey & Company (2024), Gen Z consumers in Europe show a strong preference for casualwear and streetwear-inspired fashion, prioritising comfort, versatility, and everyday use over formal styles.

This is also supported by a report done by Statista (2024) that indicates that younger consumers are more likely to purchase casual clothing items such as t-shirts, jeans, sneakers, and oversized garments, rather than formal or structured clothing. This suggests that relaxed and informal styles dominate youth fashion preferences in the Spanish market.

In addition, Deloitte (2023) explains that Gen Z consumers associate fashion with both comfort and identity expression, which leads them to prefer clothing that is not only visually appealing but also functional in daily life.

2.6. Production in China: The Case of Zara

China has become one of the main countries for clothing manufacturing because of its large production capacity, lower costs, skilled labor, and integrated supply chains. For many fashion brands, producing in China provides access to specialized manufacturing processes, flexibility in production volumes, and international logistics networks (New Asia Garment, n.d.). Since King of the Kongo also produces its products in China, understanding how this production system works is important for analysing the company's operations and its possible expansion into international markets such as Spain.

An example of this production model can be seen in Zara, which reportedly works with outsourced manufacturers in China such as New Asia Garment. Zara combines production in nearby European countries with international suppliers, while in China it mainly produces basic and high-volume garments such as T-shirts, knitwear, and denim (New Asia Garment, n.d.).

In this system, Zara is responsible for the designs and production standards, while the factory manages the manufacturing process, sourcing of materials, quality control, packaging, and logistics (New Asia Garment, n.d.). According to the manufacturer, production includes all stages, from product development and sample creation to mass production and international shipping.

Producing in China offers several advantages for fashion companies. These include access to advanced manufacturing technology, large-scale production capacity, competitive costs, and the possibility of adjusting production volumes depending on demand. In addition, factories apply quality control processes throughout production to ensure that products meet the brand's standards (New Asia Garment, n.d.).

Therefore, outsourcing production to Chinese manufacturers can represent a strategic advantage for brands such as King of the Kongo, since it allows them to reduce costs, increase production capacity, and maintain operational flexibility while continuing to meet quality requirements.

2.7. Regulations

The regulatory environment is an important factor when analysing the feasibility of entering a new market, especially for companies planning international expansion. Legal and administrative requirements can affect market entry processes, operational costs, timelines,

and the overall viability of a business. Therefore, understanding the regulatory framework is essential when evaluating the possible expansion of King of the Kongo into Madrid.

According to the *Guía de Negocios en España 2024*, developed by ICEX España Exportación e Inversiones in collaboration with the law firm Garrigues, Spain is considered an attractive destination for foreign investment due to its relatively open and flexible regulatory environment. The report explains that Spain combines a large domestic market with strong economic integration within the European Union, allowing companies established in the country to access both local and regional markets. In addition, the Spanish regulatory system aims to provide transparency and legal certainty for investors, which facilitates business operations and reduces uncertainty for foreign companies. Another relevant aspect is the liberalization of foreign investment, since most investment operations do not require prior governmental authorization and are instead subject to administrative declaration procedures, simplifying the market entry process (ICEX & Garrigues, 2024).

However, although Spain offers a favorable environment for foreign businesses, companies must still comply with different levels of regulation, including European, national, and local laws. These regulations affect activities such as company formation, import processes, retail operations, employment regulations, and taxation. Therefore, expanding into the Spanish market requires not only understanding the opportunities offered by the country, but also complying with the corresponding legal obligations (ICEX & Garrigues, 2024).

Based on this context, this investigation will later analyse the specific licensing requirements that could affect King of the Kongo's expansion into Madrid in order to evaluate their impact on the feasibility of the project.

2.8. Competition

The competitive environment of the fashion industry in Spain is highly dynamic and competitive, where being well-known is not enough for brands to succeed. According to an article published by Marketing News, companies must also be relevant and differentiated in order to build a strong position in consumers' minds (Marketing News, n.d.). In addition, the Spanish fashion market includes both large international companies and emerging local brands, making competition particularly intense (IFEMA Madrid, n.d.).

Some of the potential competitors that King of the Kongo may face in the Spanish market include fast-fashion and sportswear brands such as Zara, Pull&Bear, Bershka, H&M, Nike, Adidas, and Shein, as well as emerging streetwear brands such as Nude Project, Eme Studios, Scuffers, TwoJeys, SSSTUFFF, and Neutrale (IFEMA Madrid, n.d.). These brands target similar audiences, particularly young consumers interested in streetwear and urban fashion.

The article mentioned before also highlights that differentiation has become one of the main challenges within the fashion industry, since many brands compete in similar market segments and offer comparable products. In this context, developing a clear identity and a distinctive value proposition becomes especially important for brands seeking to position themselves in the Spanish market (Marketing News, n.d.).

Chapter III. Methodology

To carry out this investigation, several research tools will be employed. The study is structured around a framework that links the research hypotheses, research questions, specific objectives, and the overall objective of the investigation (**Figure 5**). This framework serves as the foundation for selecting the appropriate methodologies and ensuring consistency throughout the analysis. The purpose of the research is to obtain evidence that will allow each hypothesis to be classified as validated, partially validated, or rejected. Based on these findings, the final conclusions will provide a comprehensive recommendation regarding the feasibility of the proposed internationalization project and identify additional considerations that may be relevant for future implementation.

3.1. Research Design

This investigation combines both quantitative and qualitative methods to evaluate the feasibility of King of the Kongo's expansion into Madrid, Spain. Quantitative information will be obtained through consumer surveys and financial analysis, while qualitative information will be gathered through interviews with the founders and managers of the company mechanical observation. In addition, secondary sources such as academic articles, industry reports, market studies, and company documents will be used to support the analysis.

General objective To evaluate the feasibility of the market entry of the Argentine fashion brand King of the Kongo into Madrid, Spain, through the opening of a physical store, by analyzing consumer behavior, the regulatory environment, internal capabilities, and competitive dynamics	Specific objectives	Research questions	Hypothesis
	SO 1: Determine consumer behavior among young consumers in Madrid in order to assess their potential acceptance of King of the Kongo clothes and overall proposal	R1: What are the main consumption behaviors and preferences of young consumers in Madrid?	H1: King of the Kongo's product style aligns with the consumption behavior, and fashion trends of young consumers in Madrid, indicating a high potential for market acceptance.
	SO 2: Analyze the regulatory environment in Madrid in order to identify the licencing requirements for entering and operating in its fashion market.	R3: Which are the licensing requirements for establishing and operating a foreign fashion business in Madrid?	H2: The licensing requirements for opening a physical retail store in Madrid do not constitute a significant barrier to market entry, as their cost and complexity remain manageable for King of the Kongo's capabilities.
	SO 3: Evaluate King of the Kongo's internal capabilities, including financial resources, production capacity and marketing strategy, to support its market entry into Madrid.	R4: To what extent is King of the Kongo financially viable to support its expansion into the Madrid fashion market, based on the main indicators?	H3: Due to positive financial and economic performance indicators, King of the Kongo has the financial capacity to support its expansion into Madrid.
		R5: How capable is King of the Kongo's production system of scaling and adapting to the demands of Madrid's fashion market?	H4: Given the company's current productive strategy in China, the scalability of its production can be easily achieved to support expansion into Madrid
		R6: How does influencer marketing contribute to King of the Kongo's international visibility and exposure in Madrid? R7: How do influencers and streamers affect target consumers' fashion-related purchasing behavior in Madrid, Spain?	H5: Due to the use of streamers as part of the company's marketing strategy, the expansion would be facilitated.
	SO 4: Examine the competitive structure of Madrid's urban fashion market, including key competitors and substitute products, to assess whether it constitutes a barrier to King of the Kongo's successful market entry.	R8: How does the competitive intensity of Madrid's urban fashion market, including competition from key rivals (Nude Project and Eme Studios) and the threat of substitute products such as vintage clothing, affect the feasibility of King of the Kongo's market entry strategy?	H6: The competitive intensity of the urban fashion market in Madrid, represented by key competitors (Nude Project and Eme Studios) and the potential threat of a substitute (vintage clothing), constitutes a significant barrier to the successful entry of King of the Kongo into the market.

Table 1: Objectives, Research Questions and Hypothesis

Note: Own elaboration

3.2. Variables and framework of analysis

The following tables present the unit of analysis, variables, indicators, and data collection instruments associated with each hypothesis. This framework serves to establish a clear connection between the research objectives and the empirical evidence required for their assessment.

Furthermore, these tables define the scope of the analysis by specifying the variables and indicators that will be examined throughout the study. Consequently, the research will focus exclusively on the dimensions outlined in this framework, ensuring consistency between the hypotheses, the data collection process, and the subsequent analysis.

Hypothesis	Unit of Analysis	Variable	Indicators	Instrument of Analysis
H1	Young consumers (16–35 years old) residing in Madrid who belong to the middle and upper socioeconomic segments.	Consumer behaviour	• Importance of fashion in daily life • Clothing purchase frequency • Preferred shopping channels • Factors influencing purchase decisions • Consumption of ultra-fast fashion platforms.	Survey - Online questionnaire (Google Forms).
		Market acceptance	• Purchase intention • Need for brand adaptation • Price perception.	Survey - Online questionnaire (Google Forms).
		Fashion Trends	• Preferred clothing styles • Perceived fit with current fashion trends in Madrid • Importance of authenticity and brand distinctiveness.	Survey - Online questionnaire (Google Forms). Observation Sheet - Visual Content Analysis Calle Funcarral - January 2026

Table 2: Variables and Framework Analysis H1

Note: Own elaboration

Hypothesis	Unit of Analysis	Variable	Indicators	Instrument of Analysis
H2	Spanish regulatory framework applicable to foreign fashion retailers operating in Madrid	Company formation requirements	Administrative complexity; minimum capital requirement; incorporation timeline; foreign ownership restrictions	Real Decreto 571/2023 on Foreign Investments; Ley de Sociedades de Capital (Real Decreto Legislativo 1/2010); CIRCE and DUE incorporation framework
		Import regulations	Import duties; import VAT burden; customs complexity; product adaptation requirements	Union Customs Code (Regulation (EU) No. 952/2013); TARIC Database; Ley 37/1992 del IVA; Regulation (EU) No. 1007/2011 on Textile Labeling
		Retail operation requirements	Licensing complexity; compliance costs; accessibility and safety requirements	Ley 12/2012 de Medidas Urgentes de Liberalización del Comercio y de Determinados Servicios; Ordenanza 6/2022 del Ayuntamiento de Madrid; Código Técnico de la Edificación; Real Decreto Legislativo 1/2013 (Accessibility Regulations)
		Labor regulations	Labor cost burden; employer social security contributions; hiring obligations; employment flexibility	Estatuto de los Trabajadores (Real Decreto Legislativo 2/2015); Convenio Colectivo del Comercio Textil de la Comunidad de Madrid (2024–2025); Orden PJC/178/2025; Regulations of the Tesorería General de la Seguridad Social (TGSS)
		Tax Obligations	Effective tax burden; VAT obligations; tax reporting requirements; local tax exposure	Ley 27/2014 del Impuesto sobre Sociedades; Ley 37/1992 del IVA; Ley 7/2024; regulations and guidelines issued by the Agencia Estatal de Administración Tributaria (AEAT)

Table 3: Variables and Framework Analysis H2

Note: Own elaboration

Hypothesis	Unit of Analysis	Variable	Indicators	Instrument of Analysis
H3	King of the Kongo's financial statements and projected Madrid store economics	Current financial health	Gross margin %; Operating margin (EBIT) %; Net profit margin %; Current ratio; Quick ratio; Debt-to-equity ratio; Inventory turnover (days)	Financial statement analysis Ratio calculation from company accounts
		Financial capacity for expansion	Available cash / working capital relative to estimated initial investment; Debt ratio; Revenue growth trend (2+ years); ROE and ROA	Financial statement analysis Ratio calculation from company accounts
		Project viability (Madrid store)	Break-even annual revenue; Break-even number of daily transactions; Payback period (years)	Break-even analysis Projected income statement
		Revenue projection	Projected revenue Years 1, 2, 3; Projected operating profit Years 1, 2, 3; Projected net margin Year 3	3-year projected income statement

Table 4: Variables and Framework Analysis H3

Note: Own elaboration

Hypothesis	Unit of Analysis	Variable	Indicators	Instrument of Analysis
H4	King of the Kongo's production in China, considering their ability to support expansion into Madrid	Description of current production in China	• Production capacity of suppliers • Production process • Production volume and minimum order requirements • Payment conditions	In-depth interviews with Lucas Varas, Matias Matías Artagaveytia Palermo (owners of King of the Kongo) and with the CEO.
		Season management	• Adaptation to seasonal demand	
		Relationship with suppliers	• Supplier flexibility • Supplier diversification • Cost stability	

Table 5: Variables and Framework Analysis H4

Note: Own elaboration

Hypothesis	Unit of Analysis	Variable	Indicators	Instrument of Analysis
H5	King of the Kongo's influencer and social media-based marketing strategy (2025-2026)	Influencer and Social Media-based Marketing Strategy	Use of Streamers as a Marketing Strategy for International Expansion	In-depth interview with Fernando Rico (General Manager - King of the Kongo)
	Young consumers (16–35 years old) residing in Madrid who belong to the middle and upper socioeconomic segments.		Brand awareness.	Survey - Online questionnaire (Google Forms).
	Young consumers (16–35 years old) residing in Madrid who belong to the middle and upper socioeconomic segments.	Influencer / streamer influence on consumer behavior	Purchase behavior driven by influencers/streamers	Survey - Online questionnaire (Google Forms).

Table 6: Variables and Framework Analysis H5

Note: Own elaboration

Hypothesis	Unit of Analysis	Variable	Indicators	Instrument of Analysis
H6	Key competitors (Nude Project and Eme Studios)	Digital marketing	- Followers on Instagram, TikTok, Facebook, LinkedIn and YouTube - Discounts and promotions	Secondary data (brands' website and Meta ad library)
		Price comparison	- Price range (minimum–maximum) - Average price by product category	Secondary data (brands' website)
		Products comparison	- Size variety offered - Colour variety offered	Secondary data (brands' website)
		Fuencarral street	Advantages and disadvantages of having the three brands in the same street	La peatonalización de Fuencarral Report and Google Maps
	Potential substitute (vintage clothes)	Vintage clothes sector	Physical stores near Fuencarral street and purchase behavior.	Survey - Online questionnaire (Google Forms) and Google Maps

Table 7: Variables and Framework Analysis H6

Note: Own elaboration

3.3. Data collection and processing methods

Survey

A survey was conducted between 27/05/2026 and 09/06/2026 (Appendix A) to gather information about the preferences, purchasing habits, and perceptions of potential consumers in Madrid. The objective was to assess whether King of the Kongo's products and brand identity were attractive to consumers in the city.

The target population consisted of individuals between 16 and 35 years old belonging to the upper and middle socioeconomic segments. This age range was established based on insights obtained during an interview with Lucas Varas, founder of King of the Kongo, who explained that the brand currently appeals both to its original customers, who have grown alongside the brand, and to younger consumers reached through influencer marketing initiatives.

A minimum target of 100 valid responses was established to obtain a sufficient number of observations for descriptive analysis. The survey was distributed online through Google Forms using a non-probability snowball sampling method. The questionnaire was initially shared with individuals residing in Madrid and these participants were then encouraged to share the survey with other potential respondents, allowing the sample to expand.

The questionnaire was structured into three main sections. The first section consisted of screening questions regarding age, city of residence, socioeconomic segment, and whether respondents regularly consumed urban or streetwear fashion. These questions were used to determine whether respondents matched the target profile and should be included in the main analysis.

Respondents who met the target criteria proceeded to the second section, which focused on the variables relevant to the study. This section included questions related to

consumer behavior and fashion trends, the influence of content creators and influencers on purchasing decisions, brand awareness and perceptions of King of the Kongo, and the competitive landscape within the streetwear market.

Respondents who did not meet the target criteria were redirected to a third section designed to evaluate their interest in purchasing King of the Kongo. While these responses were excluded from the analysis related to the proposed physical store in Madrid, they provided useful insights regarding potential future online sales opportunities within the Spanish market.

Different question formats and measurement scales were used according to the nature of the information collected. Dichotomous questions were mainly used in the screening section, while single-choice and multiple-choice questions were employed to analyze consumer habits, preferred brands, purchasing criteria, and brand awareness. In addition, five-point Likert scales were utilized to measure attitudes toward influencer marketing, perceptions of King of the Kongo, brand attractiveness, and purchase intention, ranging from strong disagreement to strong agreement.

Responses were collected through an online Google Forms questionnaire and analyzed using descriptive statistics, including frequencies, percentages and averages. The results obtained from this analysis contributed primarily to the evaluation of H1, H5 and H6.

In depth interviews

In depth interviews were conducted with key members of King of the Kongo's management team to obtain first-hand information regarding the company's potential expansion into Madrid through the opening of a physical store. The objective of these interviews was to gather insights from the organization's senior decision-makers and gain a

deeper understanding of the opportunities, challenges, resources, and strategic considerations associated with the proposed internationalization project.

A total of four interviews were carried out with key members of the organization. These included Lucas Varas, co-founder of King of the Kongo; Fernando Rico, General Manager and Marketing Manager; the company's Chief Executive Officer (CEO); and Matias Artagaveytia Palermo, co-founder. Due to confidentiality agreements, the name of the CEO is not disclosed in this investigation. The interviewees were selected based on their direct involvement in strategic decision-making and their knowledge of different aspects of the business relevant to the proposed expansion.

Although all interviews addressed the internationalization project, each one focused on different topics according to the interviewee's area of expertise. Topics explored included the company's history and positioning, target market, operational capabilities, financial situation, sales performance, marketing initiatives, and the opportunities and challenges associated with entering the Madrid market.

All interviews were conducted remotely through Google Meet and lasted approximately between one hour and one hour and a half. The meetings were automatically transcribed for future analysis.

The information obtained was analyzed qualitatively through the identification of key insights. These findings provide valuable context for understanding the company's readiness for internationalization and support the evaluation of the corresponding hypotheses throughout the investigation.

Mechanical Observation - Visual Content Analysis

To complement the survey findings regarding fashion trends among young consumers in Madrid, a visual content analysis was conducted using a publicly available street observation video recorded in Calle Fuencarral, Madrid.

This location was selected based on information obtained during an interview with Lucas Varas, founder of King of the Kongo, who explained that the company had previously explored the Madrid market and identified Calle Fuencarral as one of the preferred areas for opening a physical store as part of its potential internationalization project. Therefore, analyzing consumer behavior and fashion trends in this location was particularly relevant, as it represented the environment in which the brand would operate if the expansion were implemented.

In addition, Calle Fuencarral was one of Madrid's most important fashion and retail districts for young consumers and was characterized by a strong presence of streetwear and urban fashion brands. It was also a relevant commercial area because two of King of the Kongo's main potential competitors, EME Studios and Nude Project, were located there.

The analysis was based on the 20-minute video recorded in January 2026. Through direct observation of individuals who appeared to belong to the target age group (16–35 years old), the study identified recurring fashion patterns and aesthetic characteristics.

Financial tools

To evaluate Hypothesis 3, a financial analysis was conducted using information obtained from King of the Kongo's financial statements, management interviews, and the projected operating conditions of the proposed Madrid store. The analysis focused on four dimensions: current financial health, financial capacity to support expansion, project viability, and projected financial performance. Monetary figures are converted from Argentine pesos to euros using an exchange rate of ARS 1,720 per EUR, corresponding to the official reference rate published by the Banco Central de la Republica Argentina around the close of the fiscal year (31 October 2025).

First, a financial ratio analysis was performed to evaluate the company's current economic situation. Profitability ratios, including gross margin, operating margin, and net profit margin, were calculated to assess operational performance. Liquidity ratios, such as the current ratio and quick ratio, were used to evaluate the company's ability to meet short-term obligations. Solvency indicators, including the debt-to-equity ratio, were analyzed to determine the company's financial leverage. In addition, inventory turnover was calculated to assess operational efficiency. It is important to consider that these results are mainly compared with standard benchmarks widely shared among corporate finance literature, and for some specific results, it is compared with the results of a direct competitor, in this case Nude Project, that works as a comparison with an already established player in the targeted market.

Second, the company's financial capacity to support the expansion was assessed by comparing available liquidity and working capital against the estimated initial investment required to establish the Madrid store. Return on Assets (ROA) and Return on Equity (ROE) were also analyzed to evaluate the company's ability to generate returns from its resources.

Third, a break-even analysis was conducted to determine the minimum sales volume required for the Madrid operation to cover its fixed and variable costs. Based on projected operating expenses, average ticket, and estimated contribution margins, the break-even point was calculated both in annual revenue and in required customer transactions. A 3-year payback analysis was also performed to measure the capacity for the project to raise enough profit to cover the investment needed within the first three operational years of the Madrid store.

Finally, a three-year projected income statement was developed to estimate the potential financial performance of the proposed Madrid store. Revenue projections were

based on operational information provided by King of the Kongo's management team during the interview process, including the average ticket, expected transaction volume, and projected sales growth. These estimates were combined with projected operating costs, labor expenses, rent, import costs, and tax obligations to estimate operating profit and net profit over the projection period. The resulting projections were used to assess the financial viability of the expansion and the store's ability to generate sufficient returns to recover the initial investment.

Legal instruments

To evaluate Hypothesis 2, a documentary analysis was conducted of the Spanish, European Union, and Madrid regulatory frameworks applicable to foreign fashion retailers seeking to establish and operate a physical store in Madrid. The analysis focused on five dimensions: company formation requirements, import regulations, retail operation requirements, labor regulations, and tax obligations.

For each dimension, relevant legislation, regulations, and official government publications were reviewed to identify the legal requirements, administrative procedures, costs, and compliance obligations applicable to the proposed expansion. Sources included Spanish national legislation, European Union regulations, Madrid municipal regulations, and official publications from public institutions such as the Agencia Estatal de Administración Tributaria (AEAT), the Seguridad Social, the Ayuntamiento de Madrid, and the European Commission.

The collected information was analyzed to determine the extent to which these requirements could constitute barriers to entry for King of the Kongo. Particular attention was given to administrative complexity, mandatory procedures, minimum capital requirements, labor

obligations, tax burdens, import requirements, and compliance costs associated with operating a physical retail store in Madrid.

Competitive analysis

The purpose of this analysis was to evaluate whether the competitive intensity of Madrid's urban fashion market represents a significant barrier to King of the Kongo's potential expansion into Spain. More specifically, the analysis focused on two key competitors, Nude Project and Eme Studios, as well as the potential threat posed by vintage clothing as a substitute product.

To conduct this analysis, two units of analysis were selected: (1) key competitors (Nude Project and Eme Studios) and (2) the vintage clothing sector. The research question guiding this analysis was: "How does the competitive intensity of Madrid's urban fashion market, including competition from key rivals and substitute products, affect the feasibility of King of the Kongo's market entry strategy?"

The Madrid fashion market includes a large number of competitors that King of the Kongo could face in its expansion into that market. There are indirect competitors, such as Zara, Pull&Bear, Bershka, H&M, Nike, Adidas, Shein and SSSTUFFF, and direct competitors such as Nude Project, Eme Studios, TwoJeys and Scuffers. However, this analysis will focus exclusively on Nude Project and Eme Studios, which are direct competitors because they are similar to King of the Kongo in terms of target consumers, clothing style and brand proposal.

The first step was to analyze these competitors. To assess their competitive strength, four variables were examined: digital marketing, pricing, product offering and location on Fuencarral Street.

For the digital marketing analysis, information was collected from the brands' official social media accounts and the Meta Ad Library. Social media followers on Instagram, TikTok, Facebook, LinkedIn, and YouTube were compared to evaluate each brand's digital visibility and audience reach. In addition, active advertisements, discounts, and promotional campaigns were analyzed to understand how each company attracts and communicates with consumers.

The price analysis was based only on four products: hoodies without a zipper, polo shirts, oversized t-shirts, and cotton pants. These products were selected because they are core products within King of the Kongo's offering and are also available across the competitor brands, allowing for a fair comparison. Product prices were collected from the official websites of each company. Since King of the Kongo's prices were listed in Argentine pesos (ARS), they were converted into euros (€) using the BNA seller exchange rate of ARS 1,670 per euro as of June 3, 2026. This conversion was applied to ensure consistency and comparability with the prices of competitors operating in the Madrid market. Both price ranges and average prices by category were calculated to compare market positioning.

The product comparison examined the variety offered by each brand. Specifically, the number of products available in different sizes and colours was recorded from the brands' websites. This information was used to determine whether King of the Kongo could compete with the broader product assortments offered by Nude Project and Eme Studios.

The location analysis focused on Fuencarral street, one of Madrid's main streetwear shopping destinations. Information was obtained through Google Maps and secondary sources regarding the pedestrianized section of the street. The purpose was to assess the advantages and disadvantages of King of the Kongo locating near its main competitors, considering factors such as pedestrian traffic, visibility, customer attraction, and direct competition.

The second unit of analysis focused on the vintage clothing sector as a potential substitute for streetwear products. To evaluate its attractiveness and possible impact on King of the Kongo, a Google Maps analysis was conducted within the area surrounding Fuencarral Street. This allowed the identification of vintage stores located near the potential store location. Additionally, data from an online questionnaire (Google Forms) completed by target consumers were analyzed to determine how frequently consumers purchase from vintage stores and whether vintage fashion is among their preferred clothing styles.

Finally, all findings were combined to determine whether competition from established streetwear brands and substitute products represents a significant obstacle to King of the Kongo's market entry. The analysis was conducted to evaluate whether the company's international expansion would be feasible.

3.4. Ethical considerations

Ethical considerations were taken into account throughout the research process. Participation in both the survey and the in-depth interviews was voluntary. Prior to their participation, respondents were informed about the purpose of the study, and at the beginning of both the survey and the interviews, participants were notified that their responses would remain anonymous and would be used exclusively for academic purposes.

To protect participants' privacy, survey responses were collected anonymously and analyzed in aggregate form. Likewise, information obtained from interviews with members of King of the Kongo was treated confidentially. Participants were given the option to decide whether their identity could be disclosed in the research. When consent was provided, interviewees were identified by name; otherwise, their contributions were reported anonymously.

The financial information used in this study was provided directly by King of the Kongo for academic purposes. At the request of the company's owners and CEO, the company's legal name and other information were redacted from the financial statements presented in this dissertation to protect confidentiality.

ChatGPT (OpenAI) was used as a support tool for language editing, translation of survey materials and charts, and formatting assistance. All research decisions, data analysis, interpretation of findings, and conclusions were conducted exclusively by the authors.

Throughout the study, all data were handled responsibly, and participants' privacy was respected at all times.

Chapter IV. Results, Analysis and Discussion

4.1. Hypothesis 1

“King of the Kongo’s product style aligns with the consumption behavior, and fashion trends of young consumers in Madrid, indicating a high potential for market acceptance.”

The hypothesis proposes that King of the Kongo’s product style aligns with the consumption behavior and fashion trends of young consumers in Madrid, indicating a high potential for market acceptance. To examine this, findings are presented according to three variables: consumer behaviour, fashion trends, and market acceptance. Data were collected through an online questionnaire and mechanical observation on Calle Fuencarral in January 2026.

4.1.1.Results

Variable 1: Consumer behaviour

The question that addresses this variable is: “What are the main consumption behaviors of young consumers in Madrid?” (Research Question 1). Results are presented for

the following indicators: (1) Importance of fashion in daily life, (2) Clothing purchase frequency, (3) Preferred shopping channels, (4) Factors influencing purchase decisions, and (5) Consumption of ultra-fast fashion platforms.

(1) Importance of fashion in daily life

The results in Figure 5 show that fashion is important in the daily lives of young consumers in Madrid. Overall, 74.5% of respondents agreed or strongly agreed that fashion is very important to them, while only 1.1% disagreed. This suggests

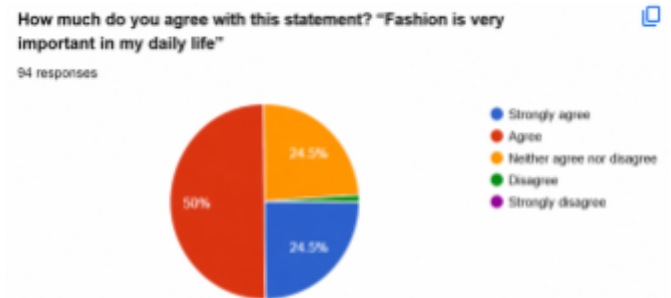


Figure 5: Importance of fashion in daily life
Note: Own elaboration

that the target market has a strong interest in fashion and pays attention to clothing and personal style. This suggests that fashion is a relevant aspect of consumers' lifestyles and purchasing decisions, making it an important factor to consider when analyzing the market.

(2) Clothing purchase frequency

Figure 6 shows that most respondents buy clothing regularly. While 41.5% purchase clothing every month, 38.3% do so every three months. Only 5.3% reported buying clothing less often than every six months. This indicates that buying clothes is a common activity among young consumers in Madrid. Since they purchase clothing frequently, there is an opportunity for new brands such as King of the Kongo to attract potential customers, which supports the hypothesis.

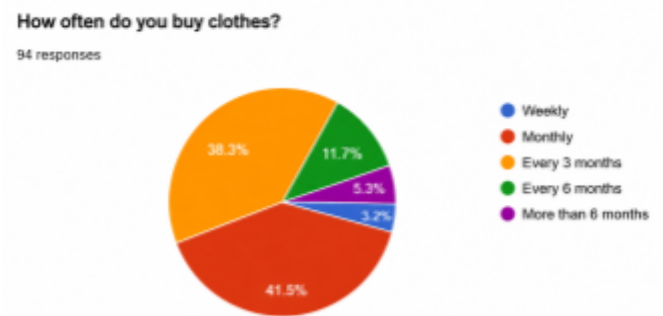


Figure 6: Purchasing frequency
Note: Own elaboration

(3) Preferred shopping channels

As it can be seen in Figure 7 physical stores are the most common shopping channel among respondents, with 92.6% reporting that they usually buy fashion products in this way. Brand websites were also popular, selected by 61.7% of participants. Other channels, such as online marketplaces, social media shops, and second-hand stores, were less frequently

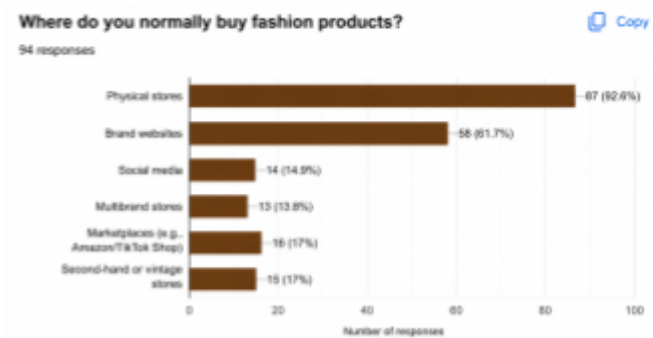


Figure 7: Preferred shopping channels
Note: Own elaboration

chosen. These results provide insight into the shopping habits of young consumers in Madrid and show that physical stores remain an important part of the fashion purchasing process.

(4) Factors influencing purchase decisions

Figure 8 shows that price, quality, and design are the main factors influencing clothing purchase decisions. Price was selected by 86.2% of respondents which indicates that consumers remain price-sensitive, followed by quality (75.5%) and design/style (70.2%). The high

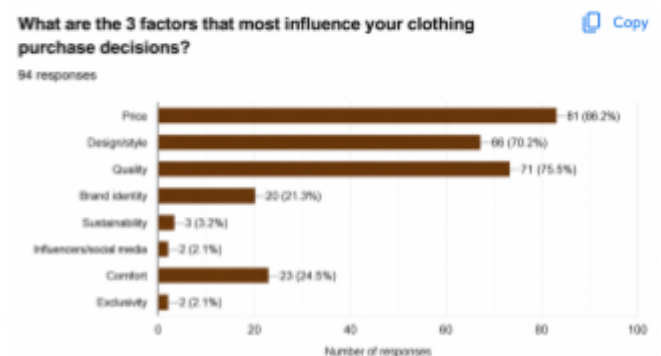
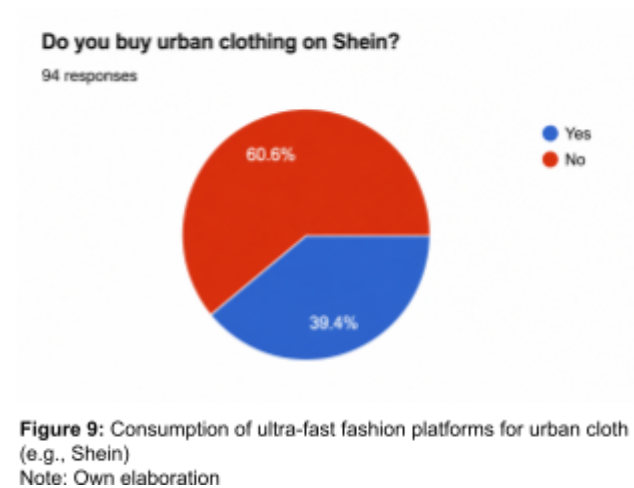


Figure 8: Factors influencing purchase decisions
Note: Own elaboration

importance assigned to quality and design suggests a strong alignment with King of the Kongo's value proposition. However, price was the most important factor for respondents, which may be a challenge for the brand due to its higher prices. While the brand matches what consumers look for in terms of style and quality, some customers may be discouraged by the cost.

(5) Consumption of ultra-fast fashion platforms for urban clothing (e.g., Shein)

Figure 9 shows that 39.4% of respondents buy urban clothing from Shein, while 60.6% do not. Although Shein is a well-known fast fashion brand, most respondents reported not purchasing this category from it. This suggests that many young consumers in Madrid are also willing to consider other types of brands. For King of the Kongo, this could be positive, as the brand focuses on quality and design rather than offering the lowest prices.



Variable 2: Fashion Trends

The question that addresses this variable is: “What are the main fashion trends among young consumers in Madrid?” (Research Question 2). Results are presented for the following concepts: (1) Preferred clothing styles, (2) Perceived fit with current fashion trends in Madrid, (3) Importance of authenticity and brand distinctiveness.

(1) Preferred clothing styles

As shown in Figure 10, the survey results indicate a clear preference for Casual style (75.5%), followed by Streetwear (52.1%). These two categories are the main style choices among respondents. Other styles such as Sportswear (34%) and Formal (25.5%) are less common, while Minimalist (22.3%), Vintage (18.1%) and Luxury fashion (5.3%) have a much lower presence in the target group.

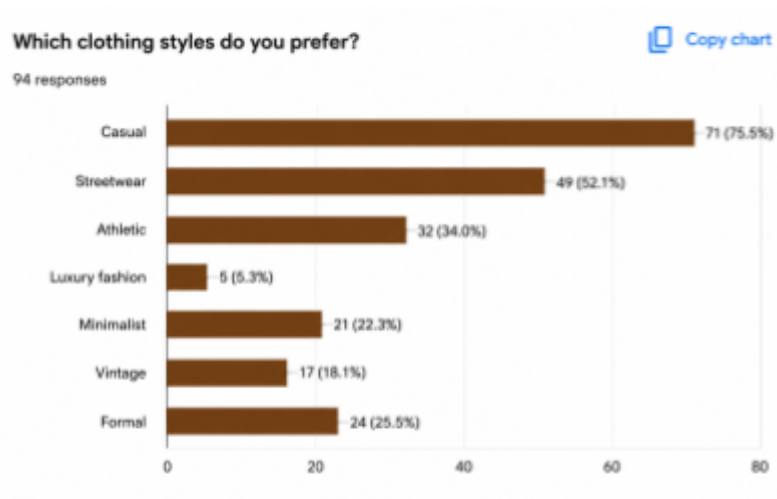


Figure 10: Preferred clothing styles
Note: Own elaboration

Overall, this shows that the Madrid target market mostly prefers comfortable and everyday clothing. Casual wear is the main style, and streetwear is also very present, which means it is part of daily outfits and not only an occasional choice.

These results are also supported by a qualitative observation based on a YouTube video of a person walking through Fuencarral Street (Table 8).

Analysis concept	Observed finding	Interpretation	Evidence
Outfits of target consumers	Casual dressing dominates (jeans, joggers, hoodies, sneakers) with a clear streetwear preference	The target audience adopts a functional, everyday style that partially aligns with KOTK ¹ 's positioning	Appendix C - Evidence A
Competitor: EME Studios	Visible queue outside the store	Strong interest in the brand and high engagement from consumers.	Appendix C - Evidence B
Table 8: Observation Sheet, Fuencarral Street Note: Own Elaboration			

¹ KOTK: abbreviation for King of the Kongo

The observation shows that most people wear casual clothes such as jeans, joggers, hoodies and sneakers. Streetwear items² also appear often, as shown in Appendix C, Evidence A. Importantly, based on a simple quantitative estimate from a 20-minute YouTube video of Fuencarral Street, using the mechanical observation technique, around 60 people who seem to belong to the target group were seen wearing urban or streetwear-style outfits. This means that, on average, about 3 people per minute were observed wearing this type of clothing. This is very important as, as the CEO of King of the Kongo mentioned, *“Last year, we traveled to Madrid to conduct a market analysis. We have already identified Fuencarral Street as the ideal location for the store.”* (Appendix B) This supports the idea that Fuencarral Street is a strategic location for the brand as there is a high presence of target consumers in this area. Therefore, this strengthens the potential success of the brand’s physical store, as it would be located directly within a high-traffic area for its target market.

A clear example of this can be observed in Figure 11, where a young man is wearing loose-fitting trousers, a casual jacket, and sneakers, with a cap. This outfit reflects the same streetwear style seen throughout the video (Appendix C), especially the use of loose fits and neutral colours, and is representative of most of the outfits observed. Importantly, this style closely aligns with products that King of the Kongo offers (Figure 12).

This shows the brand would fit well in Madrid streetwear. It could make expansion easier for King of the Kongo because it wouldn’t need big changes, since people already dress in a similar way.

² Streetwear items: clothing pieces associated with urban casual fashion, such as hoodies, sneakers, t-shirts, caps, and relaxed-fit trousers.

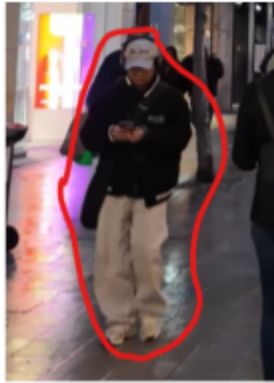


Figure 11: Outfit Example
 Note: Screenshot from "WALKING TOUR CALLE FUENCARRAL - MADRID 4K" (Jean en Madrid, 2026, timestamp).
 Source: <https://www.youtube.com/watch?v=BrDhuUrS0AY>

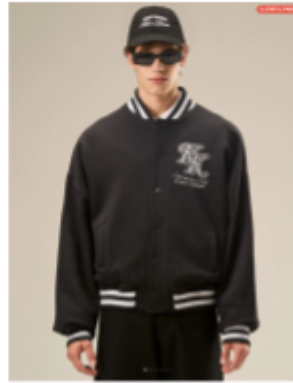


Figure 12: KKOK Products
 Note: King of the Kongo. (n.d.). *Palma trousers and jacket* [Image]
 Source: <https://kingofthekongo.com.ar/>



Moreover, EME Studios, which offers a very similar streetwear style to King of the Kongo, showed a queue of more than 10 people outside the store (Figure 13). This indicates that there is strong interest in this type of clothing among young consumers. This supports the idea that streetwear is a popular trend in Madrid and reinforces H1, as it suggests that King of the Kongo's style could be well accepted in this market.



Figure 13: EME Studios Queue
 Note: Screenshot from "WALKING TOUR CALLE FUENCARRAL - MADRID 4K" (Jean en Madrid, 2026, timestamp).
 Source: <https://www.youtube.com/watch?v=BrDhuUrS0AY>

(2) Perceived fit with current fashion trends in Madrid

Most respondents believe that King of the Kongo fits current fashion trends in Madrid. As shown in Figure 14, 93.6%

Do you think the brand aligns with current fashion trends in Madrid?

94 responses

Copy



● Yes
 ● No
 ● Maybe / I'm not sure / I don't know

Figure 14: Perceived fit with current fashion trends in Madrid
 Note: Own elaboration

answered "yes", while only 5.3% answered "no". This suggests that the brand's style is already aligned with what many young consumers are looking for. Since the hypothesis proposes that King of the Kongo's product style matches current fashion trends, these results provide strong support for that assumption.

(3) Importance of authenticity and brand distinctiveness

According to Figure 15, 72.3% of respondents agreed or strongly agreed that they value brands with an authentic and distinctive identity. This is supported by the results in Figure 16, where 43.6% said they would be willing to pay more for a brand with a strong identity, original designs, and higher quality. In addition, 36.2% answered that it would depend on the product.

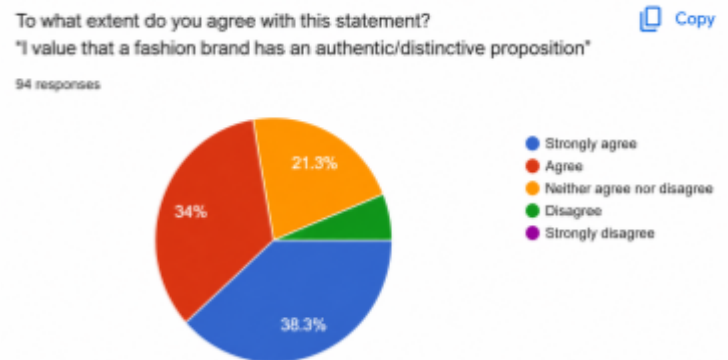


Figure 15: Importance of Brand Authenticity and Distinctiveness
Note: Own elaboration

Together, these results show that many young consumers in Madrid consider brand identity when making purchasing decisions. For King of the Kongo, this is especially important because the brand's value proposition is based on its connection to urban culture, its exclusive image, and the community built



Figure 16: Willingness to Pay a Premium for Brand Identity, Originality, and Quality
Note: Own elaboration

around it. While price remains an important factor (as seen in Figure 8), the results suggest that many consumers are willing to look beyond price when a brand offers a clear identity

and something different from its competitors. This supports the hypothesis that King of the Kongo's style and brand concept fit the preferences of the target market.

Variable 3: Market acceptance

The final variable, Market Acceptance, was included to evaluate the overall potential acceptance of King of the Kongo among young consumers in Madrid. While the previous variables examined consumer behaviour and fashion trends, this variable focuses on how respondents perceive the brand and their willingness to purchase its products. Results are presented for the following concepts: (1) Purchase intention, (2) Need for brand adaptation, and (3) Price perception.

(1) Purchase intention

Purchase intentions towards King of the Kongo was high among respondents. As shown in Figure 17, 79.8% stated that they would purchase products from the brand, while 20.2% said they would not. This is one of the strongest results of the study because it directly reflects consumers' interest in the brand.

The result is consistent with previous findings. Most respondents believed that King of the Kongo fits current fashion trends in Madrid, and many stated that



Figure 17: Purchase Intention
Note: Own elaboration

they value authenticity and a distinctive brand identity. In addition, streetwear was one of the most popular clothing styles among participants. Since King of the Kongo is positioned within this segment, these factors may help explain the high level of purchase intention.

Although purchase intention was high, the final decision to buy may also be influenced by other factors, particularly price, which is examined in the following indicator. Overall, the results provide strong support for the hypothesis.

(2) Price perception

Opinions about King of the Kongo's prices were divided. As shown in Figure 18, 57% of respondents considered the proposed prices were appropriate, while 43% felt they were high. No respondents considered them low.



This result is particularly interesting when compared with the previous findings. Although price was identified as the most important factor influencing clothing purchases (86.2%), more than half of the respondents still considered the proposed prices acceptable. This suggests that, despite being price-sensitive, most consumers may perceive sufficient value in the brand to justify its pricing.

A possible explanation can be found in the importance respondents placed on authenticity, brand identity, quality, and design. These attributes are closely linked to King of the Kongo's value proposition and may help explain why the prices were not rejected by the majority of participants.

Overall, the results suggest that price may be a challenge for King of the Kongo when entering the Spanish market. However, despite concerns about pricing, purchase intention remained high, suggesting that many consumers still see value in the brand.

(3) Need for brand adaptation

As shown in Figure 19, 50% of respondents believe that King of the Kongo does not need any changes for the Spanish market. Among those who suggested adaptations, price was the most frequently mentioned aspect (22.3%), followed by branding (19.1%) and product design (8.5%).

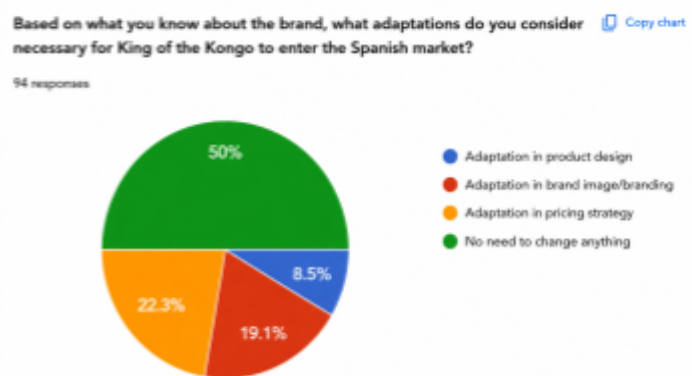


Figure 19: Need for brand adaptation
Note: Own elaboration

This is a positive result for the brand. Throughout the study, respondents showed a strong interest in streetwear, considered King of the Kongo aligned with current fashion trends, and reported a high purchase intention. The fact that half of the participants would not change anything suggests that the brand already fits the preferences of many young consumers in Madrid.

The suggested adaptations are also interesting. Most comments focused on price and branding rather than product design. This may indicate that the brand's style is already well received by the target market, while other aspects could be adjusted to better suit local

consumers. These findings strengthen the idea that King of the Kongo has good potential for acceptance in Madrid.

4.1.2. Discussion

H1: King of the Kongo's product style aligns with the consumption behavior and fashion trends of young consumers in Madrid, indicating a high potential for market acceptance.

VALIDATED

Overall, the findings support Hypothesis 1. The results indicate a strong alignment between King of the Kongo's product style, the consumption behaviour of young consumers in Madrid, and current fashion trends. This is reflected in the high purchase intention, the strong perceived fit with local fashion trends, and the limited need for product adaptation identified by respondents. Although price may represent a challenge for the brand, the findings suggest that it is unlikely to significantly affect its overall acceptance among the target market.

One of the main findings is related to consumer behaviour. Fashion plays an important role in the daily lives of young consumers in Madrid, with 74.5% of respondents stating that fashion is important to them. In addition, most respondents purchase clothing on a monthly or quarterly basis, indicating a consistent demand for fashion products. This suggests that the target market is actively engaged with fashion and may be more open to discovering new brands that match their personal style. For King of the Kongo, this represents a favourable environment to introduce its products and build brand awareness.

The results also show that price, quality, and design are the main factors influencing purchase decisions. While price is the most important factor (86.2%), quality (75.5%) and

design (70.2%) are also highly valued. This suggests that consumers consider different aspects when choosing a fashion brand rather than focusing only on price. These findings support Martínez Navarro (2016) and FashionUnited (2024), who explain that fashion consumption is influenced by both rational factors, such as price, and emotional factors, such as design and brand identity.

Regarding fashion trends, there is a strong alignment between the target market and King of the Kongo's product style. The preference for casual (75.5%) and streetwear (52.1%) styles shows that informal and urban fashion dominates youth consumption in Madrid. This is further supported by the observational findings in Calle Fuencarral, where casual and streetwear outfits were clearly predominant. These results are consistent with McKinsey & Company (2024) and Statista (2024), which identify casualwear and streetwear as dominant trends among Gen Z consumers in Europe. In addition, 93.6% of respondents believe that King of the Kongo fits current fashion trends in Madrid, suggesting that the brand already matches the style preferences of its target consumers. This is particularly relevant because these respondents are regularly exposed to local fashion trends through their daily activities. Furthermore, the importance placed on authenticity and brand distinctiveness reinforces this result, as consumers increasingly value identity-driven fashion consumption, as highlighted by Deloitte (2023) and Pérez López (2023). This fits well with King of the Kongo's positioning as a streetwear brand with a strong urban identity.

The high purchase intention also reinforces the potential for market acceptance. Nearly 80% of respondents stated that they would buy products from the brand, while half considered that no product adaptation would be necessary for the Spanish market. When

adaptations were suggested, they mainly referred to price and branding rather than product design, indicating that the brand's core style is already well accepted by the target market.

Price is one of the few aspects that may represent a challenge for King of the Kongo. Although 43% of respondents considered the proposed prices high, 57% considered them appropriate, showing that opinions were relatively divided. This result is interesting because price was previously identified as the most important factor influencing clothing purchases. Based on that finding, a stronger negative reaction towards the brand's prices could have been expected. However, this was not the case, as purchase intention remained high. A possible explanation is that respondents also placed a high value on authenticity, originality, and brand identity, with many indicating that they would be willing to pay more for brands offering these characteristics. This suggests that consumers do not evaluate fashion brands based only on price, but also on the value they perceive in the brand. This finding is particularly relevant for King of the Kongo because, as discussed in the competitive analysis (H6), its proposed prices are broadly aligned with brands such as Nude Project and Eme Studios. Rather than competing through lower prices, the company should focus on communicating the value of its products and strengthening its brand identity, which appears to be one of its main competitive advantages.

For these reasons, Hypothesis 1 is supported. The findings show that King of the Kongo's product style is well aligned with both the consumption behaviour and the fashion trends of young consumers in Madrid. Overall, the results suggest that the brand already has a good product-market fit and that market acceptance is unlikely to be the main challenge for its expansion into Spain. Instead, the company should focus on increasing brand awareness while maintaining the product identity that consumers already perceive positively.

4.2. Hypothesis 2

“The licensing requirements for opening a physical retail store in Madrid do not constitute a significant barrier to market entry, as their cost and complexity remain manageable for King of the Kongo’s capabilities.”

The hypothesis proposes that the licensing requirements for opening a physical retail store in Madrid do not constitute a significant barrier to market entry, as their cost and complexity remain manageable for King of the Kongo's capabilities. To examine this, findings are presented according to five variables: company formation requirements, import regulations, retail operation requirements, labor regulations, and tax obligations. Data were collected through a systematic documentary analysis of applicable Spanish national legislation, European Union regulations, and official publications of Spanish public institutions.

4.2.1. Results

Variable 1: Company Formation Requirements

This variable examines the administrative and legal framework that King of the Kongo would need to follow to formally establish a business presence in Spain. Results are presented for the following concepts: (1) administrative complexity, (2) minimum capital requirement, (3) incorporation timeline, and (4) foreign ownership restrictions.

(1) Administrative complexity

The process of incorporating a company in Spain as a foreign investor involves coordinating with several institutions simultaneously. Every founding partner and the company's director must first obtain a Numero de Identificacion de Extranjero (NIE), which is Spain's tax identification number for foreign nationals, as established under Real Decreto

240/2007. Without this number, no official document can be signed, no bank account can be opened, and no company can be registered. For Argentine citizens, this can be obtained through the Spanish Consulate in Buenos Aires. Following this, the company name must be reserved at the Registro Mercantil Central, the corporate bylaws must be signed before a Spanish notary, the company must be registered at the Registro Mercantil Provincial de Madrid, and finally the entity must be registered with the Agencia Tributaria through form Modelo 036 to obtain its tax identification number and declare its commercial activity. Under Real Decreto 421/2015, the entire process can be coordinated electronically through the Documento Unico Electronico (DUE) system via the Puntos de Atencion al Emprendedor network, which streamlines the administrative steps. While the procedure requires engagement with several different institutions, each step is clearly defined in the Ley de Sociedades de Capital (Real Decreto Legislativo 1/2010) and in the Reglamento del Registro Mercantil (Real Decreto 1784/1996), and professional support from a gestoría can manage most of the process on behalf of the founders.

(2) Minimum capital requirement

Article 4 of the Ley de Sociedades de Capital establishes that the minimum share capital required to incorporate a Sociedad de Responsabilidad Limitada (S.L.) is 3,000 euros, which must be fully subscribed and paid up at the time of incorporation. This capital must be deposited in a Spanish corporate bank account, and the bank issues a certificate confirming the deposit, which is required by the notary. Importantly, this capital is not a sunk cost: once the company is incorporated, the funds become available for operational use. For a brand at King of the Kongo's stage of development, a 3,000 euro capital requirement represents a very low financial threshold for establishing a legal business entity in a major European market.

(3) Incorporation timeline

Under Article 17 of the Ley de Sociedades de Capital, the company acquires legal personality only upon registration at the Registro Mercantil. When standard model bylaws (estatutos-tipo) are used, as established by Real Decreto 421/2015, the Registro must process the registration within six working hours of receiving the notarial deed. For other cases, the deadline is fifteen working days. The full process from NIE application to final registration typically takes between four and eight weeks, accounting for the time needed to obtain the NIE, prepare documentation, and coordinate notarial and registry procedures. The entire process can be completed remotely from Argentina through a notarized power of attorney apostilled under the Convenio de La Haya de 1961, meaning the founders do not need to be physically present in Spain at any stage of the incorporation.

(4) Foreign ownership restrictions

Under Real Decreto 571/2023, de 4 de julio, sobre inversiones exteriores, foreign capital operations in Spain do not require prior government authorization as a general rule. They are subject only to an informational and statistical declaration filed after the fact with the Ministry of Economy's Registro de Inversiones using form Modelo D-1A. This means King of the Kongo can proceed with incorporation without waiting for any regulatory approval. Furthermore, the Ley de Sociedades de Capital guarantees equal treatment between domestic and foreign shareholders, meaning there are no sector-specific restrictions on foreign ownership in fashion retail. As a result, foreign ownership restrictions do not constitute a meaningful barrier to entry in this context.

(5) Additional finding: Brand name registration in the EU

During the interview with Lucas Varas, co-founder of King of the Kongo, it was confirmed that the brand name has already been registered at the European Union Intellectual Property Office (EUIPO) under the framework of Reglamento (UE) 2017/1001 del Parlamento Europeo y del Consejo, de 14 de junio de 2017, sobre la marca de la Union Europea. This means that intellectual property protection for the brand is already in place across all EU member states, including Spain. This finding eliminates a procedural requirement that many new market entrants must address prior to launching commercially in a new EU market, and further reduces the administrative barriers to company formation for King of the Kongo.

Variable 2: Import Regulations

This variable examines the customs and import framework applicable to King of the Kongo's merchandise entering Spain. For the Madrid operation specifically, the company has confirmed that all merchandise will be sourced from its Chinese manufacturer, which constitutes the sole supply origin for this expansion. Results are presented for the following concepts: (1) import duties, (2) import VAT burden, (3) customs complexity, and (4) product adaptation requirements.

(1) Import duties

Spain, as a European Union member state, applies the Common Customs Tariff established under Regulation (EU) No. 952/2013, known as the Union Customs Code. The specific duty rate applicable to each product is determined through the TARIC system, the EU's integrated tariff classification database maintained by the European Commission. For clothing and apparel, the relevant TARIC chapters are Chapter 61 for knitted garments and Chapter 62 for woven garments. The standard Most Favoured Nation duty rates for these

categories range from 12% to 17.3% of the customs value of the goods, calculated on a CIF basis, meaning the cost of the goods plus international freight and insurance. China does not benefit from a preferential trade agreement with the European Union that would reduce these rates, meaning Chinese-origin garments are subject to the standard MFN duty rates in full. These duties are non-recoverable and represent a real increase in the landed cost of each shipment.

(2) Import VAT burden

In addition to customs duties, all imports into Spain are subject to VAT at the point of customs entry under Ley 37/1992, del Impuesto sobre el Valor Añadido. For clothing and apparel, the applicable rate is the general rate of 21%, as established in Article 90 of the same law. This rate is applied to the combined customs value of the goods plus the import duty. However, import VAT is not a permanent cost for registered businesses: it is recoverable through the company's regular quarterly VAT declarations filed using form Modelo 303 with the Agencia Tributaria, as provided for in Article 167 of Ley 37/1992. This means that while import VAT creates a cash flow outlay that must be planned for in working capital, it does not represent a net cost to the business under normal operating conditions.

(3) Customs complexity

The importation of goods into Spain requires the filing of a Declaracion de Importacion, known as the DUA (Documento Unico Administrativo), through the Agencia Tributaria's electronic customs system. The DUA must be accompanied by a set of documents including a commercial invoice, a bill of lading or airway bill, a packing list, and a certificate of origin. The customs authority may assign the declaration to the green circuit, which results in automatic release, the orange circuit, which involves a documentary review, or the red circuit, which involves a physical inspection of the goods. Physical inspections can

generate additional handling and delay costs. For a new importer, the key compliance risk lies in the correct TARIC classification of goods: an incorrect classification can result in additional duties, penalties, and cargo delays. This complexity is manageable with the support of a customs agent (agente de aduanas), which is standard practice for fashion brands importing regularly from Asia.

(4) Product adaptation requirements

All textile products placed on the European Union market must comply with the labelling requirements established in Reglamento (UE) No. 1007/2011 del Parlamento Europeo y del Consejo, de 27 de septiembre de 2011. This regulation requires every garment to carry a durable, visible, and legible label stating the full fiber composition by percentage, using only the official fiber names listed in the regulation's annex. Under Article 16 of the same regulation, when a product is sold in a specific member state, the mandatory labelling information must be in the official language of that country, meaning all labels must be in Spanish for products sold in Spain. Additionally, any garment containing non-textile parts of animal origin must include the statement “Contiene partes no textiles de origen animal”. As the importer and seller, King of the Kongo's Spanish entity would bear full legal responsibility for ensuring all products placed on the market comply with these requirements. Garments produced in China for King of the Kongo must be reviewed against the specific requirements of Reglamento 1007/2011 before entering the EU market, and relabelled if necessary prior to customs clearance.

Variable 3: Retail Operation Requirements

This variable examines the framework governing the opening and operation of a physical retail store in Madrid. Results are presented for the following concepts: (1) licensing complexity, (2) compliance costs, and (3) accessibility and safety requirements.

(1) Licensing complexity

The legal basis for opening a retail store in Madrid operates at three complementary levels. At the national level, Ley 12/2012, de 26 de diciembre, de medidas urgentes de liberalización del comercio y de determinados servicios, eliminated the requirement for prior licenses for a wide range of commercial activities and replaced them with a system of declaraciones responsables. At the regional level, Ley 2/2012, de 12 de junio, de Dinamización de la Actividad Comercial en la Comunidad de Madrid, extended this liberalization to commercial establishments within the Community. At the city level, Ordenanza 6/2022, de 26 de abril, de Licencias y Declaraciones Responsables Urbanísticas del Ayuntamiento de Madrid (OLDRUAM), classifies a clothing store as an actividad inocua, meaning an activity that generates no significant environmental impact or public nuisance. Under this classification, the operator files a declaracion responsable, a sworn declaration confirming compliance with all applicable regulations, and the business can begin operating on the same day of filing, with no waiting period for prior administrative approval. This represents a significant simplification compared to traditional licensing systems, and directly reduces the time and cost required to open the store.

(2) Compliance costs

While the licensing procedure itself is straightforward, the physical premises must meet a set of objective requirements before the declaracion responsable can be validly filed. The zoning classification of the chosen location must permit retail commercial use under the

Plan General de Ordenacion Urbana de Madrid. Beyond this, the store must comply with structural and fire safety standards established in the *Codigo Tecnico de la Edificacion*, approved by Real Decreto 314/2006. In practice, a store opening in a pre-existing retail space on Calle Fuencarral would typically require a fit-out (*reforma*) to adapt the space to the brand's aesthetic and functional needs. Based on market benchmarks for retail fit-outs in Madrid in 2025 and 2026, this cost is estimated at between 45,000 and 60,000 euros for a unit of 60 to 80 square metres, at a rate of approximately 650 to 850 euros per square metre for a medium-quality retail fit-out. Additionally, commercial leases in Spain are governed by *Ley 29/1994 de Arrendamientos Urbanos*, and standard lease terms in the Fuencarral area require a deposit of two months' rent and a real estate agency fee of one month's rent, representing a further upfront outlay at the time of opening.

(3) Accessibility and safety requirements

The physical premises must also comply with accessibility requirements for persons with disabilities, as established in Real Decreto Legislativo 1/2013, de 29 de noviembre, por el que se aprueba el Texto Refundido de la Ley General de derechos de las personas con discapacidad y de su inclusion social. These requirements govern aspects such as entrance ramps, door widths, and the layout of commercial spaces. For a new store fit-out, these standards would typically be incorporated into the design from the outset, and compliance with them is verified as part of the post-opening inspection carried out by the Ayuntamiento de Madrid following the *declaracion responsable* filing. In practice, these requirements are standard in any professional retail fit-out and do not represent an unusual or disproportionate burden for a brand at King of the Kongo's stage.

Variable 4: Labor Regulations

This variable examines the employment framework applicable to hiring staff for the Madrid store. Results are presented for the following concepts: (1) labor cost burden, (2) employer social security contributions, (3) hiring obligations, and (4) employment flexibility.

(1) Labor cost burden

Employment conditions for all workers in a clothing retail store in Madrid are governed by the Convenio Colectivo del Sector Comercio Textil de la Comunidad de Madrid, published in the Boletín Oficial de la Comunidad de Madrid pursuant to Resolución de 20 de febrero de 2024, de la Dirección General de Trabajo, and covering the period 2023 to 2025, with a renewal published in June 2025. This collective agreement is legally binding on all employers in the sector operating within the Community of Madrid under the framework of the Estatuto de los Trabajadores (Real Decreto Legislativo 2/2015) and cannot be replaced by individual agreements that offer less favourable conditions. Key provisions include 14 annual salary payments, a monthly transport allowance of 97.59 euros in 2025, and wage increases of 4.5% in both 2024 and 2025. The national minimum wage (Salario Mínimo Interprofesional) for 2026 was set at 1,221 euros per month by Real Decreto 126/2026. A full-time sales associate at the conventional minimum for this sector earns approximately 17,000 to 18,500 euros in gross annual salary, while a store manager earns approximately 22,000 to 26,000 euros, inclusive of all supplements.

(2) Employer social security contributions

Beyond the agreed salary, the employer must make mandatory social security contributions to the Tesorería General de la Seguridad Social (TGSS) for each worker. The applicable rates for 2025 are established by Orden PJC/178/2025, de 25 de febrero. The employer's total contribution rate amounts to approximately 32% above the worker's gross

salary, covering pensions and healthcare (23.60%), unemployment insurance (5.50%), the Wage Guarantee Fund (0.20%), professional training (0.60%), the Mecanismo de Equidad Intergeneracional (0.67%), and work accident insurance (approximately 1.50% for retail). As a result, the total annual cost to the employer per worker is approximately 30 to 32% higher than the agreed gross salary. A three-person full-time team with an average gross salary of 18,000 euros per year would therefore generate a total annual labor cost of approximately 71,000 to 72,000 euros for the company, including all social security contributions.

(3) Hiring obligations

Before hiring any employee, the company must register with the TGSS as an employer, an obligation arising from the Ley General de la Seguridad Social (Real Decreto Legislativo 8/2015). Each employment contract must also be registered with the Servicio Publico de Empleo Estatal (SEPE) within ten days of signature. The type of contract used determines the applicable social security contribution rates: indefinite contracts (contratos indefinidos) currently benefit from reduced contribution rates under the incentive framework established by Real Decreto-ley 1/2023, which the Spanish government introduced to promote permanent employment. Temporary contracts remain legally permissible but have been significantly restricted following the labor reform introduced by Real Decreto-ley 32/2021, de 28 de diciembre, de medidas urgentes para la reforma laboral, which substantially narrowed the circumstances in which fixed-term contracts can be used.

(4) Employment flexibility

Despite the structured nature of Spain's employment framework, the Convenio Colectivo Comercio Textil and the Estatuto de los Trabajadores do provide for some operational flexibility. Part-time contracts are permitted and allow the employer to scale

staffing costs in proportion to revenue, which is particularly relevant during the ramp-up phase of a new store. The standard working week is 40 hours under Article 34 of the Estatuto de los Trabajadores, but the collective agreement permits certain flexible scheduling arrangements. Overtime and additional hours are regulated and must be compensated either monetarily or through equivalent rest time. For a new store in its early months of operation, part-time contracts for some roles represent a practical mechanism for managing labor costs while the store builds its customer base.

Variable 5: Tax Obligations

This variable examines the main tax obligations applicable to King of the Kongo's Spanish S.L. Results are presented for the following concepts: (1) effective tax burden, (2) VAT obligations, (3) tax reporting requirements, and (4) local tax exposure.

(1) Effective tax burden

The corporate income tax in Spain is governed by Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades, as modified by Ley 7/2024, de 20 de diciembre. The general rate applicable to net taxable profits is 25%, as established in Article 29.1 of the law. However, two provisions are particularly relevant for King of the Kongo's situation. First, Article 29.1 also establishes a reduced rate of 15% for newly created entities during their first two fiscal years in which they report a positive taxable base. This rate would apply to King of the Kongo's Spanish S.L. during the critical early phase of its Madrid operation. Second, the reforms introduced by Ley 7/2024 create a progressive rate structure for smaller companies once the two-year reduced rate expires: microenterprises with annual turnover below 1 million euros pay 19% on the first 50,000 euros of taxable profit and 21% on the remainder, while companies with turnover between 1 and 10 million euros are taxed at a transitional rate

of 23% in 2026. The 15% entry-year rate and the lower rates for small companies represent genuine fiscal incentives for new business creation that reduce the effective tax burden during the expansion's initial and growth phases.

(2) VAT obligations

Under Ley 37/1992, del Impuesto sobre el Valor Añadido, all clothing and fashion accessories sold in Spain are subject to the general VAT rate of 21%, as established in Article 90 of the law. The company charges 21% on every sale to consumers and pays 21% VAT on most of its own business expenses. At the end of each quarter, the company files form Modelo 303 with the Agencia Tributaria and remits the net difference between VAT charged on sales and VAT paid on purchases. In the early months of operation, when a new store is importing large volumes of inventory but generating lower sales revenue, the company may be in a VAT refund position, meaning the Agencia Tributaria would owe the company money rather than the reverse. An annual summary declaration is filed through form Modelo 390. VAT is therefore largely a neutral cost for the business in the medium term, functioning as a pass-through to consumers, though it requires consistent quarterly administration.

(3) Tax reporting requirements

The annual corporate tax return must be filed using form Modelo 200 within 25 calendar days following the six months after the end of the fiscal year, as established in Article 124 of the Ley del Impuesto sobre Sociedades. For a company with a December year-end, this means a filing deadline of 25 July of the following year. In addition to the annual declaration, companies are required to make three advance tax payments (pagos fraccionados) during the year, in April, October, and December, based on the prior year's taxable base. From 1 January 2026, all Spanish companies are also required to issue

electronic invoices for all business-to-business transactions under Ley 18/2022, de 28 de septiembre, de creacion y crecimiento de empresas. This requirement affects the choice of accounting and invoicing software but does not impose a significant additional financial burden.

(4) Local tax exposure

The Impuesto sobre Actividades Economicas (IAE) is a local tax on commercial and professional activities regulated by Real Decreto Legislativo 2/2004, de 5 de marzo. However, Article 82.1.c) of the same text establishes a full exemption from the IAE for companies whose annual net turnover does not exceed 1,000,000 euros. This exemption covers the vast majority of start-ups and growing SMEs, and would almost certainly apply to King of the Kongo's Spanish S.L. throughout its initial years of operation. The company must still formally declare its activity to the Agencia Tributaria upon registration through the Modelo 036 filing, but no payment arises below this threshold. This exemption effectively removes one layer of local tax burden during the years when the company is most financially vulnerable.

4.2.2. Discussion

H2: “The licensing requirements for opening a physical retail store in Madrid do not constitute a significant barrier to market entry, as their cost and complexity remain manageable for King of the Kongo's capabilities.”

PARTIALLY VALIDATED

The results show that not all the variables that make up "licensing requirements" carry the same weight, and that is really the key to understanding why H2 is only partially, rather than fully, validated. Company formation and store opening turned out to be genuinely simple,

while import duties and labor costs, even though they are also part of the licensing requirements as defined for this hypothesis, introduce real costs that go beyond what "manageable" would normally suggest.

Company formation and store opening are simple mainly because Spain has built its regulatory system to avoid discretionary government intervention for small foreign investors. Real Decreto 571/2023 and the declaración responsable system under Ley 12/2012 replace prior authorization with after-the-fact administrative control, which means the company does not need permission in advance to start operating. This matches ICEX's (2024) description of Spain as an open investment environment. But this also means that the easiest part of the licensing process is the one with the least financial weight, while the requirements that actually affect the company's costs the most are found elsewhere within the same hypothesis.

This becomes clear when looking at the import duty findings, which are the variable that most qualifies the hypothesis. A 12-17.3% non-recoverable duty under Regulation (EU) No. 952/2013 affects King of the Kongo's margins much more than the administrative steps of opening the store. This cost applies to every competitor importing from outside the EU, so it does not put King of the Kongo at a disadvantage compared to other brands, but it does mean that, within the broader scope of "licensing requirements," some elements are far more demanding than others. In practical terms, this is not a one-time cost the company pays to enter the market, it is a recurring cost built into its sourcing model, and it will keep affecting margins for as long as the company keeps importing from China.

The labor cost findings point in a similar direction. Navas and Guerras (2016) explain that regulations applying to an entire sector only become relevant to a specific company's feasibility when that company's ability to plan and price around them is different from its competitors. Applied to this case, the collective agreement obligations under BOCM

2024/2025 are not a disadvantage compared to Nude Project or Eme Studios, since they face the same rules, but they are a planning task King of the Kongo has never had to manage in Argentina. So the real question is not whether Spanish labor law is demanding on its own, but whether King of the Kongo, as a foreign company with no experience managing local payroll, has the internal capacity to take this on smoothly. The findings do not fully answer this, which points to a gap between what the regulatory analysis can show and what the company would actually need in terms of organizational readiness, something outside the scope of this study but worth considering before moving forward.

The tax incentives (the 15% reduced corporate rate under Ley 27/2014 and the IAE exemption under Real Decreto Legislativo 2/2004) help offset some of this, but not evenly. They reduce the tax burden during the same early years when import duties and the costs of adjusting to Spanish labor obligations are highest, which is also the period identified in the financial analysis (Section 4.3) as the most financially exposed. Seen together with the H3 findings, this suggests these tax benefits work less as a general advantage and more as a way of softening one specific period of risk, a connection that only becomes visible once both hypotheses are looked at side by side.

Overall, the partial validation of H2 reflects this uneven picture within the licensing requirements themselves. Some parts, like company formation and store opening, are genuinely simple and low-cost. Others, like import duties and labor obligations, are manageable in the sense that they do not block market entry, but still represent a real and ongoing cost that the company needs to plan for carefully. In practice, this means King of the Kongo should not treat the licensing requirements as a checklist to fulfill, but should recognize that some parts of it require a one-time effort while others require sustained attention throughout the life of the Madrid store.

4.3. Hypothesis 3

“Due to positive financial and economic performance indicators, King of the Kongo has the financial capacity to support its expansion into Madrid.”

4.3.1. Results

The hypothesis proposes that King of the Kongo possesses the financial capacity required to support its expansion into Madrid as a result of its current financial performance and economic position. To examine this, findings are presented according to four variables: (1) current financial health, (2) financial capacity for expansion, (3) project viability for the Madrid store, and (4) revenue projection. Data were collected through an analysis of the company's financial statements for the fiscal years 2024 and 2025, together with financial projections developed for the proposed Madrid operation. All numbers and calculations for this hypothesis can be found in Annex E.

Variable 1: Current Financial Health

This variable evaluates King of the Kongo's current financial position through indicators of profitability, liquidity, solvency, and operational efficiency. Together, these measures provide an overview of the company's financial performance and stability at the time of analysis, establishing a baseline for assessing its ability to support future growth initiatives such as the proposed expansion into Madrid.

Indicator 1: Gross margin, operating margin, and net profit margin

The gross margin, calculated as gross profit (Utilidad Bruta) divided by net sales (Ventas Netas), was 34.1% in fiscal year 2025, compared with 48.3% in fiscal year 2024. The

operating margin, calculated as operating profit divided by revenue, where operating profit is obtained by subtracting administrative expenses (Gastos de Administracion) and selling expenses (Gastos de Comercializacion) from gross profit, was 12.5% in 2025. The net margin, calculated as net profit divided by revenue, was 11.2% in 2025, compared with 5.7% in 2024.

In absolute terms, the company reported revenue of approximately EUR 5.12 million in fiscal year 2025, an increase from approximately EUR 4.49 million in fiscal year 2024, and a net profit of approximately EUR 574,700 in 2025, compared with approximately EUR 255,150 in 2024.

Indicator 2: Current ratio and quick ratio

The current ratio, calculated as current assets divided by current liabilities, was 2.58 in fiscal year 2025, compared with 3.07 in 2024. The quick ratio, calculated as current assets minus inventory, divided by current liabilities, was 0.68 in 2025. Of the EUR 1.86 million in total current assets reported in 2025, approximately EUR 1.37 million, or 74%, is held in inventory (Bienes de Cambio), while cash and bank balances (Caja y Bancos) represent approximately EUR 21,000.

Indicator 3: Debt-to-equity ratio

The debt-to-equity ratio, calculated as total liabilities divided by shareholders' equity, was 0.60 in 2025, compared with 0.43 in 2024. The increase between the two years is associated with a rise in commercial debts (Deudas Comerciales), from approximately ARS 103.1 million in 2024 to approximately ARS 784.0 million in 2025, alongside an increase in inventory (Bienes de Cambio) from approximately ARS 1.25 billion to approximately ARS

2.36 billion over the same period. Bank debt (Deudas Bancarias) remained broadly stable, from approximately ARS 87.1 million to ARS 86.3 million.

The increase in the debt-to-equity ratio does not appear to indicate excessive financial risk. Although liabilities grew significantly during the period, the increase was primarily driven by commercial debt associated with inventory expansion rather than by additional bank borrowing. This suggests that the company financed part of its growth through supplier credit, a common practice in the retail industry. Furthermore, the ratio remains below 1, indicating that shareholders' equity continues to exceed total liabilities. Combined with the strong growth in revenue and profitability observed in 2025, these results suggest that King of the Kongo maintains a relatively healthy financial structure and possesses the financial stability necessary to support a potential expansion into Madrid.

Indicator 4: Inventory turnover (days)

Inventory turnover, calculated as cost of goods sold and services rendered (Costo de Mercaderias Vendidas y Servicios Prestados) divided by average inventory, was 3.21 times per year in 2025. The corresponding average number of days inventory is held, calculated as 365 divided by inventory turnover, was approximately 114 days in 2025. The calculation for 2024 could not be performed, as it requires the inventory balance at the close of fiscal year 2023, which was not available.

Variable 2: Financial Capacity for Expansion

This variable examines the extent to which King of the Kongo possesses the financial resources required to undertake the Madrid expansion. The analysis focuses on the company's liquidity, capital structure, profitability, and growth trends in order to determine

whether it has the financial strength necessary to fund the project and absorb the risks associated with international expansion.

Indicator 1: Available cash and working capital relative to estimated initial investment

Cash and bank balances (Caja y Bancos) at the close of fiscal year 2025 amounted to approximately EUR 21,000. The estimated initial investment required to open the Madrid store, detailed under Variable 3 below, is approximately EUR 219,900. On this basis, the company's cash position at the close of fiscal year 2025 represents approximately 9.6% of the estimated initial investment required for the Madrid expansion.

During an interview, one of the company's co-founders indicated that King of the Kongo's practice for financing new projects, including the opening of new stores, is to rely on direct capital contributions from the founders themselves, rather than external financing such as bank loans or outside investors.

Indicator 2: Debt ratio

The debt ratio, calculated as total liabilities divided by total assets, was 0.37 in 2025, compared with 0.30 in 2024.

Indicator 3: Revenue growth trend

Revenue (Ventas Netas) grew by 13.9% between fiscal year 2024 and fiscal year 2025. Net profit (Ganancia Neta del Ejercicio) grew by approximately 125% over the same period, from approximately ARS 438.9 million to approximately ARS 988.4 million. This growth in net profit was accompanied by a reduction in operating expenses as a proportion of revenue: selling expenses (Gastos de Comercializacion) fell from approximately ARS 2.42 billion in 2024 to approximately ARS 1.56 billion in 2025, and administrative expenses (Gastos de

Administracion) fell from approximately ARS 703.4 million to approximately ARS 345.5 million over the same period. Financial statements for fiscal year 2023 were not available, so the revenue growth trend is limited to the two-year period 2024-2025.

Indicator 4: ROE and ROA

Return on equity (ROE), calculated as net profit divided by shareholders' equity, was 47.5% in 2025, compared with 40.2% in 2024. Return on assets (ROA), calculated as net profit divided by total assets, was 29.8% in 2025, compared with 28.2% in 2024.

Variable 3: Project Viability (Madrid Store)

This variable assesses the economic feasibility of the proposed Madrid store. Through break-even and payback analyses, it evaluates the level of sales required for the project to become profitable and the period needed to recover the initial investment, providing an indication of the project's financial attractiveness.

Indicator 1: Break-even annual revenue and break-even number of daily transactions

The break-even analysis prepared for the Madrid expansion is based on a fixed cost structure of approximately EUR 263,880 per year, derived from the prime rent benchmark for Calle Fuencarral of EUR 195 per square metre per month for a 70 square metre store (CBRE Retail Highstreet, 2025), together with staff costs, utilities, insurance, accounting and legal compliance costs, marketing expenditure, and community charges.

Given the gap between the company's gross margin in fiscal year 2025 (34.1%) and the range identified for the Spanish apparel retail sector in the literature reviewed (55-65%), a blended gross margin assumption of 42.5% is applied for the Madrid projection. At this margin, the

break-even point for the Madrid store is approximately EUR 620,900 per year, equivalent to approximately EUR 2,070 per day over 300 operating days.

During the same interview referenced above, the company reported an average ticket of EUR 85 and an average of approximately 28 transactions per day for its existing store in Buenos Aires. At an average ticket of EUR 85, the break-even point of approximately EUR 2,070 per day corresponds to approximately 24 transactions per day.

Indicator 2: Payback period

The payback period is calculated as the time required for the cumulative net cash flow generated by the Madrid store, defined as net profit plus depreciation of the store fit-out, to equal the initial investment of approximately EUR 219,900. Based on the revenue projection presented under Variable 4 below, the cumulative net cash flow remains negative throughout the three-year projection period, indicating a payback period in excess of three years.

Variable 4: Revenue Projection

This variable estimates the expected financial performance of the Madrid store during its first three years of operation. Based on assumptions derived from the company's existing Buenos Aires operations and market data, the projection provides forecasts of revenue, profitability, and net margins, allowing the potential outcomes of the expansion to be evaluated.

Indicator 1: Projected revenue, Years 1-3

The revenue projection for the Madrid store is anchored to the company's reported Buenos Aires benchmark of EUR 85 average ticket and 28 transactions per day, which corresponds to approximately EUR 714,000 per year if sustained over 300 operating days. Reflecting the lower sales volumes typically expected of a newly opened store relative to an established one,

the projection assumes that the Madrid store reaches 70% of this benchmark in Year 1, 85% in Year 2, and 100% in Year 3. On this basis, projected revenue is approximately EUR 499,800 in Year 1, EUR 606,900 in Year 2, and EUR 714,000 in Year 3.

Indicator 2: Projected operating profit, Years 1-3

Applying the blended gross margin of 42.5% to the projected revenue figures, and subtracting the annual fixed costs of approximately EUR 263,880 (Years 1-2) and EUR 265,300 (Year 3, including a 2% inflation adjustment on staff costs), the projected operating profit (EBIT) is approximately negative EUR 51,500 in Year 1, negative EUR 5,900 in Year 2, and positive EUR 38,100 in Year 3.

Indicator 3: Projected net margin, Year 3

Applying the 15% corporate tax rate applicable to new companies during their first two profitable years (Art. 29.1, Ley 27/2014), the projected net profit in Year 3 is approximately EUR 32,400, corresponding to a net margin of approximately 4.5%. Table 9 below presents the full three-year projected income statement.

Line Item	Year 1	Year 2	Year 3
% of Buenos Aires benchmark	70%	85%	100%
Revenue assumption	EUR 499,800	EUR 606,900	EUR 714,000
Implied daily transactions (at EUR 85 ticket)	19.6	23.8	28.0
Cost of Goods Sold (at 57.5%)	EUR 287,385	EUR 348,968	EUR 410,550

GROSS PROFIT	EUR 212,415	EUR 257,933	EUR 303,450
Gross Margin %	42.5%	42.5%	42.5%
Fixed operating costs	EUR 263,880	EUR 263,880	EUR 265,306
OPERATING PROFIT (EBIT)	-EUR 51,465	-EUR 5,947	EUR 38,144
Corporate tax (15% new co., if positive)	EUR 0	EUR 0	EUR 5,722
NET PROFIT	-EUR 51,465	-EUR 5,947	EUR 32,423
Net Margin %	-10.3%	-1.0%	4.5%

Table 9: Three-year projected income statement for the Madrid store, base case at a blended gross margin of 42.5%. Revenue assumptions are based on the company's reported Buenos Aires benchmark of EUR 85 average ticket and 28 transactions per day, scaled to 70%, 85% and 100% of that benchmark for Years 1, 2 and 3 respectively. Source: own elaboration, based on CBRE Retail Highstreet (2025), the company's 2025 financial statements, and interview data.

4.3.2. Discussion

“H3: Due to positive financial and economic performance indicators, King of the Kongo has the financial capacity to support its expansion into Madrid.”

PARTIALLY VALIDATED

The financial indicators analyzed for this hypothesis paint an encouraging overall picture, although not every indicator points in exactly the same direction, which is why partial rather than full validation is the most accurate conclusion. Three of the indicators, solvency, profitability compared to Nude Project, and the company's preference for founder financing, clearly support the hypothesis. Two others, the composition of liquidity and the gross margin

trend, add some nuance worth exploring further, but they do not undermine the overall conclusion that King of the Kongo is financially well-positioned for the expansion.

Starting with liquidity, the current ratio of 2.58 is comfortably above the threshold linked to financial distress (Li, 2024), which is a strong indicator on its own. The quick ratio of 0.68, while below the standard reference point, simply reflects that a large share of the company's current assets is held in inventory rather than cash, which is a fairly typical pattern for a retail business with strong sales. This is not a sign of financial weakness, but rather a reminder that some of the company's resources are currently tied up in stock. Given that the Madrid expansion requires an upfront investment of around EUR 219,900, this is a useful insight for planning purposes: it suggests the company may want to think about how working capital is allocated leading up to the opening, rather than assuming all resources are equally available right away.

The solvency and financing findings reinforce the positive picture. A low debt-to-equity ratio and the company's stated preference for financing growth through founder capital both show that King of the Kongo has built a conservative, low-risk financial structure. This means the company has real flexibility: it has the balance sheet strength to take on additional financing if needed, while also having the option of self-funding the expansion the way it has funded previous growth.

On profitability, King of the Kongo compares favorably to an established competitor. Its operating margin of 12.5% and net margin of 11.2% in 2025 are both higher than the figures reported by Nude Project S.L. for fiscal year 2023 (Insight View, 2025), and its ROE of 47.5% is in a similar range to Nude Project's 58.45%. These are strong results for a company of this size and a good sign for its ability to generate returns going forward.

The gross margin trend is the one finding that calls for a closer look, mainly because it cannot be fully explained with the data currently available, and it is worth viewing this as an area for further refinement rather than as a weakness in the company's finances. At 34.1% in 2025, down from 48.3% in 2024, the margin sits below the 55-65% range typically seen in Spanish apparel retail (Modaes, 2025). There are a few reasonable explanations for this. It is possible that the cost line in the financial statements includes some costs from the company's Buenos Aires retail operations that would not normally apply to a Spain-only model, which would make the comparison less direct than it appears. It could also reflect the impact of inflation adjustment under Resolución Técnica 6, which can affect how revenue and costs line up within the same year in the Argentine context. It is also possible that sourcing costs are simply higher relative to prices than what is typical among Spanish streetwear brands. Since the current data does not allow distinguishing between these explanations with certainty, the most useful takeaway is that the company has an opportunity to clarify this further internally before finalizing its pricing and margin assumptions for the Madrid store, which would only strengthen the planning process going forward.

It is also worth noting that net profit grew by approximately 125% between 2024 and 2025, well above the 13.9% growth in revenue. This came mainly from a reduction in selling and administrative expenses, which shows that the company has real, demonstrated skill in managing its costs even while growing. This kind of cost discipline is a valuable asset heading into a multi-year expansion, where the ability to manage expenses carefully during the early ramp-up period will matter just as much as the margin figures themselves.

The break-even and payback analysis brings these findings together in a forward-looking way. Under a gradual ramp-up scenario, reaching 70% of the Buenos Aires benchmark in Year 1, 85% in Year 2, and 100% in Year 3, the Madrid store is projected to move from a

modest operating loss in its first two years to a operating profit of approximately EUR 38,100 by Year 3. While the resulting payback period extends slightly beyond three years, this is a common pattern for retail expansions into new international markets, and it reflects a realistic, conservative projection rather than an optimistic one. Combined with the company's low reliance on external debt, this means King of the Kongo is taking on this investment from a position of financial strength, with enough flexibility to absorb a gradual ramp-up period without compromising its overall financial stability.

Taken together, these findings support a partial validation of Hypothesis 3. King of the Kongo clearly has the financial capacity to fund the Madrid expansion, supported by strong solvency, competitive profitability, and a conservative financing approach. The main area to keep an eye on is the gross margin trend, which represents an opportunity for the company to refine its cost structure and pricing strategy further as it moves toward the Madrid launch, rather than a barrier to the feasibility of the project itself.

4.4. Hypothesis 4

“Given the company’s current productive strategy in China, the scalability of its production can be easily achieved to support expansion into Madrid”

4.4.1. Results

Hypothesis 4:

The hypothesis proposes that, given King of the Kongo’s current productive strategy in China, the scalability of its production can be easily achieved to support expansion into Madrid. To examine this, findings are presented according to three variables: Description of current production in China, Season management and Relationship with suppliers. Data were collected through in-depth interviews with Lucas Varas, Matías Artagaveytia Palermo

(co-owners of King of the Kongo) and with the CEO. The research question that addresses this hypothesis is: *“How capable is King of the Kongo’s production system of scaling and adapting to the demands of Madrid’s fashion market?”* (Research question 5).

Although King of the Kongo produces in both Argentina and China, this analysis will focus only on production in China, as considering the brand’s possible expansion into Madrid, the garments would be shipped directly from China to Spain without passing through Argentina.

Variable 1: Description of current production in China

This section evaluates King of the Kongo’s production operations in China to determine whether the current manufacturing model can effectively support the brand’s expansion into Madrid. Results are presented for the following concepts: (1) Production capacity of suppliers, (2) Production process, (3) Production volume and minimum order requirements and (4) Payment conditions.

(1) Production capacity of suppliers

According to Matías Artagaveytia Palermo, King of the Kongo has already registered its brand in both Europe and China. The registration in China was necessary due to the country's strict anti-counterfeiting regulations. In addition, King of the Kongo has certifications regarding counterfeit prevention and labor standards, and works with manufacturers in China that also produce for internationally recognized brands such as Moncler and Palm Angels. These certifications and supplier relationships suggest that the company operates within a production network that meets international standards, strengthening its ability to support expansion into new markets.

Matías also mentioned that production in China is focused on “*woven garments³ such as jackets and swim shorts, because those require more specialized machinery and more complex stitching*”. This specialization indicates that the company strategically allocates production according to suppliers' capabilities, allowing it to benefit from China's manufacturing expertise. The company follows a payment structure in which 50% of the production cost is paid upfront and the remaining 50% is paid once the products leave the port. Shipping from China typically takes between two and three months, reflecting an established production and logistics process that can support international distribution.

Moreover, according to the CEO, King of the Kongo's current production strategy in China has substantial capacity for scalability. The company is not operating at its maximum production capacity and could significantly increase output if required to support expansion into a new market such as Madrid. Since the manufacturers also work for large international brands, they possess the infrastructure and capabilities to handle much higher production volumes. As Lucas Varas said in his interview: *"In the case of our main supplier, they work with around 150 brands and handle very high production volumes. Last year, they manufactured approximately 250 million garments. In addition, they work with large-scale companies and brands (e.g. Disney, Falabella)"*. This evidence suggests that production capacity itself is unlikely to represent a barrier to expansion. Therefore, if King of the Kongo decides to increase production to supply the Madrid market, the existing supplier network appears capable of supporting this growth. In addition, the CEO reinforced this by saying in his interview: *"increasing production volume would not be a problem for them (the manufacturers)"*.

However, the interview also revealed that the main limitation to scaling production is not manufacturing capacity but financing. Chinese manufacturers generally do not offer

³ Woven garments: articles of clothing constructed from fabrics made by interlacing two sets of yarns (the warp and the weft) at right angles on a loom

extended payment terms such as 60-, 90-, or 180-day financing. As a result, larger production orders would require greater upfront capital investment, making financial resources, rather than supplier capacity, the key factor determining whether production can be scaled to support expansion.

(2) Production process

Regarding the production process, the CEO stated in his interview that it begins with the development of designs by the company's designers, followed by the creation of product samples by the manufacturer. Due to time constraints, it is not always possible to produce a second sample before manufacturing begins. As Lucas Varas said in his interview: *"With experience, we learned to define as many details as possible from the beginning, such as colors, fabrics, prints, and patterns, in order to avoid mistakes later on. In addition, we take advantage of each shipment to receive additional samples of fabrics, colors, or textures, which allows us to optimize time and costs in future developments"*. This suggests that the company has adapted its production process to reduce errors and improve efficiency, an important capability when managing international production and supporting future growth.

As the CEO said in his interview: *"Overall, the process takes approximately six months, provided there are no issues related to shipping or maritime transportation. Also, factors such as cargo logistics, costs, and customs procedures must be considered before the products arrive in the country."* These findings indicate that while production scalability is technically feasible, the long production cycle requires accurate planning and coordination. Therefore, operational planning and financial management become critical factors for supporting international expansion.

Regarding the estimation of supply, the CEO stated that the company establishes a minimum projected inventory level before entering a new market. As he explained in his

interview: "We believe that any new store should open with at least 5,000 units as a baseline". He also stated that, in the case of Madrid, demand is expected to be potentially high due to the city's strong consumption levels, although sales performance would depend significantly on the store's location. He said: *"If the store is located in a prime area, sales could be extremely strong. Conversely, a poor location could result in up to 40% fewer sales"*. This suggests that the company's production planning is not based solely on manufacturing capacity but also on market expectations and location-specific demand, reflecting a demand-driven approach to inventory management.

The CEO stated that King of the Kongo's initial supply strategy for Madrid would be to launch operations with the minimum projected inventory and then evaluate market performance. If sales results are positive, the company would respond by increasing supply through additional restocking orders. This approach reduces the financial risks associated with entering a new market while maintaining the flexibility to scale production according to actual demand, supporting the hypothesis that the company's production system can adapt to changing market conditions.

(3) Production volume and minimum order requirements

In Lucas Varas' interview, he was asked whether King of the Kongo's purchases represented a large percentage of the factory's total sales. He answered that King of the Kongo represents only a very small portion of its suppliers' total production. Compared to the large companies that the suppliers work with (mentioned above), King of the Kongo's production volume is relatively small. As Lucas Varas said: *"We are not one of their most important clients in terms of production volume"*. This indicates that the company's future growth would be unlikely to exceed the suppliers' production capacity, reinforcing the idea that manufacturing volume is not currently a limiting factor.

In the interview, Varas stated that King of the Kongo purchases approximately 50,000 garments, representing around 35% of the company's current total production. He said: *"The portion manufactured in China currently accounts for about 30% of our global production, but in this new collection it will increase to 35%. The future goal is to balance production in a 50%-50% scheme"*. This planned increase suggests that the company is progressively strengthening its Chinese production network, which is consistent with a strategy aimed at supporting future international expansion.

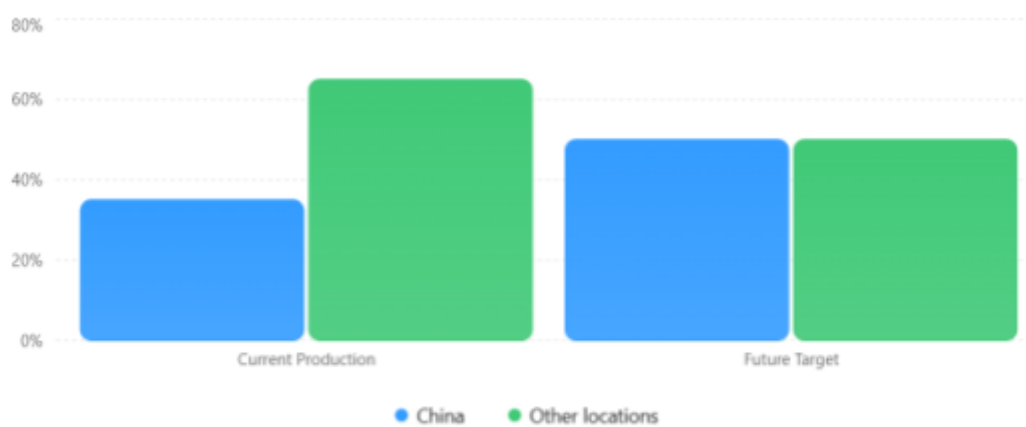


Figure 19: Current and Target Production Distribution of King of the Kongo
Note: Own elaboration

Moreover, Varas was asked if they had a minimum production requirement and he stated: *"Since we customize everything, suppliers usually ask for between 500 and 1,000 units per product"*. These minimum order quantities appear to be manageable for the company and do not represent a significant barrier to increasing production.

Varas was also asked whether they had ever run out of stock, and he answered that it happens frequently. He then described the main challenge of producing in China: *"We must plan far in advance and make an initial payment before production begins. This means making a significant investment several months before recovering that money through sales"*. He explained how the company addresses this challenge: *"When a product sells out, it is not possible to replenish it quickly because production and logistics lead times are long. Therefore, we work with limited collections and plan quantities in advance. To minimize the*

risk of running out of stock, we analyze sales statistics from previous seasons and use that information to estimate future demand. In this way, we try to find a balance between ordering enough merchandise to satisfy demand and avoiding excess inventory that may later be difficult to sell".

This evidence provides both support and limitations for the hypothesis that King of the Kongo's current production strategy in China can support expansion into Madrid. On the one hand, the company has developed a structured demand-planning process based on historical sales data, allowing it to forecast demand and determine production quantities in advance. This planning capability is essential for scaling operations and supplying a larger market.

On the other hand, Varas acknowledged that stock shortages occur frequently due to the long production and logistics lead times associated with manufacturing in China. Since products cannot be replenished quickly once they sell out, the company must commit significant capital months before sales occur and accurately predict future demand. Therefore, while the existing production strategy demonstrates the capacity to scale through advance planning, expansion into Madrid would likely require even more precise forecasting and inventory management to avoid stockouts and ensure consistent product availability.

(4) Payment conditions

The company follows a payment structure in which 50% of the production cost is paid upfront and the remaining 50% is paid once the products leave the port. While this payment model reflects a standard arrangement with Chinese manufacturers, it also requires the company to commit a substantial amount of capital before generating any sales revenue.

However, the interview also revealed that the main limitation to scaling production is not manufacturing capacity but financing. Chinese manufacturers generally do not offer

extended payment terms such as 60-, 90-, or 180-day financing. Consequently, the company's ability to increase production depends largely on the availability of financial resources rather than on supplier capacity.

As a result, larger production orders would require greater upfront capital investment, making financial resources a key factor in supporting expansion. Therefore, although the existing production network appears capable of meeting the demands of the Madrid market, the payment conditions may constrain the pace at which production can be scaled, partially limiting the hypothesis.

Variable 2: Season management

This section evaluates how King of the Kongo manages its seasonal collections to determine whether its current approach can ensure a consistent product supply for a potential expansion into Madrid. Results are presented for the following: (1) Adaptation to seasonal demand.

(1) Adaptation to seasonal demand

Regarding international expansion, Matías Artagaveytia Palermo stated that seasonality management is the main challenge of entering the Spanish market. The company must ensure that production schedules align with the different seasonal demands of both markets while guaranteeing timely product delivery. This indicates that production scalability alone is not sufficient for expansion; the ability to coordinate seasonal collections across hemispheres is also essential. To address this, King of the Kongo plans its collections approximately one year in advance. Furthermore, the company intends to operate a warehouse to store the products arriving from China, facilitating inventory management and distribution.

At the interview, the CEO was asked if they have any ideas on how to address this challenge. He answered: “*At the moment, we do not have a fully defined strategy*”. However, he proposed a clever solution for the short-term; as the CEO said in his interview:

“We believe that certain products can remain relevant year-round. (...) For this reason, one possible strategy would be to maintain an inventory of timeless garments that can be sold throughout the year, such as basic T-shirts, pants, and shorts. We are also considering developing seasonal capsule collections, one for winter and another for summer, consisting of three to five products each. This approach would allow the brand to maintain a permanent and versatile inventory while incorporating key seasonal products that provide novelty and relevance each season.”

This proposed strategy could enable King of the Kongo to efficiently meet demand in Madrid during a potential expansion. By maintaining a permanent inventory of timeless products, the brand would ensure a consistent product offering throughout the year while reducing the risk of stock shortages. At the same time, introducing small seasonal capsule collections would allow the company to adapt to local consumer preferences without requiring significant additional production volumes. Therefore, this combination of core products and seasonal items could support more effective inventory management, improve demand planning, and ensure a more consistent supply for the Madrid market. Nevertheless, since this strategy has not yet been implemented, its effectiveness remains uncertain and would need to be validated in practice.

Variable 3: Relationship with suppliers

This section analyzes King of the Kongo’s relationships with its suppliers in China to evaluate whether supplier reliability and flexibility can effectively support the brand’s potential expansion into Madrid. Results are presented for the following: (1) Supplier diversification, (2) Supplier flexibility and (3) Cost stability.

(1) Supplier diversification

During the interview with Lucas Varas, he was asked if King of the Kongo has just one supplier. He said: *"We work with several suppliers. In the textile area, we have a broker who acts as our main supplier and coordinates production with different factories from his portfolio. Most of the collection is developed through him, and then he distributes each project among the manufacturers. We also have another broker who works with other factories and assists us in the development of the garments. On the other hand, we have a specific factory that we work with directly, without intermediaries, for the production of swimwear, both for women and men. In addition, we have another specific supplier for accessories, such as bags, handbags, and wallets, and a different supplier for caps."*

Rather than relying on a single manufacturer, the company works with multiple suppliers and brokers who coordinate production across different factories in China. This diversified network increases operational flexibility by allowing production to be distributed across several manufacturers, reducing dependence on a single supplier and minimizing potential bottlenecks. Therefore, the company's current production strategy suggests that it has a supplier network capable of supporting increased production volumes required for a potential expansion into Madrid.

However, Varas stated that they realized that it was more convenient to work directly with the factories, without intermediaries, in order to avoid additional costs. He said in his interview: *"At the beginning, we worked through a broker because he made the entire process easier for us. He handled everything. Working without intermediaries is more efficient, but it requires time to understand the market and build trustworthy relationships with suppliers. In China, factories evaluate each client's track record and experience operating in the country. It is necessary to build credibility and demonstrate that the business relationship is attractive in order to gain their attention and commitment."* This suggests that although direct relationships with manufacturers improve efficiency and reduce costs, they also require

long-term relationship building. Consequently, supplier diversification depends not only on identifying manufacturers but also on developing trust and credibility within the Chinese market.

Varas was also asked if they had ever changed suppliers. He answered yes, explaining that this experience led the company to work with two brokers instead. This indicates that the company has adapted its supplier strategy over time, increasing its flexibility and reducing dependence on a single sourcing channel.

In the interview, Lucas Varas also mentioned that they work with an agent who is their legal representative in China. He said: *"He (the agent) is from Hong Kong and is responsible for personally visiting suppliers, negotiating with them, and carrying out quality controls during the production process. He supervises the factories midway through production to ensure that they comply with the technical specifications we send, checking details such as embroidery, stitching, buttons, materials, and any other defined aspect. (...) He constantly monitors production and keeps us informed about the progress of each order. In addition, he receives the three samples produced by the factories, one for the factory itself, one for him, and one for us in Argentina, and verifies that they are all identical. Once we review the sample, we communicate any necessary modifications by email, and he is responsible for monitoring those changes. He also plays a very important logistical role. Since different products are manufactured in different cities in China and shipped from different ports, he coordinates and consolidates all the cargo before shipment. This allows him to gather products from different factories so that we can receive them in a unified way in Argentina, optimizing both delivery times and transportation costs."*

The company's collaboration with a local agent in China strengthens its production management by ensuring continuous quality control, supplier supervision, and coordination among multiple factories. This reduces the operational complexity associated with managing

a diversified supplier network while helping maintain consistent product standards. Additionally, the agent's role in consolidating shipments from different manufacturing locations improves logistical efficiency and reduces transportation costs. As a result, the company has developed an organizational structure that not only supports its current operations but also strengthens its ability to coordinate the larger and more complex supply chain that would be required for a potential expansion into Madrid.

(2) Supplier flexibility

In the interview, Varas was asked whether it was costly or difficult to change suppliers. He answered: *"No. In fact, suppliers are usually added or replaced when it is more convenient, whether in terms of costs, product quality, or payment conditions. Therefore, in most cases, the change is intended to generate benefits for the company and improve the profitability of the operation."* This demonstrates a high degree of flexibility within the company's supply chain. This adaptability allows the business to respond quickly to increasing production needs, optimize costs, and secure additional manufacturing capacity when demand grows. As a result, the company is not highly dependent on specific suppliers, which reduces operational risks and facilitates the scaling of production required for international expansion. Therefore, as Varas stated: *"Suppliers are usually very flexible and are accustomed to working with constant modifications. If changes or adjustments are needed during product development, they are generally willing to make them without any issues, which greatly facilitates the working relationship."* This supplier responsiveness further supports the company's ability to adjust production requirements without significantly disrupting operations.

In the interview with Varas, he was also asked whether King of the Kongo had exclusivity agreements with its suppliers. He answered: *"No, but we do have a confidentiality*

agreement, and we have our trademark registered in China so that everything is protected."

For this reason, the names of the suppliers cannot be disclosed in this analysis. The absence of exclusivity agreements means that King of the Kongo is not tied to a limited number of manufacturers and retains the flexibility to incorporate additional suppliers if production demand increases. At the same time, confidentiality agreements and trademark registration in China protect the company's designs and intellectual property, reducing the risks typically associated with expanding a supplier network. Therefore, this combination of operational flexibility and legal protection strengthens the company's capacity to scale production while safeguarding its competitive advantages, supporting the feasibility of expansion into Madrid.

(3) Cost Stability

Moreover, during the interview, it was mentioned if suppliers increased their prices frequently. Lucas Varas said: *"The supplier does not increase the price. They make a sample and tell you how much it would cost based on the quantity of garments we need. Then we decide whether we are willing to pay that price or not. If we accept it, that becomes the final price and it does not change."* This pricing system provides cost stability and predictability, as suppliers establish a fixed price before production begins and that price remains unchanged once agreed upon. Consequently, King of the Kongo can accurately calculate production costs, plan budgets, and forecast profit margins when increasing production volumes. This reduces uncertainty in manufacturing expenses and facilitates more reliable financial planning. Therefore, stable pricing conditions strengthen the company's ability to scale production with greater confidence, supporting the long-term planning required for a potential expansion into Madrid.

4.4.2. Discussion

H4: “Given the company’s current productive strategy in China, the scalability of its production can be easily achieved to support expansion into Madrid.”

VALIDATED

Overall, the findings support Hypothesis 4. The evidence indicates that King of the Kongo’s current production strategy in China provides the operational capacity and supplier structure required to support a potential expansion into Madrid. The company works with manufacturers that produce for major international brands and have the infrastructure to accommodate significantly higher production volumes. Furthermore, King of the Kongo is not currently utilizing the full production capacity available from its suppliers, suggesting that increased demand could be met without substantial changes to its existing production network.

The findings also demonstrate that the company's diversified supplier network, composed of brokers and multiple factories, reduces dependence on individual manufacturers while increasing operational flexibility. In addition, the presence of a local agent in China strengthens production management through quality control, supplier coordination, and logistics supervision. Supplier responsiveness to production modifications and fixed-price agreements further enhance the company's ability to plan production efficiently and control manufacturing costs as volumes increase.

Although challenges related to financing, inventory planning, and seasonality management were identified, the evidence suggests that these represent managerial and operational challenges rather than constraints on production capacity itself. Therefore, the hypothesis is supported, as King of the Kongo appears to possess the production capabilities, supplier relationships, and organizational structure necessary to scale its operations and meet the demands of a potential expansion into the Madrid market.

4.5. Hypothesis 5

“Due to the use of streamers as part of the company’s marketing strategy, the expansion would be facilitated.”

The hypothesis proposes that the use of streamers as part of King of the Kongo’s marketing strategy facilitates the brand’s expansion. To examine this, findings are presented according to two variables: influencer and social media-based marketing strategy and influencer and streamer influence on consumer behavior. Data were collected through an online questionnaire, an in-depth interview with Fernando Rico, general manager and provisory marketing manager.

4.5.1.Results

Variable 1: Influencer and Social Media-based Marketing Strategy

The question that addresses this variable is: *“How does influencer marketing contribute to King of the Kongo’s international visibility and exposure in Madrid?”* (Research question 6). Results are presented for the following concepts: (1) Use of streamers as a marketing strategy for international expansion and (2) Brand awareness.

(1) Use of streamers as a marketing strategy for international expansion

To understand the role of streamers in King of the Kongo’s marketing strategy, an in-depth interview was conducted with Fernando Rico, General Manager of King of the Kongo.

The interview explored how streamers and influencers have been incorporated into the company’s marketing efforts and whether they have contributed to increasing the brand’s visibility in Spain.

First, the interview showed that social media plays a central role in the company's marketing strategy. Rico explained that the brand focuses strongly on platforms such as Instagram and TikTok, while also investing in email marketing and other promotional activities. According to him, this strategy has allowed King of the Kongo to build a community of more than 600,000 followers on Instagram and approximately 1.2 million followers on TikTok. He also stated that social media has been one of the main drivers of the brand's growth.

When discussing the use of streamers, Rico explained that influencer marketing has been part of the brand since its early stages. He stated:

“Our brand basically grew through influencers”

Also, he described how the company developed relationships with streamers and artists such as Coscu⁴ and Khea⁵. These collaborations were initially informal, as creators began wearing the brand because they liked the products rather than through paid agreements. According to Rico, this exposure helped attract new customers, which encouraged the company to continue working with content creators over time.

When asked directly about the brand's visibility in Spain, Rico stated that streamers and influencers have played an important role. According to him, many of the creators who wear King of the Kongo have audiences in Spain, which helps expose the brand to potential consumers in that market. He also mentioned that the company has received followers, messages, and product inquiries from Spanish consumers after appearances by streamers and influencers.

In addition, Rico explained that whenever a well-known streamer wears the brand, the company usually notices an increase in activity. This includes more website visits, more

⁴ Coscu (Martín Pérez Disalvo) is one of the most renowned streamers in Argentina. He is widely recognized in the Spanish-speaking streaming community and has a large audience across Latin America and Spain.

⁵ Khea (Ivo Alfredo Thomas Serue) is an Argentine singer associated with the Latin trap movement. He has performed in Madrid on multiple occasions

social media engagement, and more interactions from users in different countries, including Spain. Although he could not identify the exact number of sales generated by each creator, he stated that the impact of these collaborations is noticeable and helps introduce the brand to consumers who may not have been aware of it otherwise.

(2) *Brand awareness*

To evaluate brand awareness, respondents were asked whether they were familiar with King of the Kongo before completing the survey and, if so, how they had first heard about the brand.

As shown in Figure 20, 70,2% of respondents answered that they knew King of the Kongo, while 20,8% stated that they were not familiar with the brand. This shows that most respondents already knew the brand.

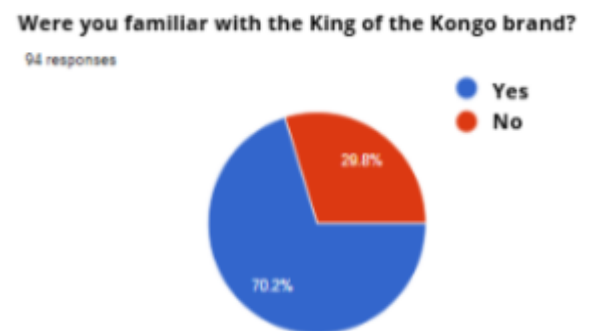


Figure 20: Brand Awareness
Note: Own elaboration

Respondents who were familiar with King of the Kongo were then asked how they had first become aware of it. As shown in Figure 21, the most common answer was social media advertising, mentioned by 44 % of respondents. Influencers and streamers who use the brand was the second most frequent source (39% of responses). Remaining options represent a small percentage of responses.

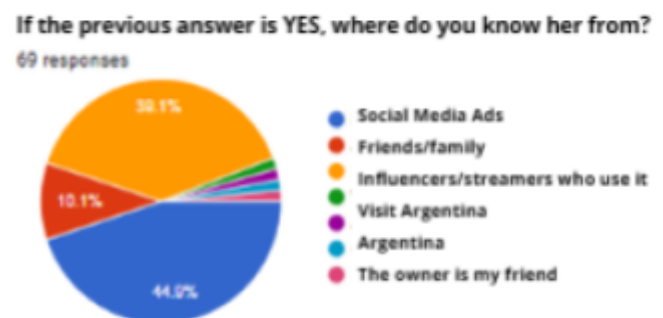


Figure 21: Sources of Brand Discovery
Note: Own elaboration

Together, influencers, streamers, and social media advertising account for more than 80% of responses. Looking at these results, it is clear that most respondents became aware of

the brand through digital channels, demonstrating that the current marketing strategy is effectively supporting brand visibility in Madrid, Spain.

Variable 2: Influencer and streamer influence on consumer behavior

This section addresses research question 7: “*How do influencers and streamers affect target consumers' fashion-related purchasing behavior in Madrid, Spain?*”. As brand awareness was examined in the previous variable, this section focuses on whether influencers and streamers affect target consumers' purchasing choice. To answer this, results are presented for the following: (1) Purchase behavior driven by influencers/streamers.

(1) Purchase behavior driven by influencers/streamers

To assess the extent to which influencers and streamers affect consumer purchase behavior, it was analysed the influence of content creators on purchasing decisions of the respondents, the social media platforms that most influence their fashion choices, and whether they had ever purchased clothing after seeing it promoted or worn by an influencer or streamer.



Figure 22: Perceived Influence of Influencers and Streamers on Purchasing Decisions
Note: Own elaboration

First of all, regarding the influence of content creators, as shown in Figure 22, 52% of respondents agreed or strongly agreed that influencers and streamers influence their purchasing decisions. Specifically, 36% agreed with the statement and 16% strongly agreed. In contrast, 30% remained neutral, while 18% disagreed or strongly disagreed. These results

suggest that influencers and streamers are considered a relevant factor when making purchasing decisions.

Moving forward, Figure 23 shows the social media platforms that most influence respondents' fashion choices. Results show that Instagram, is the platform that has the greatest influence on fashion-related decisions, being selected by 76% of respondents. TikTok was the second most influential platform, mentioned by 60.2%. Nevertheless, it is important to note that 11 out of 93 people answered that none of them influence their purchasing decisions.

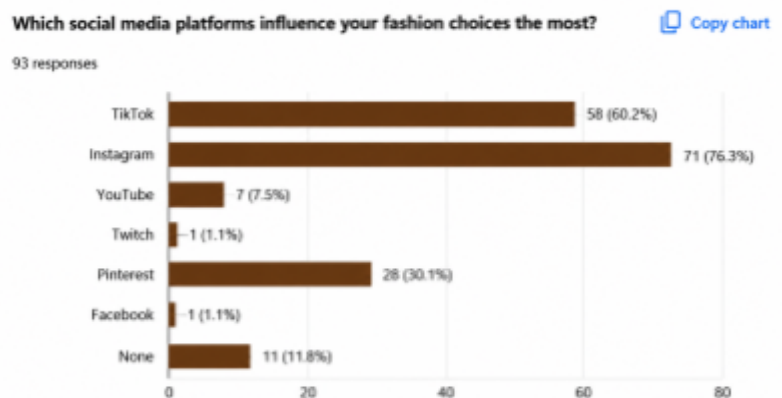


Figure 23: Social Media Platforms Influencing Fashion-Related Decisions
Note: Own elaboration

These findings match with the company's current marketing strategy. During the interview, Fernando Rico explained that King of the Kongo puts a strong effort on social media, stating that *“Our primary focus is definitely social media. While we also invest in email marketing and other promotional campaigns, a significant part of our strategy is dedicated to our social media presence.”*

However, when respondents were asked whether they had ever purchased a product because it was used or promoted by an influencer, the results revealed a different picture.

While more than half of respondents stated that influencers and streamers affect

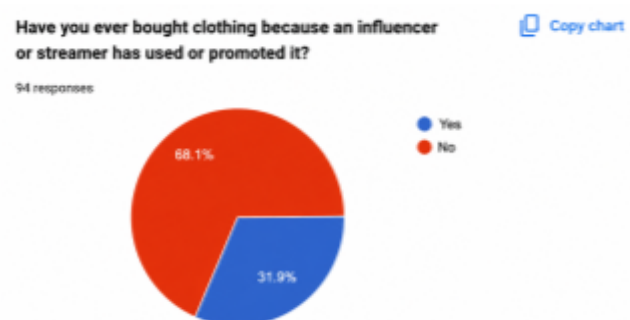


Figure 24 Purchase of Clothing Following Influencer or Streamer Promotion
Note: Own elaboration

their purchasing decisions, as seen in Figure 24, only 32% reported having purchased clothing after seeing it worn or promoted by a content creator.

This difference is important because it suggests that content creators may be more effective at capturing consumers' attention and influencing their preferences than at directly driving purchase decisions. However, they still play an important role in connecting fashion brands with consumers, particularly through platforms like Instagram and TikTok.

4.5.2. Discussion

H5: Due to the use of streamers as part of the company's marketing strategy, the expansion would be facilitated. PARTIALLY VALIDATED

Overall, the results provide partial support for Hypothesis 5. The findings suggest that streamers and influencers contribute to King of the Kongo's expansion primarily by increasing visibility and brand awareness in Madrid, rather than by directly driving purchasing behaviour. This distinction is relevant because it indicates that the role of influencers in the expansion process is mainly indirect.

One of the most relevant findings is the impact of influencer marketing on brand visibility and awareness. The interview with Fernando Rico shows that influencer marketing has been embedded in the company's strategy since its early stages, and that collaborations with streamers who have audiences in Spain have generated tangible engagement outcomes such as followers, website visits, messages, and product inquiries. This indicates that streamers are not only a communication channel, but also a mechanism through which the brand gains exposure in a foreign market, reaching consumers who may not have been previously aware of it.

The survey results reinforce this interpretation. A large proportion of respondents were already familiar with King of the Kongo, and among those, many reported that they first discovered the brand through influencers and streamers. In addition, more than 80% of respondents reported becoming aware of the brand through digital channels, including influencer marketing and social media advertising. This suggests that the company's marketing strategy is effective in achieving initial market penetration and in positioning the brand within consumers' digital environments in Madrid.

These findings are consistent with the literature reviewed in Chapter 2. IAB Spain and Mazinn (2023) highlight that Instagram and TikTok are key platforms for fashion discovery among young consumers in Spain. The results of this study confirm this pattern, as these platforms also emerge as the main sources of influence in respondents' fashion-related decisions. This alignment suggests that King of the Kongo's reliance on these channels is consistent with current consumption and discovery behaviours in the target market.

However, the results regarding purchasing behaviour show a more limited effect. Although more than half of respondents reported that influencers and streamers influence their purchasing decisions, only 32% stated that they had actually purchased clothing after seeing it promoted or worn by a content creator. This indicates that while influencers are effective in shaping awareness and preferences, their influence is weaker when it comes to converting interest into actual purchase behaviour.

This gap between influence and purchase is relevant for interpreting the hypothesis. It suggests that influencer marketing contributes more strongly to the early stages of the consumer journey (awareness and consideration) than to the final stage of purchase

decision-making. Therefore, its role in supporting expansion is primarily indirect, as it helps create the conditions under which consumers become familiar with the brand, rather than directly generating sales.

For this reason, Hypothesis 5 is considered partially supported. The findings indicate that streamers contribute to King of the Kongo's expansion by increasing visibility, awareness, and exposure among potential consumers in Madrid. However, this influence does not consistently translate into actual purchase behaviour, which limits their direct impact on commercial expansion outcomes.

4.6. Hypothesis 6

H6: “The competitive intensity of the urban fashion market in Madrid, represented by key competitors (Nude Project and Eme Studios) and the potential threat of a substitute (vintage clothing), constitutes a significant barrier to the successful entry of King of the Kongo into the market.”

The hypothesis proposes that the competitive intensity of the urban fashion market in Madrid, represented by key competitors (Nude Project and Eme Studios) and the potential threat of substitute products (vintage clothing), constitutes a significant barrier to the successful entry of King of the Kongo into the market.

Two units of analysis will be considered: Key competitors (Nude Project and Eme Studios) and a Potential substitute (vintage clothes). To examine this, findings are presented according to five variables: competitors' digital marketing, price comparison, product comparison, Fuencarral street, and the attractiveness of the vintage clothing sector. Data were collected through secondary sources, including competitors' websites and the Meta Ad Library, an online questionnaire (Google Forms) and Google Maps. The research question

that addresses this hypothesis is: “*How does the competitive intensity of Madrid’s urban fashion market, including competition from key rivals (Nude Project and Eme Studios) and the threat of substitute products such as vintage clothing, affect the feasibility of King of the Kongo’s market entry strategy?*” (Research question 8)

4.6.1.Results

Analysis 1: Key competitors (Nude Project and Eme Studios)

Variable 1: Digital marketing

This section evaluates the digital marketing presence of King of the Kongo, Nude Project, and Eme Studios to assess how their online positioning may influence King of the Kongo’s ability to compete in the Madrid market. Results are presented for the following indicators: (1) Followers on Instagram, TikTok, Facebook, LinkedIn and YouTube and (2) Discounts and promotions.

(1) Followers on Instagram, TikTok, Facebook, LinkedIn and YouTube

The comparison of social media followers reveals important differences in the digital presence and brand awareness of the three companies.

As shown in Figure 10, Nude Project has the strongest overall social media presence, leading on Instagram (1.5 million followers), LinkedIn (188,000 followers), and YouTube (948,000 subscribers). This reflects a highly developed digital marketing strategy and a strong level of brand recognition, reinforcing its competitive position in Spain's urban fashion market.

Number of followers			
Platform	King of the Kongo	Nude Project	Eme Studios
Tik Tok	1.200.000	1.000.000	119.200
Instagram	612.000	1.500.000	785.000
LinkedIn	14.000	188.000	15.000
Facebook	139.000	13.000	5.423
YouTube	341	948.000	4.910

As of 07/06/2026

Table 10: Comparison of followers on social media among key competitors
Note: Own elaboration

King of the Kongo demonstrates a particularly strong performance on TikTok, where it surpasses both competitors with 1.2 million followers, compared to Nude Project's 1 million and Eme Studios' 119,200. The brand also has a solid presence on Facebook (139,000 followers), significantly outperforming both competitors on that platform. However, its communities on Instagram (612,000 followers), LinkedIn (14,000 followers), and YouTube (341 subscribers) remain considerably smaller than those of Nude Project. This suggests that although King of the Kongo has developed a strong digital community, its visibility is concentrated on specific platforms rather than being consistently strong across all social media channels.

Eme Studios occupies an intermediate position. While it has a smaller audience than Nude Project on most platforms, it maintains a strong Instagram presence with 785,000 followers and a growing digital community. This reinforces the importance of Instagram within Madrid's urban fashion market and highlights the competitive pressure King of the Kongo would face on this platform.

Overall, these findings, together with those of Hypothesis 5, suggest that King of the Kongo has the digital visibility necessary to support an expansion into the Madrid market. Its exceptionally strong TikTok community demonstrates a high capacity to connect with younger consumers, which is particularly relevant given that Madrid's urban fashion market is heavily influenced by social media trends and Gen Z audiences.

However, the comparison also reveals important challenges. Nude Project's dominant presence across multiple platforms indicates substantially higher brand recognition and customer engagement within Spain, giving it a clear competitive advantage. Consequently, King of the Kongo would be entering a market where established competitors already benefit from strong consumer awareness and loyalty.

In conclusion, the social media data suggests that King of the Kongo's expansion into Madrid is feasible, as the brand already possesses a large and engaged online community that could facilitate market entry. However, successfully competing with leading Spanish brands such as Nude Project and Eme Studios would require strengthening its presence on Instagram and YouTube, increasing brand awareness in Spain, and leveraging its TikTok advantage as a point of differentiation rather than relying solely on its existing digital reach.

As Lucas Varas said in his interview: *“That is where marketing comes into play: why consumers would choose us over brands that are already established. Being an Argentine brand adds value and creates differentiation in the Spanish market”*. This highlights that digital visibility alone is unlikely to be sufficient for successful market entry. Instead, King of the Kongo's marketing strategy will need to communicate a clear value proposition that differentiates the brand from well-established Spanish competitors.

(2) Discounts and promotions

This section analyzes the advertising campaigns of the three brands to evaluate whether their use of discounts, promotional offers, and paid advertising contributes to their competitive positioning in the Madrid market. Rather than simply identifying the existence of promotions, the analysis examines how these strategies may influence brand visibility and consumer attraction. The analysis is based on ads published through Meta platforms, including Instagram and Facebook. This information was taken from the Meta ad library.

Promotions and discounts			
	King of the Kongo	Nude Project	Eme Studios
Active Meta ads	7	46	140
	2x1 and 3x2 promotions	New collections and product releases	Discounts of up to 40% off
	3 and 6 interest-free installments	No discounts	Frequent promotion-based advertising campaigns
On Meta ads	Free shipping above a minimum purchase amount		
	Up to 50% off the new winter collection		
	Permanent Sale section	Premium pricing strategy	Seasonal discounts ranging from 15-50% off
On website	Discounts organized by product category	No discounts	Promotions on hoodies, t-shirts and previous collections
	Discounts of up to 60-70% off on selected items		Promotional banners and highlighted discounted products
Instagram, Facebook and TikTok	Organic posts promoting website discounts	Product launches, styling content and community building	Content remains primarily brand and product focused
	Special discounts with selected payment methods		No discounts
	Promotions on second-item purchases	No discounts	
Special Shopping Events	Hot Sale	Black Friday	Black Friday
			Black Week

Table 11: Promotions and discounts comparison among key competitors
Note: Own elaboration

As shown in Table 11, King of the Kongo currently has 7 active ads running on Meta platforms; they were published from June 1, 2026 to June 2, 2026. The brand's advertisements feature promotional offers such as 2x1 and 3x2 promotions, 3- and 6-interest-free installment payments, free shipping above a certain purchase amount, and up to 50% off the new winter collection. However, the relatively low number of active ads suggests that the company does not rely heavily on paid advertising. Instead, its marketing strategy appears to focus on organic content shared through its social media channels, which plays a key role in engaging its audience and building brand awareness.

As King of the Kongo's CEO said in his interview: "Regarding communication, we increasingly rely on content creators and organic content rather than celebrities or highly produced advertising campaigns, as we believe today's consumers identify more strongly with natural and authentic content, which generates greater engagement". This indicates that the company prioritizes authenticity and community engagement over large advertising investments, using organic communication as a key element of its brand positioning.

The brand features a permanent Sale section on its website, where discounted products are grouped by category. Depending on the product category, customers can find discounts of up to 60% or 70% off, providing year-round opportunities to purchase items at reduced prices. On Instagram, Facebook, and TikTok, the brand regularly posts organic content informing customers about discounts available on its website and special promotions for purchases made with selected payment methods. In addition, the brand participates in major shopping events such as Hot Sale and frequently offers discounts on the second item purchased, encouraging higher purchase volumes and customer engagement. This suggests that price promotions represent a central component of King of the Kongo's customer acquisition strategy.

Nude Project currently has 46 active ads running on Meta platforms, published between May 27, 2026, and June 8, 2026. Compared to King of the Kongo, Nude Project invests considerably more in paid advertising, reflecting a stronger investment in digital visibility. However, these advertisements primarily focus on showcasing upcoming collections and new product releases rather than offering discounts or promotional deals.

Similarly, on Instagram, Facebook, and TikTok, the brand rarely promotes discounts. Instead, its content strategy centers on outfit inspiration, styling ideas, and newly launched products. This premium positioning is also reflected on its website, where no significant discounts or promotional offers are currently featured. The only major promotional event in which the brand participates is Black Friday. Overall, Nude Project appears to compete primarily through brand image, product storytelling, and community engagement rather than price competition.

Eme Studios currently has 140 active ads running on Meta platforms, published between February 26, 2026, and June 7, 2026. Compared to both King of the Kongo and

Nude Project, Eme Studios invests substantially more in Meta advertising, suggesting a stronger emphasis on paid digital marketing to maintain brand visibility.

Unlike Nude Project, Eme Studios actively promotes discounts through its advertising campaigns, with some ads featuring offers of up to 40% off. The brand also participates in Black Friday and extends these promotions through Black Week, offering discounts across entire product categories. Beyond these events, it regularly offers seasonal discounts ranging from approximately 15% to 50%, particularly on hoodies, T-shirts, and products from previous collections. Although Eme Studios does not heavily emphasize discounts on its social media channels, promotional offers are clearly visible on its website and in its Meta advertising campaigns. This suggests that the brand combines a strong image-driven strategy with selective price promotions to stimulate sales while maintaining its brand positioning.

Overall, the comparison reveals three distinct competitive strategies. King of the Kongo relies heavily on promotions and organic content to attract and engage customers, Nude Project prioritizes brand value and exclusivity with limited use of discounts, while Eme Studios combines intensive paid advertising with selective promotional campaigns. These differences indicate that price promotions alone are not the primary source of competitive advantage in Madrid's urban fashion market.

For King of the Kongo's potential expansion into Madrid, these findings suggest that discounts and promotions may help attract customers during the initial stages of market entry but are unlikely to be sufficient to compete with well-established local brands. The analysis indicates that the leading competitors place greater emphasis on building a strong brand identity, fostering community engagement, and creating long-term customer loyalty. Therefore, although King of the Kongo's relatively lower prices could facilitate initial market penetration, its long-term success will depend on strengthening its brand image and effectively communicating its distinctive Argentine urban culture. Combining competitive

pricing with a differentiated brand positioning strategy would improve the company's ability to compete against established rivals in the Madrid market.

Variable 2: Price comparison

This section compares the prices of selected products offered by the three brands, considering only hoodies without a zipper, polo shirts, oversized T-shirts, and cotton pants. The objective is to assess whether King of the Kongo's current pricing structure is aligned with the Madrid streetwear market. To address this objective, two indicators are presented: (1) price range (minimum–maximum) and (2) estimated average price by product category.

(1) Price range (minimum–maximum)

A comparison of the brands' pricing structures reveals similarities in their market positioning and target consumer segments. After converting King of the Kongo's prices from Argentine pesos to euros using the Banco de la Nación Argentina (BNA) seller exchange rate of ARS 1,670 per euro as of June 3, 2026, the brand's selected products range from approximately €35.92 to €92.81.

Nude Project's prices range from €39 to €109 across the same product categories, while Eme Studios presents a price range between approximately €45 and €89.

The results indicate a considerable overlap among the three brands' price ranges, suggesting that they compete within the same mid-range to premium streetwear segment. Although King of the Kongo offers the lowest entry price and Nude Project reaches the highest price points, these differences appear to reflect slight variations in brand positioning rather than fundamentally different pricing strategies.

Furthermore, King of the Kongo complements its pricing structure with consumer-oriented purchasing conditions, including up to six interest-free installments and free shipping above a specified purchase amount. While these benefits strengthen the brand's

value proposition in Argentina, they may not be directly transferable to a potential expansion into Madrid and, therefore, are unlikely to constitute a competitive advantage in the Spanish market.

Overall, the findings suggest that King of the Kongo's pricing structure is broadly aligned with those of established competitors in Madrid. Although the brand generally offers slightly lower prices than Nude Project and, in some categories, Eme Studios, these differences are not substantial enough to support a cost-leadership strategy. Instead, they position the brand competitively within the existing market price range.

The relatively lower price points may nevertheless provide King of the Kongo with a moderate competitive advantage during market entry by reducing the financial barrier for first-time consumers while maintaining a comparable market positioning. Consequently, the company could enter the Madrid market without requiring significant adjustments to its current pricing strategy.

However, the comparison also suggests that price alone is unlikely to be a decisive source of competitive advantage. Given the similarity in pricing across the three brands, King of the Kongo's long-term competitiveness will depend more on its ability to communicate a distinctive value proposition through its brand identity, product design, perceived quality, and Argentine streetwear heritage.

Prices			
Product	King of the Kongo *	Nude Project	Eme Studios
Hoodies (without a zipper)	€41.91 - €92.81	€69 - €99	€69 - €89
Polo shirts	€65.86 - €71.85	€69 - €109	€49 - €55
Oversized T-shirts	€35.92 - €46.10	€39 - €59	€45 - €49
Cotton pants	€53.89 - €65.26	€39 - €99	€75 - €79
Considering the "seller" BNA exchange rate of ARS 1,670 per euro as of June 3, 2026			

Table 12: Pricing comparison among key competitors

Note: Own elaboration

(2) Estimated Average price by product category

The analysis of estimated average prices by product category provides additional insights into the pricing strategies of the three brands. Only hoodies without a zipper, polo shirts, oversized T-shirts, and cotton pants were considered.

Nude Project records the highest estimated average prices across the categories analysed, reaching an overall estimated average of €72.75. Its highest category averages are observed in polo shirts (€89.00) and hoodies without a zipper (€84.00), reinforcing its premium market positioning.

King of the Kongo presents the lowest overall estimated average price at €59.20. The lowest estimated category average corresponds to oversized T-shirts (€41.01), while hoodies (€67.36) and polo shirts (€68.86) remain below those of Nude Project and relatively close to competitors' prices. This suggests that the brand adopts a competitive pricing strategy without significantly deviating from prevailing market prices.

Eme Studios occupies an intermediate position, with an overall estimated average price of €63.63. Although its estimated average prices for polo shirts (€52.00) and oversized T-shirts (€47.00) are comparatively lower, its cotton pants category reaches the highest estimated average among the three brands (€77.00). This variation indicates that Eme Studios adjusts its pricing according to product category rather than following a consistently premium or lower-priced strategy.

Overall, the difference between the lowest and highest estimated average prices is €13.55, indicating only moderate variation across competitors. Rather than reflecting distinct market segments, these differences suggest that price competition among the three brands is relatively limited.

Therefore, King of the Kongo's pricing structure appears compatible with the Madrid streetwear market. Its slightly lower average prices may facilitate initial market entry by reducing the financial barrier for new consumers. However, given the relatively small price

differences, the findings suggest that long-term competitiveness will depend more on brand differentiation, perceived value, and customer engagement than on pricing alone.

Product	Average price		
	King of the Kongo	Nude Project	Eme Studios
Hoodies (without a zipper)	67,36 €	84,00 €	78,50 €
Polo shirts	68,86 €	89,00 €	52,00 €
Oversized T-shirts	41,01 €	49,00 €	47,00 €
Cotton pants	59,58 €	69,00 €	77,00 €
Total average	59,20 €	72,75 €	63,63 €

Table 13: Comparison of average price of each product and total average price among key competitors
Note: Own elaboration

These calculations were performed by adding the price range from the price table above and dividing the result by 2.

- Hoodies (without a zipper) of King of the Kongo: $(41,91 + 92,81) / 2 = €67,36$

Then, each average price of each product was added together and the result divided by 4 to obtain the total average.

- Total average of King of the Kongo : $(67,36 + 68,86 + 41,01 + 59,58) / 4 = €59,20$

Variable 3: Products comparison

This section focuses on comparing the products that the three brands offer (considering only hoodies without a zipper, polo shirts, oversized t-shirts and cotton pants). To answer this, results are presented for the following indicators: (1) Size variety offered and (2) Colour variety offered.

(1) Indicator 1: Size variety offered

The analysis of the number of garments offered per size reveals significant differences among the three brands in terms of product variety and size availability.

As shown in Table 14, Eme Studios offers one of the widest product assortments among the brands analyzed. It stands out particularly in hoodies (without a zipper), with 306 references evenly distributed across all sizes (51 garments per size), and in oversized T-shirts, with 360 garments (60 per size). This suggests that the brand prioritizes a broad and balanced product offering, increasing the likelihood that consumers will find both their preferred style and size.

Nude Project also demonstrates a strong commitment to product variety and size coverage. The brand offers the largest number of oversized T-shirts, with 438 garments in total and 73 styles available in each size. In addition, it provides a wide selection of hoodies (without a zipper), with 162 garments available. Like Eme Studios, Nude Project offers the full range of sizes across the categories analyzed, reinforcing its ability to satisfy a broad consumer base and compete through product availability rather than price alone.

In contrast, King of the Kongo has the smallest product assortment. The brand offers 36 hoodies, 13 polo shirts, 51 oversized T-shirts, and 32 cotton pants, with more limited size coverage and the absence of certain options, particularly XXL and some polo shirt sizes. However, the distribution across the available sizes is relatively balanced, with the assortment concentrated mainly in S, M, and L. This indicates that while the company currently provides adequate coverage for its core customer segment, its product variety is more limited than that of its main competitors.

When each category is analyzed individually, the largest differences are observed in oversized T-shirts, where Nude Project (438) significantly outperforms Eme Studios (360) and King of the Kongo (51). In hoodies (without a zipper), Eme Studios leads with 306 garments, followed by Nude Project with 162 and King of the Kongo with 36. In polo shirts, Nude Project offers the widest assortment (48 garments), while Eme Studios offers 18 and King of the Kongo 13. Finally, in cotton pants, King of the Kongo (32) and Eme Studios (30)

provide a similar variety, both substantially larger than Nude Project (6). These differences suggest that King of the Kongo's competitive position varies across product categories. While it competes more closely in cotton pants, its narrower assortment in hoodies, oversized T-shirts, and polo shirts may reduce consumer choice and represent a competitive disadvantage in the Madrid market.

Number of garments offered per size				
Product	Sizes	King of the Kongo	Nude Project	Eme Studios
Hoodies (without a zipper)	XS	3	27	51
	S	9	27	51
	M	9	27	51
	L	8	27	51
	XL	7	27	51
	XXL	size not offered	27	51
Total hoodies		36	162	306
Polo shirts	XS	size not offered	8	3
	S	4	8	3
	M	4	8	3
	L	4	8	3
	XL	1	8	3
	XXL	size not offered	8	3
Total polo shirts		13	48	18
Oversized T-shirts	XS	3	73	60
	S	12	73	60
	M	12	73	60
	L	12	73	60
	XL	12	73	60
	XXL	size not offered	73	60
Total oversized t-shirts		51	438	360
Cotton pants	XS	1	1	5
	S	8	1	5
	M	8	1	5
	L	8	1	5
	XL	7	1	5
	XXL	size not offered	1	5
Total cotton pants		32	6	30

Table 14: Comparison of number of garments offered per size among key competitors

Note: Own elaboration

These calculations were made by adding up all the garments offered for each product in each size. Total hoodies of King of the Kongo: $(3+9+9+8+7)= 36$

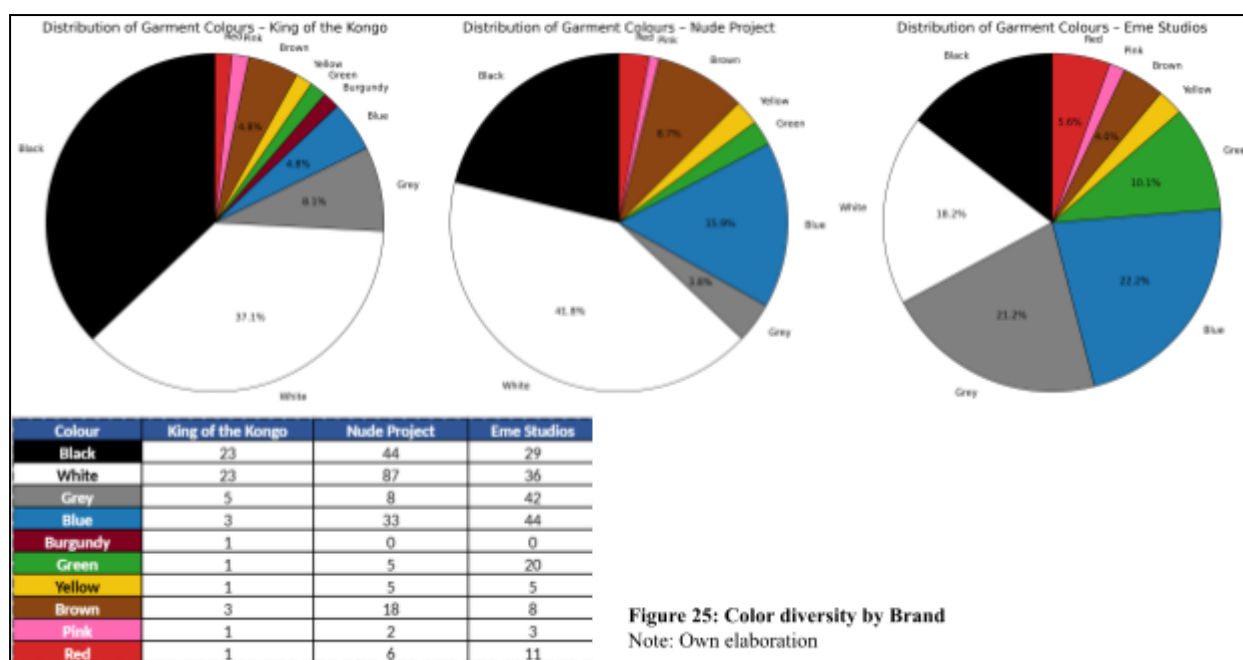
In conclusion, Nude Project and Eme Studios offer a substantially broader product assortment and greater size variety than King of the Kongo. This wider offering provides a competitive advantage by enabling them to satisfy a broader range of consumer preferences,

improve product availability, and strengthen their market positioning. In contrast, King of the Kongo's more limited product portfolio may reduce its ability to compete with these established brands in the Madrid market. Therefore, although the company's current assortment may support initial market entry, expanding its product range and size availability would likely strengthen its competitive position and improve its ability to respond to consumer demand over the long term

(2) Indicator 2: Colour variety offered

The analysis of the number of garments available in each colour shows clear differences between the three brands regarding the variety of products they offer and the range of colours available.

As shown in Figure 25, Eme Studios stands out as the brand with the broadest overall colour offering, particularly in hoodies without a zipper, where it provides 100 references distributed across nine different colours. The brand shows a strong presence in classic colours such as black (13 garments), grey (27), and especially blue (33), while also maintaining availability in secondary colours such as green, yellow, brown, and red. This broad colour assortment suggests a strategy aimed at maximizing consumer choice and appealing to a wider range of style preferences.



Nude Project also demonstrates a high level of colour variety, although with a more concentrated distribution. In hoodies, it offers 52 references, mainly in white (17), black (15), and blue (6). The brand performs particularly strongly in oversized T-shirts, where it reaches 145 references, the highest figure among all categories and brands analysed. White (70 garments), black (28), and blue (22) dominate the assortment, indicating a strategy focused on neutral and versatile colours that are consistent with current streetwear trends.

In contrast, King of the Kongo presents a more limited colour offering. While it provides a reasonable variety in some categories, such as polo shirts (16 references) and oversized T-shirts (17 references), its total number of garments by colour remains significantly lower than that of its competitors. The brand relies primarily on traditional colours such as black and white, with limited representation of alternative shades. This suggests a more selective product strategy that prioritizes a focused assortment over extensive colour diversity.

Across all categories, black and white are the most common colours, confirming their importance within the streetwear market. However, the findings also reveal distinct competitive approaches: Eme Studios differentiates itself through extensive colour

diversification, Nude Project through a high volume of products concentrated in key colours, and King of the Kongo through a more limited but focused assortment.

Overall, the results suggest that the broader colour variety offered by Eme Studios and Nude Project enhances their ability to satisfy diverse consumer preferences and strengthens their competitive positioning within the Madrid streetwear market. In comparison, King of the Kongo's more limited colour assortment may reduce consumer choice and represent a competitive disadvantage, particularly when competing against well-established brands with broader product offerings. Expanding its colour range in selected product categories could therefore strengthen the brand's competitiveness without requiring a fundamental change to its current product strategy.

Number of garments offered per colour				
Product	Colour	King of the Kongo	Nude Project	Eme Studios
Hoodies (without a zipper)	Black	7	15	13
	White	3	17	3
	Grey	3	3	27
	Blue	1	6	33
	Burgundy	1	0	0
	Green	1	3	11
	Yellow	1	0	2
	Brown	0	5	4
	Red	0	3	7
Total hoodies		17	52	100
Polo shirts	Black	7	0	0
	White	6	0	2
	Grey	1	1	0
	Brown	1	0	1
	Blue	1	5	2
	Green	0	1	1
	Red	0	0	1
	Pink	0	1	0
	Yellow	0	1	1
Total polo shirts		16	9	8
Oversized T-shirts	Black	4	28	14
	White	10	70	31
	Grey	0	4	12
	Brown	2	12	3
	Blue	1	22	9
	Green	0	1	7
	Yellow	0	4	2
	Pink	0	1	3
	Red	0	3	2
Total oversized t-shirts		17	145	83
Cotton pants	Black	5	1	2
	White	4	0	0
	Grey	1	0	3
	Brown	0	1	0
	Blue	0	0	0
	Green	0	0	1
	Yellow	0	0	0
	Pink	1	0	0
	Red	1	0	1
Total cotton pants		12	2	7

Table 15: Comparison of number of garments offered per colour among key competitors

Note: Own elaboration

These calculations were made by adding up all the garments offered for each product in each colour. Total hoodies of King of the Kongo: $(7+3+3+1+1+1+1+0+0)= 17$

Variable 4: Fuencarral street

This section focuses on assessing the positive and negative side of King of the Kongo sharing the same street with Nude Project and Eme Studios. As the CEO said in his interview: “We have already identified Fuencarral street as the ideal location for the store”. To answer this, results are presented for the following indicator: (1) Advantages and disadvantages of having the three brands in the same street.

(1) Indicator 1: Advantages and disadvantages of having the three brands in the same street

Fuencarral Street in Madrid extends from its intersection with Gran Vía to the Glorieta de Quevedo roundabout, covering approximately 1.6 kilometres. However, only the first 450 metres, from Gran Vía to Calle de Colón, are pedestrianized. This section is particularly relevant to the analysis, as it is where Eme Studios and Nude Project are located and where King of the Kongo is considering opening its first store.

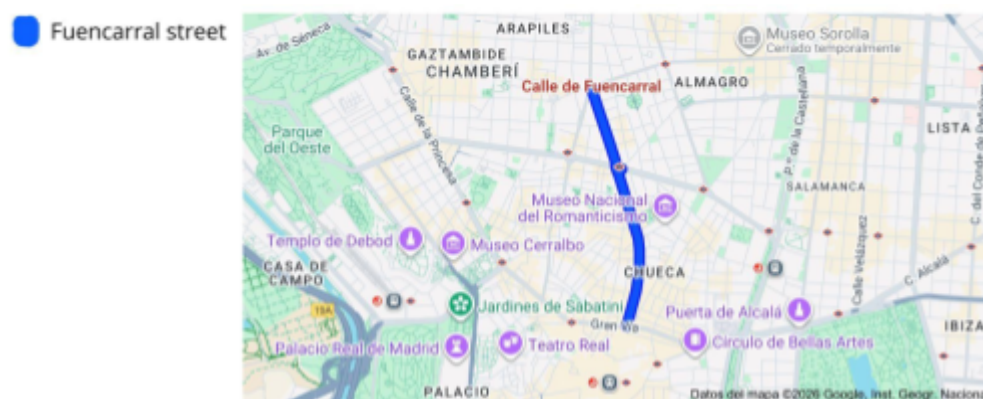


Figure 26: Fuencarral street
Note: Google Maps

The location would also provide direct access to the brand's target market. Since Nude Project and Eme Studios attract consumers with similar preferences, King of the Kongo would have the opportunity to reach a highly relevant customer segment. Furthermore, the concentration of competing brands may increase the attractiveness of the shopping area by encouraging consumers to compare different alternatives during the same visit. This creates an opportunity for King of the Kongo to differentiate itself through its Argentine identity, product offering, or pricing strategy.

On the other hand, proximity to major competitors would also intensify competitive pressure. Nude Project and Eme Studios already benefit from strong brand recognition, loyal customer bases, and established positions in the Madrid market, creating significant barriers for a new entrant seeking to attract consumer attention.

In addition, direct comparison between the three brands would make differences in product assortment, store experience, pricing, and brand awareness more evident. Given that previous findings showed King of the Kongo offers a narrower product range than its competitors, consumers may perceive greater value in the more established brands unless the company clearly communicates its points of differentiation.

Similarly, the concentration of well-known competitors increases the importance of a distinctive value proposition. Without clear differentiation, King of the Kongo risks being perceived as another streetwear brand within an already saturated competitive environment.

As Lucas Varas said in his interview: “That is where marketing comes into play: why consumers would choose us over brands that are already established. Being an Argentine brand adds value and creates differentiation in the Spanish market”. This supports the idea that the success of the proposed location would depend not only on attracting pedestrian traffic but also on the brand's ability to communicate a distinctive identity capable of differentiating it from established competitors.

Overall, locating King of the Kongo near Nude Project and Eme Studios could generate substantial advantages in terms of visibility, customer traffic, and market validation. However, these benefits would be accompanied by greater competitive intensity. Therefore, the findings suggest that Fuencarral Street represents an attractive location for market entry, provided that King of the Kongo is able to leverage its distinctive Argentine identity and execute a marketing strategy that clearly differentiates the brand from its competitors.

Unit of analysis 2 : Potential substitute (vintage clothes)

Variable 1: Vintage clothes sector

This section focuses on assessing the attractiveness of vintage clothing to determine whether it represents a potential threat to King of the Kongo. For this analysis, vintage clothing and second-hand clothes refer to the same thing. Results are presented for the following indicator:

(1) Physical stores near Fuencarral street and purchase behavior.

(1) Indicator 1: Physical stores near Fuencarral street and purchase behavior

Madrid is among the major European cities with the highest number of second-hand clothing stores (Informe Tiendas de Ropa de Segunda Mano en España – 2025), with 126 stores currently operating in the city. This suggests that vintage fashion represents a well-established segment of the local apparel market and could potentially compete with streetwear brands by attracting consumers seeking unique garments and alternative forms of self-expression. This trend is particularly evident among Millennials and Generation Z, who increasingly value second-hand consumption, especially for vintage and exclusive items.

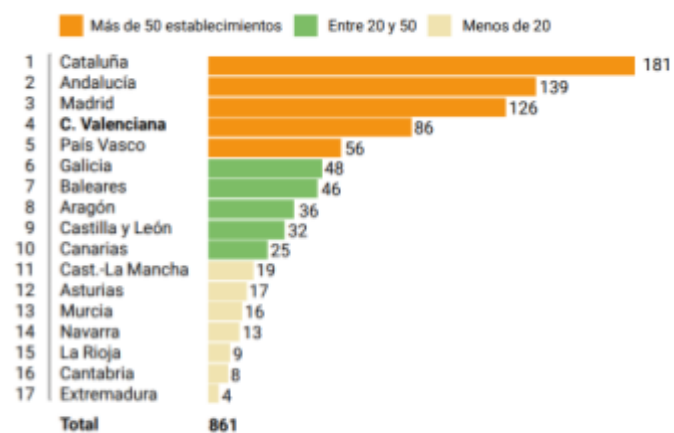


Table 28: Second-hand fashion stores in Spain - communities
Note: Informe Tiendas de Ropa de Segunda Mano en España - 2025

To assess the relevance of this potential substitute, a Google Maps analysis was conducted focusing on an area of Madrid bounded by C. de Carranza, C. de Sagasta, C/ de Hortaleza, Gran Vía, and C. de San Bernardo. Within this area lies the pedestrian section of Fuencarral Street, where Eme Studios and Nude Project are located and where King of the Kongo is considering establishing its presence.



Figure 29: Fuencarral street (pedestrian-only section) and vintage clothing stores
Note: Own elaboration

The analysis identified eight vintage clothing stores in close proximity to this commercial area, suggesting that consumers would have easy access to alternative fashion options when visiting the district.

However, proximity alone does not necessarily imply a high competitive threat. To evaluate whether vintage clothing represents a meaningful substitute for King of the Kongo's products, survey data were analysed to determine whether the brand's target consumers actually choose vintage clothing as a preferred purchasing option.

As shown in Figure 30, only 17% of respondents (16 out of 94) stated that they purchase fashion products from vintage or second-hand stores. This figure is considerably lower than the percentage of consumers who purchase from physical stores (92.6%) or directly

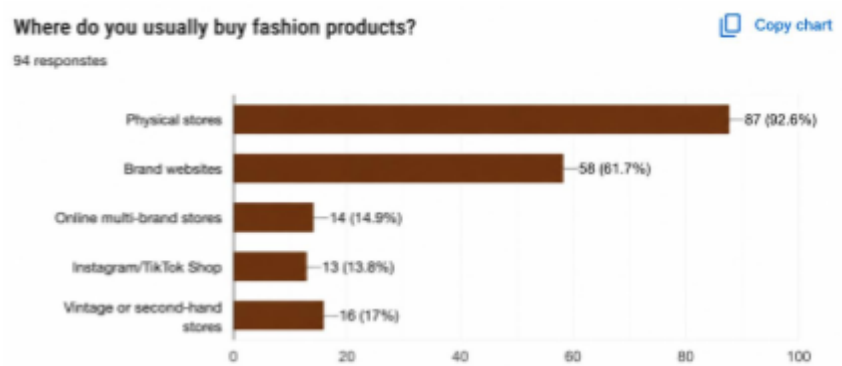


Figure 30: Options for buying fashion products
Note: Own elaboration

from brand websites (61.7%), suggesting that vintage stores do not represent a primary purchasing channel for most consumers within the target market.

Similarly, Figure 31 shows that only 18.1% of respondents identified vintage fashion as one of their preferred clothing styles. This percentage is substantially lower than the preference for casual fashion (75.5%) and streetwear (52.1%), indicating that vintage fashion appeals to a relatively limited segment of consumers. The strong

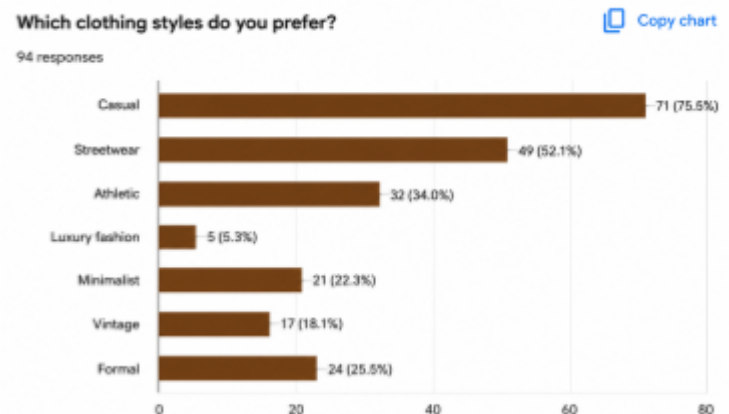


Figure 31: Clothing style preferences
Note: Own elaboration

preference for streetwear is particularly significant, as it demonstrates that consumer preferences are closely aligned with King of the Kongo's product offering.

Taken together, these findings suggest that although vintage fashion has an established presence in Madrid and offers consumers an alternative purchasing option, its competitive impact on King of the Kongo is likely to be limited. The evidence indicates that vintage clothing occupies a niche position rather than serving as a direct substitute for the majority of consumers interested in streetwear.

Overall, the findings do not support the hypothesis that vintage clothing constitutes a significant competitive threat to King of the Kongo's potential expansion into Madrid. While a niche segment of consumers purchases and prefers vintage fashion, the target market continues to show a substantially stronger preference for streetwear. Therefore, although vintage stores contribute to the competitive environment, they are unlikely to represent a major barrier to King of the Kongo's market entry. Instead, the company's principal competitive challenge is more likely to come from established streetwear brands such as

Nude Project and Eme Studios, whose products, positioning, and target audience overlap more directly with those of King of the Kongo.

4.6.2. Discussion

H6: “*The competitive intensity of the urban fashion market in Madrid, represented by key competitors (Nude Project and Eme Studios) and the potential threat of a substitute (vintage clothing), constitutes a significant barrier to the successful entry of King of the Kongo into the market.*” NOT VALIDATED

Regarding the key competitors, Nude Project and Eme Studios do not appear to constitute a barrier to King of the Kongo’s entry into the Madrid market. However, the findings suggest that they will represent the company’s main competitive challenge once operations are established, requiring a clear differentiation strategy to achieve sustainable growth.

Several factors support the feasibility of King of the Kongo’s market entry. First, the company already operates as a well-established brand in Argentina, reducing some of the uncertainty typically associated with entering a foreign market. In addition, its large and engaged digital community, particularly on TikTok, provides an effective platform for generating brand awareness among Spanish consumers at relatively low marketing costs. This represents a valuable competitive asset in a market where younger consumers are strongly influenced by digital content and online communities.

The pricing analysis also indicates that King of the Kongo is competitively positioned within the Madrid streetwear market. Its prices are closely aligned with those of Nude Project and Eme Studios, suggesting that the brand can enter the market without requiring significant pricing adjustments. Moreover, because the two established competitors have successfully operated within these price ranges, the findings suggest that consumers are willing to pay

similar prices for streetwear products. Consequently, King of the Kongo's slightly lower average prices may facilitate initial customer acquisition without compromising its market positioning.

Furthermore, the company's Argentine identity represents a potential source of differentiation. While the competitors share similar urban aesthetics, King of the Kongo can position itself through a distinctive cultural identity and brand story, offering consumers an alternative that combines international streetwear trends with a unique origin. This differentiation could become an important competitive advantage in a highly saturated market.

The proposed location on Fuencarral Street also strengthens the feasibility of market entry. As one of Madrid's principal streetwear destinations, the area already attracts a high concentration of consumers interested in urban fashion. Rather than generating demand from the beginning, King of the Kongo would be able to compete for an existing customer base, while the presence of established competitors provides evidence of proven market demand.

Nevertheless, the findings also identify several factors that could limit the company's growth after entering the market. Nude Project and Eme Studios benefit from stronger brand recognition, broader product assortments, greater variety in sizes and colours, established customer loyalty, and more intensive investment in marketing and advertising. These advantages are likely to increase the competitive pressure faced by King of the Kongo and make it more difficult to gain market share. Therefore, long-term success is likely to depend less on pricing and more on the company's ability to strengthen its brand image, expand its product offering, and communicate a distinctive value proposition.

Regarding vintage clothing, the findings suggest that it is unlikely to constitute a significant competitive threat or barrier to market entry. Although eight vintage stores were identified near the proposed location, survey results indicate that consumer interest in vintage

fashion remains relatively limited. Only 17% of respondents reported purchasing vintage or second-hand clothing, while just 18.1% identified vintage fashion as one of their preferred styles. In contrast, streetwear showed substantially higher levels of consumer preference, indicating that vintage fashion occupies a niche position rather than functioning as a direct substitute for King of the Kongo's products. Consequently, the evidence suggests that the company's primary competitive challenge will come from established streetwear brands rather than from the vintage clothing sector.

4.7. Integrated Discussion of Findings

Looking at the six hypotheses together, rather than separately, helps explain why the overall feasibility picture for King of the Kongo's expansion into Madrid is positive but conditional, and why some of the theories discussed in Chapter II are more useful than others for understanding this specific case. The Uppsala Model (Johanson & Vahlne, 1977), introduced in Section 2.3, is a good starting point. The model suggests that firms tend to enter markets with lower psychic distance first, and the findings from H1 and H6 support this idea. The strong alignment found between King of the Kongo's streetwear identity and Madrid consumer preferences, along with pricing that closely matches established competitors, suggests that Spain represents a market with relatively low psychic distance for an Argentine brand. This is consistent with the model's prediction that shared language, cultural references, and similar consumer behavior reduce the uncertainty associated with entering a new market. At the same time, the regulatory findings from H2 show that King of the Kongo is not entering Madrid purely through gradual, incremental steps, as the Uppsala Model would suggest, but rather through a more direct commitment involving a physical store. This is not necessarily a contradiction of the model, since King of the Kongo already has prior international experience through its exports to other countries, which, according to the model,

increases a firm's willingness to take on a more committed form of entry once initial market knowledge has been built. The consumer behaviour literature discussed in Section 2.4 also connects closely with the H1 and H5 findings. The strong price sensitivity identified in the consumer survey matches what the literature describes as a defining trait of young Spanish consumers, who tend to value affordability without necessarily compromising on style. However, the gap found between brand awareness, largely driven by social media and influencer content as discussed in Section 2.5.2, and actual purchase intention raises a point not fully covered in the literature review: digital visibility appears to build recognition more effectively than it builds purchase confidence on its own. This suggests that a physical store may serve an important role beyond sales, functioning as a way to convert the awareness already generated online into real trust and purchase decisions. The findings from H3 and H4 connect well with the production and regulatory literature discussed in Sections 2.6 and 2.7. The reliance on Chinese suppliers, described in the literature as a common but cost-sensitive practice among fashion brands, is precisely what explains the size of the import duty findings in H2 and the financing pressure identified in H3 and H4. None of these hypotheses on their own fully captures this connection, but together they show that King of the Kongo's sourcing model is the common thread running through its regulatory costs, its financial planning, and its operational risk. Finally, the fast fashion trends discussed in Section 2.5.1 help explain the competitive findings from H6. Rather than competing directly with large fast fashion players, King of the Kongo is positioned within a smaller, identity-driven streetwear niche alongside Nude Project and Eme Studios. This is consistent with the literature's observation that some young consumers are moving away from mass fast fashion toward brands that offer a stronger sense of authenticity and cultural identity, which works in King of the Kongo's favor as an Argentine brand entering a market where local competitors already validate demand for this type of positioning. Overall, the literature reviewed in Chapter II provides a useful

framework for interpreting these results, even though the findings do not always follow the theories in a straightforward way. The Uppsala Model helps explain why Madrid is a reasonable entry point despite the more direct nature of the expansion, the consumer behaviour literature helps explain the gap between awareness and purchase intention, and the fast fashion and production literature together explain how sourcing decisions connect regulatory, financial, and competitive outcomes that, individually, might otherwise seem unrelated.

Chapter V. Conclusion

5.1. Conclusion

The objective of this research was to evaluate the feasibility of the market entry of the Argentine fashion brand King of the Kongo into Madrid, Spain, through the opening of a physical store, by analysing consumer behaviour, regulatory conditions, internal capabilities, and competitive dynamics. Based on the evidence collected through surveys, interviews, financial analysis, regulatory review, and competitive assessment, it can be concluded that the proposed expansion is feasible under the conditions analysed, although its success depends on effective strategic execution within a highly competitive market environment.

The findings indicate that consumer behaviour in Madrid is broadly aligned with the brand's positioning. The target audience shows a clear preference for streetwear and identity-driven fashion, with strong relevance of digital channels in shaping awareness and purchase intention. However, beyond this alignment, the results also suggest that market entry is highly dependent on digital visibility and brand positioning rather than purely product-market fit, which increases the importance of marketing execution in the expansion process.

From a regulatory perspective, no significant barriers to entry were identified. Although administrative and operational requirements exist, they do not represent a constraint

for market entry, suggesting that the institutional environment in Spain is stable and accessible for foreign fashion retailers.

In terms of internal capabilities, King of the Kongo appears to have sufficient financial and operational resources to support expansion. However, while projections indicate feasibility, actual performance remains uncertain and contingent on market response. The company's production structure and marketing capabilities provide scalability, but also expose the brand to external demand volatility in a foreign market.

Regarding competition, entry is not restricted by market structure; however, achieving meaningful positioning in the Madrid streetwear segment represents a more complex challenge. Established local and international brands already operate with strong recognition, meaning that differentiation and brand identity will be key factors for long-term success rather than entry feasibility itself.

Overall, the study concludes that the market entry of King of the Kongo into Madrid is feasible, but it should be understood as a strategically sensitive expansion, where long-term success depends more on execution, positioning, and market adaptation than on structural viability alone.

5.2. Recommendations and Future Research Agenda

In case the company decides to move forward with this project, there are certain recommendations identified to deepen the analysis and cover aspects not included within the scope and limitations of this investigation.

Firstly, regarding legal requirements, as established priorly, it only covered the so-called licensing requirements. It fell out of the scope and limitations of this hypothesis topics regarding environmental responsibility for a fashion company, consumer rights and the

protection of said figure, and legislation on data storage, management, use and protection.

These topics would also be relevant to analyze prior to moving forward with the project.

Another consideration is regarding the identified target consumers of the company, the group towards the analysis of the investigation was oriented. However, the result showed that the “no target” segment (including people living outside of Madrid, outside the 16-35 age range and/or outside the medium or high socioeconomic level) presented a high

predisposition towards King of the

Kongo’s products (figure 32). This creates

an opportunity for the company to explore

broader markets outside of its projections,

considering age groups younger than 16

and/or older than 35 or other regions of

Spain (such as Cataluña or Canary Islands, figure 33) where the brand would be accepted,

leading to possible strategies of opening other stores or considering a hybrid model, between

the physical store in Madrid and online purchasing directly within Spain.

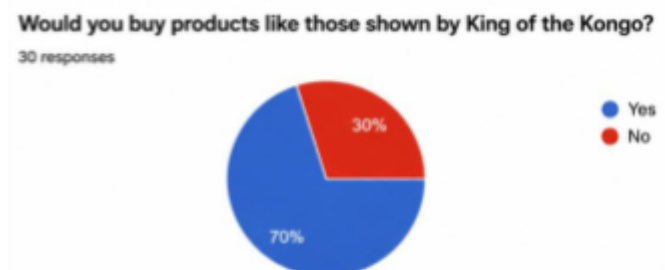


Figure 32: No Target Willingness to purchase KOTK
Note: Own elaboration

Which part of Spain do you live in?

11 responses



Figure 33: Regions where the no target consumers live
Note: Own elaboration

Additionally, if King of the Kongo decides to expand into Madrid, it would be advisable to conduct a more comprehensive competitive analysis. Although this investigation focused on Nude Project and Eme Studios as the most relevant direct competitors due to their similarities in target consumers, clothing style, and brand proposition, the Madrid fashion market

includes many other direct and indirect competitors that could influence the company's performance. Therefore, further research should analyze brands such as TwoJeys, Scuffers, Zara, Pull&Bear, Bershka, H&M, Nike, Adidas, Shein, and SSSTUFFF, among others, to gain a broader understanding of the competitive landscape and identify additional opportunities and threats within the market.

Future research could further extend the analysis of international expansion strategies for emerging fashion brands such as King of the Kongo by exploring different market entry approaches not covered within this study. In particular, it would be relevant to compare the effectiveness of a fully physical expansion model, as proposed in this research, with alternative strategies such as a digital-first approach or a hybrid model combining e-commerce and selective retail presence. This would allow for a better understanding of the trade-offs between investment risk, scalability, and market penetration in international fashion expansion.

Additionally, future studies could conduct a comparative analysis between different Spanish markets, particularly Madrid and Barcelona, to assess whether consumer behaviour, brand perception, and purchase intention vary significantly across cities. This would provide more granular insights into geographic differences within Spain and could help refine entry strategies for brands operating in the fashion and streetwear sector.

5.3. Limitations

This study presents several limitations that should be acknowledged when interpreting the results.

First, the research is based on a limited sample size and non-probabilistic sampling approach, which restricts the generalisability of the findings to the broader population of potential consumers in Madrid or Spain. Although the sample provides relevant insights into consumer behaviour within the target segment, it may not fully represent the diversity of preferences across different demographic or socioeconomic groups.

Second, the study relies on cross-sectional data, meaning that consumer perceptions, attitudes, and intentions were captured at a single point in time. This limits the ability to account for changes in fashion trends, market dynamics, or shifts in consumer behaviour over time, which are particularly relevant in the fast-moving fashion industry.

Third, there is a degree of market uncertainty and external variability that cannot be fully controlled within this analysis. Economic conditions in Spain, changes in purchasing power, and evolving fashion trends may significantly influence the feasibility and performance of the proposed expansion in ways that cannot be precisely predicted by this study.

Finally, while the research combines surveys, interviews, and secondary data, survey-based findings may still be subject to self-reporting bias, as respondents' stated intentions do not always translate into actual purchasing behaviour.

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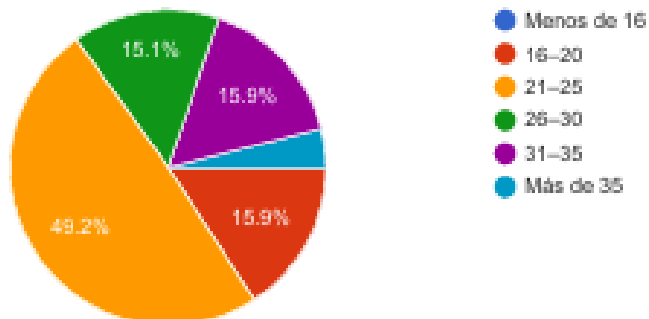
Appendix A: Survey Results

Edad

¿Cuál es tu edad?

126 responses

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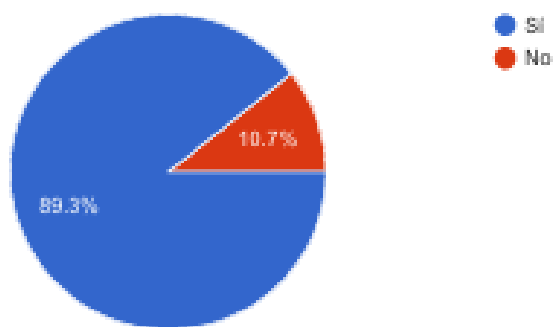


¿Dónde vives?

¿Vivís actualmente en Madrid?

121 responses

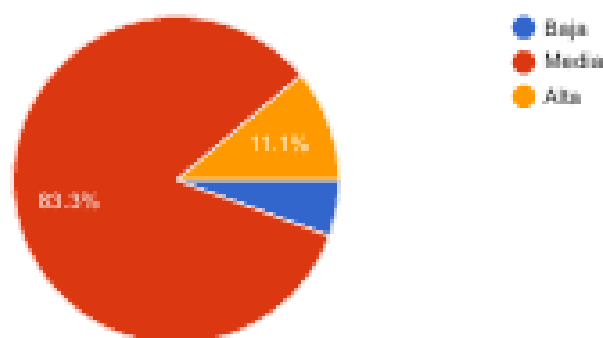
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¿En base a la imagen de referencia, en qué categoría te encuentras?

 [Copy chart](#)

108 responses

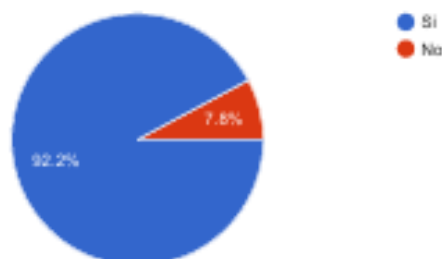


Ropa urbana

¿Usas ropa urbana? Entendiendo "ropa urbana" como la imagen de referencia

 [Copy chart](#)

102 responses

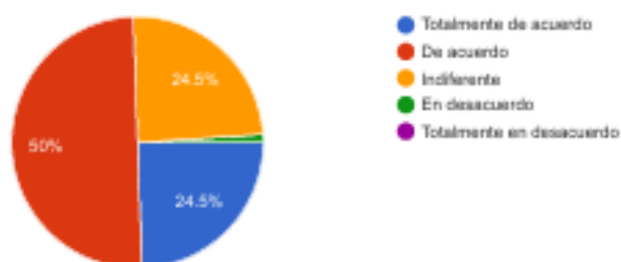


Cuestionario

¿Qué tan de acuerdo estas con esta afirmación? "La moda es muy importante en mi vida diaria"

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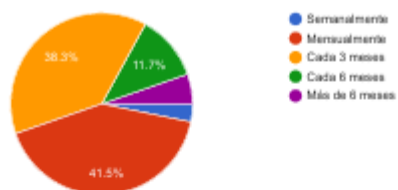
94 responses



¿Con qué frecuencia compras ropa?

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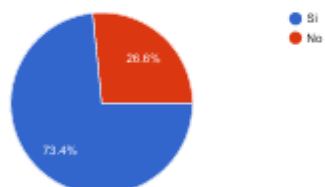
94 responses



¿Consideras que sigues tendencias de moda?

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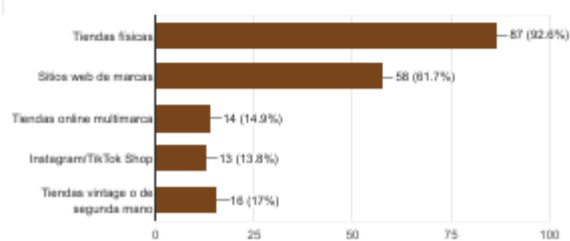
94 responses



¿Dónde compras normalmente productos de moda?

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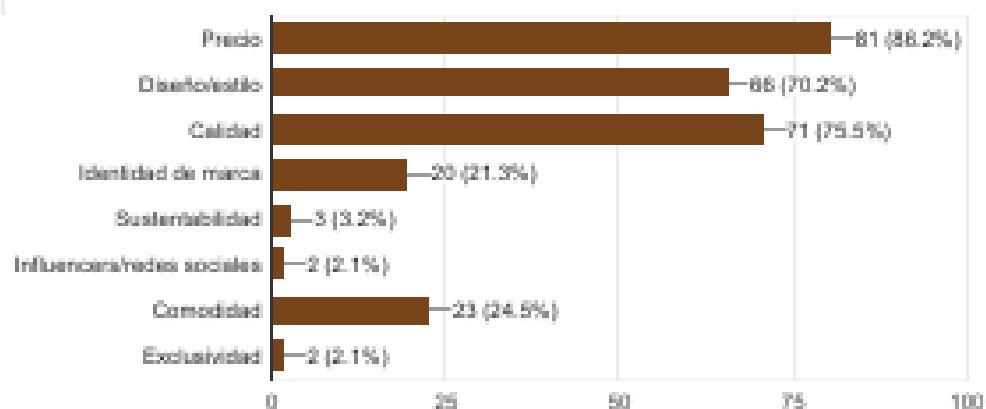
94 responses



¿Cuáles son los 3 factores que más influyen en tus decisiones de compra de ropa?

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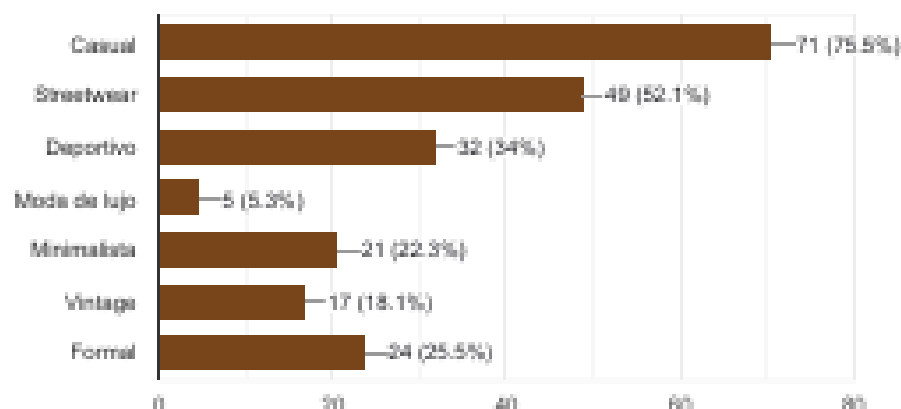
94 respuestas



¿Qué estilos de ropa prefieres?

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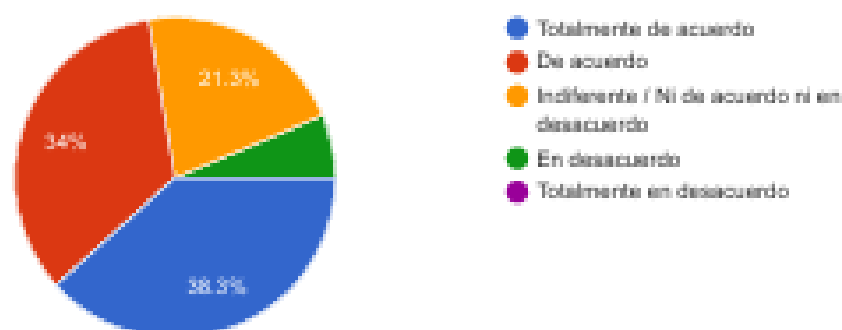
94 respuestas



¿Qué tan de acuerdo estas con esta afirmación? "Valoro que una marca de moda tenga una propuesta auténtica/distintiva"

[Copy chart](#)

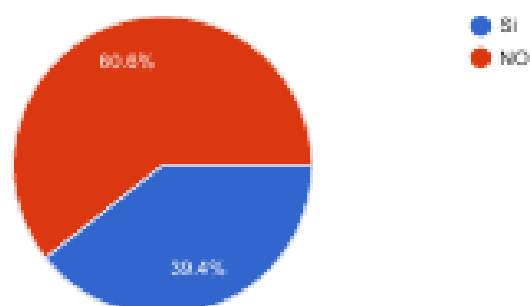
94 respuestas



¿Compras en Shein ropa urbana?

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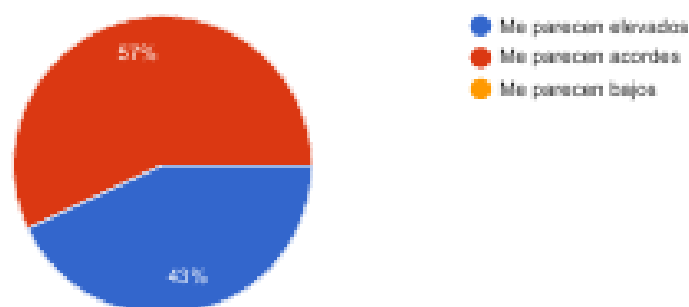
94 respuestas



En base a los precios tentativos mostrados para estos productos, ¿te parecen acordes?

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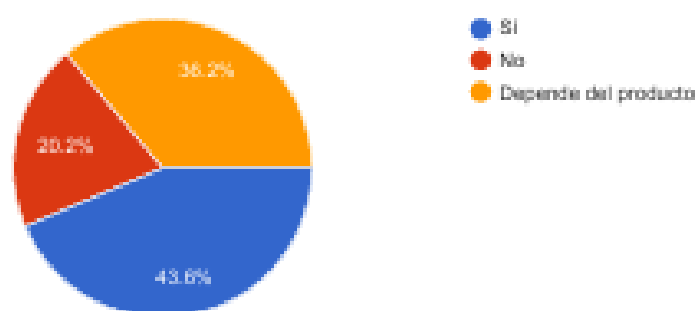
93 respuestas



¿Pagarias más por una marca con identidad fuerte, diseños originales y mayor calidad?

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94 respuestas

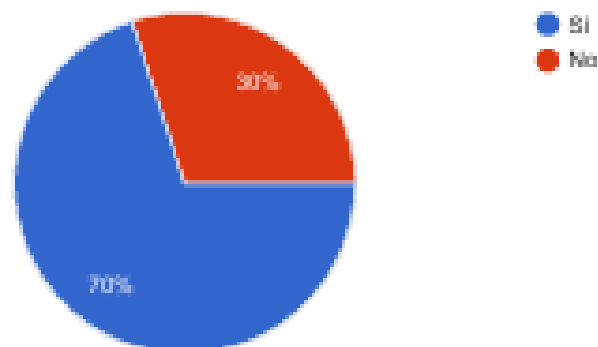


Preguntas

¿Usarías productos como los mostrados de King of the Kongo?

 [Copy chart](#)

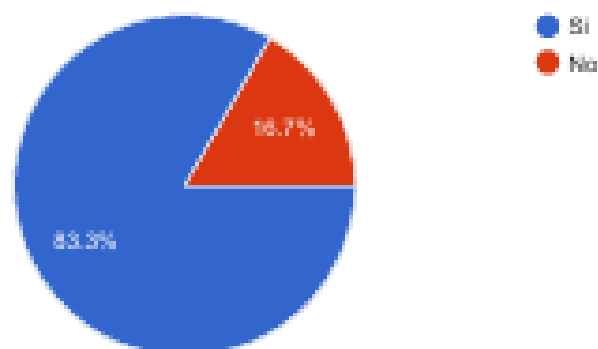
30 responses



¿Pagarías más por una marca con identidad fuerte, diseños originales y mayor calidad?

 [Copy chart](#)

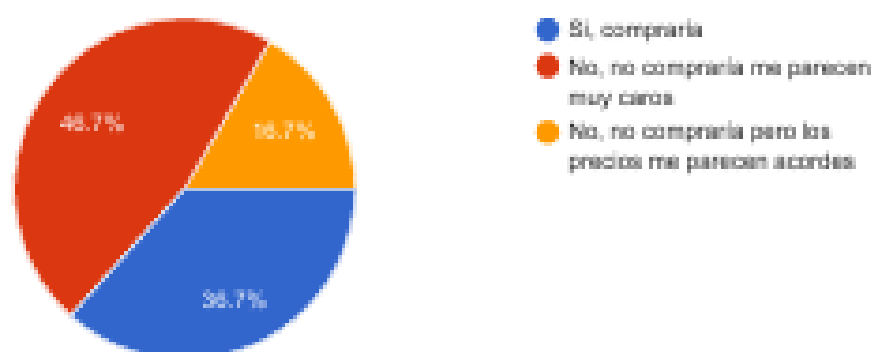
30 responses

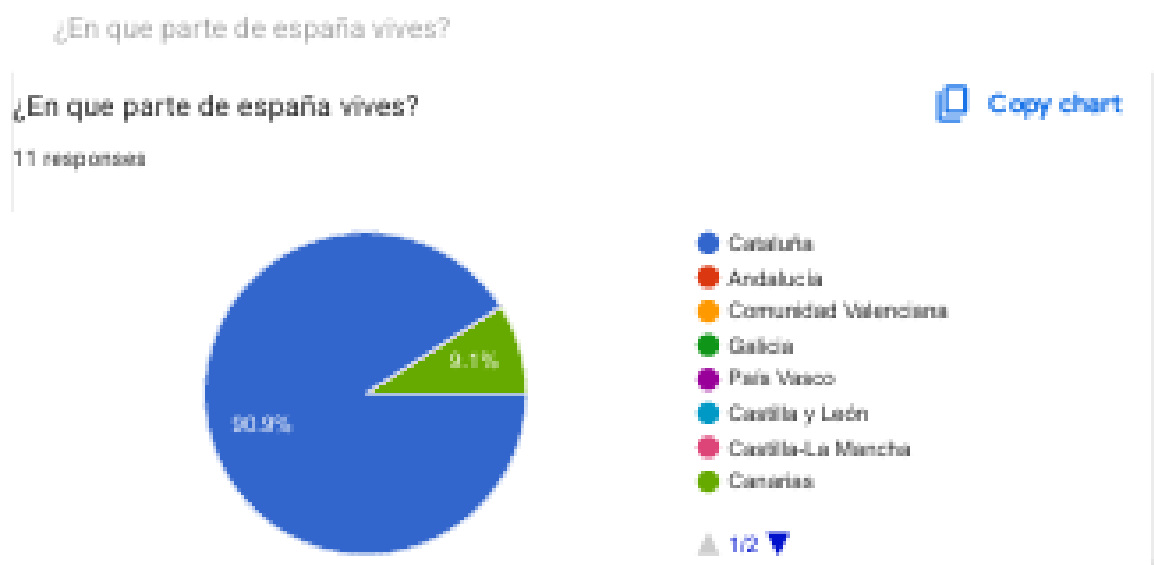
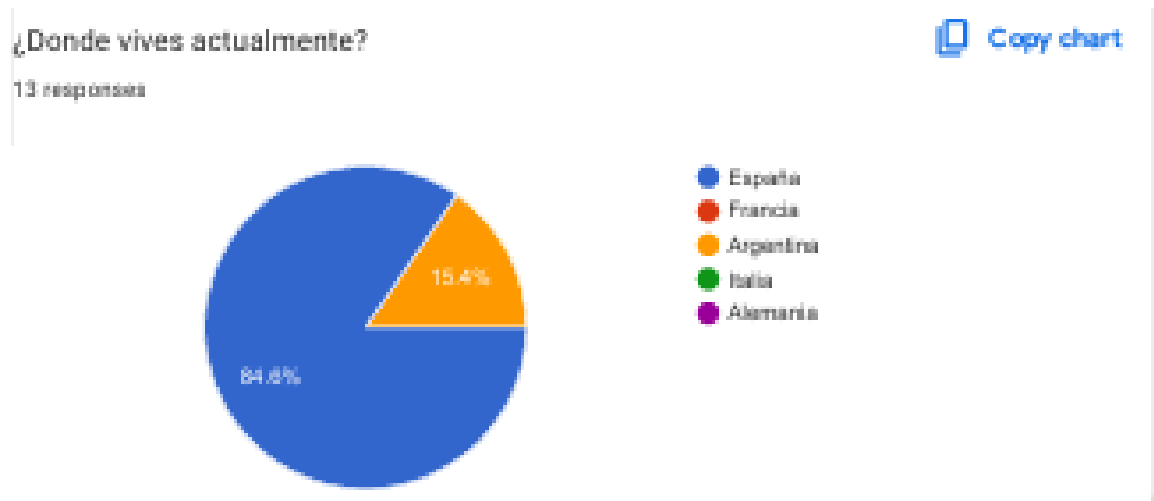


¿Comprarias las siguientes prendas a estos precios?

 [Copy chart](#)

30 responses





Appendix B: In-Depth Interviews

Entrevista a Matías Artagaveytia Palermo, Co-fundador de King of the Kongo

- **Entrevistador:** ¿Cómo fueron los inicios de la marca?

- **Matías:** Arrancamos a finales de 2013, con poco, teníamos 50 remeras. De a poco fuimos sumando mallas y gorras. Vendíamos sólo por Facebook, no había otras redes sociales como hoy en día.

- **Entrevistador:** ¿Y cómo empezaron con sus primeras ventas?

- **Matías:** La familia de mi socio tenía una fábrica de textil, entonces ellos nos dieron una mano. A través de nuestros contactos y gracias a unas fotos profesionales que sacamos con modelos para la marca, vendimos las 50 remeras en menos de un mes. Y gracias a esta fábrica, podíamos reponer la ropa rápido. Así fuimos escalando. También, fue clave la ayuda de su familia para saber cómo es el proceso de generar ropa y cómo se controla. Siempre tuvimos buena calidad y una buena imagen; eso nos impulsó rápido a tener más ventas.

Además de vender por Facebook, teníamos un showroom en nuestro departamento. Pero con el pasar de las semanas, mucha más gente nos conocía y ya no teníamos más capacidad en el showroom. Por eso, abrimos un local a la calle en Plaza Armenia y en simultáneo, seguíamos con nuestras redes. Teníamos contactos de gente conocida de la tele y actores que empezaron a venir a nuestro local. A las personas les gustaba nuestra ropa porque era algo distinto que no estaba en ningún lugar; era ropa con estampas llamativas y floreada. Cuando vimos que estamos creciendo mucho, dejamos nuestros trabajos.

- **Entrevistador:** Queríamos preguntarte de tu cercanía a Coscu (streamer), ¿él es socio de la marca?

- **Matías:** Lo bueno de la relación con Coscu es que él mostraba en sus streams que usaba nuestra ropa pero porque a él le gustaba; nunca le pagamos por usar nuestra ropa. Fue todo orgánico. Ahora sí recibe un porcentaje de la marca.

- **Entrevistador:** Él les serviría mucho si se quisieran expandir a España, ¿no? Por su gran alcance.

- **Matías:** Totalmente. Es un jugador esencial por su influencia en España. Coscu no es lo mismo hoy en día que cuando empezó, pero desde nuestros inicios usó nuestra ropa. Y todos los famosos que usan nuestra ropa, la usan porque les gusta.

- **Entrevistador:** ¿Tienen pensado expandirse a otros lugares?

- **Matías:** Sí, estamos por abrir un local (SAS) en Uruguay. Y, hablando de países no tan cercanos, España es nuestra primera opción por el idioma y la cultura. También sentimos que los cantantes de trap que usan nuestra ropa y son escuchados en España, nos podrían ayudar a que la gente nos conozca allá; podría haber mucha colaboración.

- **Entrevistador:** ¿Considerás que las grandes marcas de España como Zara, H&M y Shein serían una amenaza para su entrada allí, o tienen identificados otros competidores?

- **Matías:** No sé si los consideramos tanto como competidores a esas marcas grandes. Por un lado, son productos que, a diferencia de nuestra propuesta, no apuntan a la diferenciación, a que la gente quiera identificarse y buscar pertenencia a través de las prendas. Nuestra propuesta apunta a un alto nivel de calidad, a generar un sentimiento de pertenencia de los clientes hacia la marca, y que quieran identificarse con ella. Además, no considero que seamos competidores como tal, sino que, al menos a ojos de la gente, son propuestas que se complementan. Tenés gente que, así como compran en marcas como H&M, Shein o Zara por el precio y para prendas más básicas, compran también en King of the Kongo, buscando también ese factor de diferenciación y mayor calidad. Pero si hablamos así estrictamente de “competidores”, los principales creemos que serían Nude Project, Eme Studios y Twojeys, tienen un diseño bastante similar, la propuesta y el target al que apuntan también son parecidos.

- **Entrevistador:** Como dicen que ya tienen pensado expandirse a España, ¿ya investigaron algo respecto a eso?

- **Matías:** La marca ya está registrada en Europa y China; somos exportadores. Lo que nos falta es crear una sociedad. Tenemos pensado abrir el local en la calle Fuencarral, en Madrid.

- **Entrevistador:** ¿Cómo manejan la producción de la ropa?

- **Matías:** Producimos en Argentina y en China. Nos tuvimos que registrar en China por leyes anti-plagio. En Argentina tenemos una SRL, tenemos ciertas limitaciones productivas y

costos altos, pero sólo producimos punto como remeras y buzos. En China trabajamos con fabricantes de Moncler y Palm Angels, y tenemos certificaciones por copias y trabajo “esclavo”. Allí, se fabrica tejido plano como camperas y shorts de baño, ya que es una costura más difícil que requiere máquinas particulares.

Lo bueno de producir en Argentina es que tiene buena materia prima y, financieramente podemos trabajar con cheques y pagar en 30 a 180 días. En China, debemos pagar la mitad de adelantado y la otra mitad cuando retiramos la ropa del puerto. El barco con prendas de china tarda entre 2 a 3 meses.

Nuestro principal desafío al expandirnos a España serían las temporadas y lograr tener las producciones a tiempo en ambos mercados. Trabajamos con 1 año de anticipación. Ahora estamos entrando en invierno, ya terminamos de pensar la temporada verano 2027 y, ahora nos pondremos a pensar la temporada invierno 2027. Tendríamos un depósito para guardar la ropa que viene de China.

- **Entrevistador:** ¿Cuál considerás que es el consumidor target de la marca?

- **Matías:** Cuando arrancamos, nuestros clientes tenían un rango de edad de entre 22 a 24 años aprox, pero este grupo fue creciendo junto a la marca, por lo que esos mismos clientes hoy están cerca o pasados los 30. Sin embargo, con la exposición que le dieron a la marca los streamers en los últimos años, el target bajó también a chicas y chicos de entre 15 y 16 años. Por esto de que el público fue creciendo con la marca, el grueso de nuestra audiencia es gente más grande, que si bien se identifican con nosotros, no son fanáticos frenéticos ni hacen tanto ruido en redes sociales. En cambio, el público más chico tiene otra actitud frente a la marca, son más “fanáticos”, hacen más ruido en redes, y por eso a veces se percibe como si fueran nuestro público más grande.

El consumo en locales físicos, se compone por 70% hombres y 30% mujeres, pero en compras online, cambia a 50% hombres y 50% mujeres; pero no sabemos si las mujeres

compran para regalar o para ellas. Nuestra marca es unisex y consideramos que el target es de entre 16 a 35 años.

- **Entrevistador:** ¿Cómo es la estructura de la empresa y cuántos empleados tienen?

- **Matías:** Tenemos aproximadamente 100 empleados; la mayoría están distribuidos en nuestros 13 locales. Contamos con un ambiente dinámico y tenemos muchos trabajadores indirectos (e.g. bordadores, talleres de plancha) y trabajo tercerizado. Nos mudamos a una fábrica más grande porque necesitábamos más espacio de oficina y de guardado para la mercadería que viene de China.

Translation: Interview with Matías Artagaveytia Palermo, co- founder of King of the Kongo

- **Interviewer:** How did the brand start?

- **Matías:** We started at the end of 2013 with very little clothes, we only had 50 T-shirts. Little by little, we added swimwear and caps. At first, we sold only through Facebook since there were not many other social media platforms like there are today.

- **Interviewer:** And how did you make your first sales?

- **Matías:** My business partner's family owned a textile factory, so they really helped us out. Through our contacts and thanks to some professional photos we took with models wearing the clothes of the brand, we sold those 50 T-shirts in less than a month. Since we had access to the factory, we could restock quickly, and that helped us grow fast. Their family also taught us a lot about how clothing production works and quality control. We always focused on good quality and a strong image, and that helped boost our sales.

Besides selling through Facebook, we had a showroom in our apartment. But after a few weeks, more and more people started hearing about us, and the showroom became too small. That's why we opened our first physical store in Plaza Armenia while continuing to

grow on social media. We also had connections with TV personalities and actors who started visiting our store. People liked our clothes because they were different; colorful, bold, floral designs that you couldn't really find elsewhere. Once we realized how much we were growing, we quit our jobs to focus fully on the brand.

- **Interviewer:** Are you planning to expand into other markets?

- **Matías:** Yes, we're about to open a store (SAS) in Uruguay. And when it comes to countries farther away, Spain is our first choice because of the language and culture. We also think that the trap artists who wear our clothes and are popular in Spain could help people get to know the brand there. There's a lot of potential for collaboration.

- **Interviewer:** Do you think big Spanish brands like Zara, H&M, or Shein could be a threat when entering that market, or do you see other competitors instead?

- **Matías:** I wouldn't really say we see those big brands as direct competitors. Their products are very different from what we offer. Our proposal is about differentiation, identity, and creating a sense of belonging through clothing. We focus on high-quality products and building an emotional connection between customers and the brand.

I think people actually see the brands as complementary. A lot of customers buy basic, affordable clothes from brands like H&M, Shein, or Zara, but they also buy from King of the Kongo when they want something more unique and higher quality. If we talk about direct competitors, I'd say brands like Nude Project, Eme Studios, and TwoJeys are closer to us because their designs, overall concept, and target audience are more similar.

- **Interviewer:** Since you're already thinking about expanding into Spain, have you done any research about it?

- **Matías:** The brand is already registered in Europe and China, and we're officially exporters. The main thing left is setting up the company structure there. We're planning to open a store on Fuencarral Street in Madrid.

- **Interviewer:** How do you manage clothing production?

- **Matías:** We produce in both Argentina and China. We had to register in China because of anti-counterfeiting laws. In Argentina, we operate as an SRL company. Production there has some limitations and higher costs, but we mainly manufacture knitwear like T-shirts and hoodies.

In China, we work with manufacturers that also produce for Moncler and Palm Angels, and we have certifications regarding counterfeit prevention and labor standards. There, we produce woven garments such as jackets and swim shorts because those require more specialized machinery and more complex stitching.

One advantage of producing in Argentina is the quality of the raw materials, and financially, we can work with checks and pay between 30 and 180 days later. In China, we have to pay half upfront and the other half once the products leave the port. Shipping from China takes around two to three months.

Our biggest challenge when expanding into Spain would be handling the different seasons and making sure production arrives on time for both markets. We work about one year in advance. Right now, we're entering winter, we've already planned the Summer 2027 collection, and we're now starting to work on Winter 2027. We would also have a warehouse to store the clothes arriving from China.

- **Interviewer:** Who would you say is the brand's target consumer?

- **Matías:** When we started, our customers were around 22 to 24 years old, but that audience grew together with the brand, so today many of them are close to or over 30. However, thanks to the exposure we got from streamers over the last few years, our audience also expanded to younger teenagers, around 15 or 16 years old.

Because the original audience grew with us, most of our customer base is still older people who identify with the brand but aren't extremely present online. Younger customers,

on the other hand, tend to act more like fans and create more buzz on social media, which sometimes makes it seem like they are our biggest audience.

In physical stores, about 70% of customers are men and 30% are women. Online sales are closer to 50/50, although we don't always know whether women are buying for themselves or as gifts. Our brand is unisex, and we consider our main target audience to be people between 16 and 35 years old.

- **Interviewer:** How is the company structured, and how many employees do you have?

- **Matías:** We have around 100 employees, most of them working across our 13 stores. We have a very dynamic work environment, and we also rely on many indirect workers such as embroidery specialists, ironing workshops, and outsourced services. We recently moved to a bigger factory because we needed more office space and more storage for the merchandise arriving from China.

Entrevista al CEO. Por razones de confidencialidad, será llamado Juan

- **Entrevistador:** Te comentamos antes de iniciar, nuestra investigación se enfoca en analizar la viabilidad de expandir King of the Kongo a España, específicamente en Madrid.

- **Juan:** Sí, expandirnos a España es algo que tenemos en mente. El año pasado viajamos a Madrid para hacer un análisis. Ya tenemos pensado que el local estaría en la calle Fuencarral. Pero nuestro principal desafío es manejar correctamente las diferentes temporadas.

- **Entrevistador:** ¿Tienen alguna idea en mente sobre cómo afrontar este desafío?

- **Juan:** Por el momento no lo tenemos tan definido. Lo que les puedo decir es que las colecciones con el logo de la marca son las más vendidas y funcionan como un bestseller. Además, creemos que hay ciertos productos que pueden mantenerse de manera atemporal. Sin embargo, el mercado europeo está mucho más guiado por las tendencias, por lo que

sentimos que debemos mantenernos alineados con lo que hagan nuestros competidores para seguir siendo relevantes.

Por esto, una estrategia podría ser mantener en stock prendas atemporales que puedan venderse durante todo el año, como remeras, pantalones y shorts básicos. También, pensamos en desarrollar cápsulas específicas para cada temporada, una de invierno y otra de verano, compuestas por entre tres y cinco productos. De esta manera, la marca contaría con una base de stock permanente y versátil, mientras incorpora productos destacados que aportan novedad y relevancia en cada temporada.

- **Entrevistador:** ¿Podrías contarnos cómo es la organización de la empresa?

- **Juan:** La empresa está dividida en distintas áreas. Tenemos el área de marketing, de administración, el área contable, el área de recursos humanos y el área de producción, la cual se divide en tres partes: quienes crean las prendas, quienes las desarrollan y quienes las producen.

Además, trabajamos con una agencia de comunicación que se encarga de crear las campañas publicitarias a partir del contenido que les brindamos nosotros. También contamos con una tienda online a través de Tienda Nube. La agencia maneja el email marketing y además nos proporciona métricas, KPIs y un panel de fidelidad para hacer seguimiento de los resultados.

También, tenemos como objetivo implementar la inteligencia artificial para usar planillas más automatizadas.

- **Entrevistador:** ¿Cómo llevan a cabo su estrategia de marketing hoy en día?

- **Juan:** Hoy en día, la estrategia de marketing está enfocada en un cambio de comunicación y posicionamiento de la marca. Estamos dejando atrás la imagen más asociada al mundo gamer y de hoodies para migrar hacia una propuesta más vinculada a la moda, incorporando sweaters, prendas en tendencia y sastrería. La idea es que el consumidor elija la marca por su

propuesta fashion y no solamente por un estilo urbano específico. De todas formas, vamos a mantener una colección teens orientada a los más chicos.

En cuanto a la comunicación, apostamos más por generadores de contenido y contenido orgánico, en lugar de figuras famosas o campañas demasiado producidas, ya que sentimos que el cliente actual se identifica más con contenidos naturales y auténticos; y genera más engagement.

Buscamos mantener un mix entre campañas clásicas y contenido más orgánico e integrado al día a día, porque consideramos que hoy una comunicación únicamente producida ya no genera tantas ventas.

- **Entrevistador:** En cuanto a su producción en China, queríamos saber si actualmente se encuentran usando el 100% de su capacidad productiva o consideran que hay escalabilidad para abordar el nuevo mercado (Madrid).

- **Juan:** Si, sin dudas se podría producir mucho más de lo que actualmente producimos en China. De hecho, muchas veces compramos lo “mínimo”. Nuestros proveedores trabajan con marcas enormes, por lo que podrían producir un mayor volumen de prendas sin problema. Con China no hay un tope, de hecho, mientras más volumen, menor el precio. Podríamos producir más pero es muy caro el tema financiación, ya que con los proveedores en China no hay opciones de financiarse a 60, 90 o 180 días como acá en Argentina.

- **Entrevistador:** ¿Nos podrías contar un poco acerca del proceso productivo?

- **Juan:** El proceso de producción comienza cuando los diseñadores crean un diseño y envían una muestra para su desarrollo; aunque, por cuestiones de tiempo, a veces no llegan a realizar una segunda muestra. En total, el proceso puede tardar alrededor de seis meses, siempre y cuando no haya inconvenientes con el barco o el envío. Además, deben contemplar temas relacionados con la carga, los costos y los trámites aduaneros antes de que el producto llegue al país.

- **Entrevistador:** En cuanto a los precios de las prendas, aproximadamente, ¿tienen una idea de qué precios usarían para competir con las otras marcas en Madrid?

- **Juan:** Tendríamos que hacer un análisis. Por ejemplo, en Uruguay, que es el próximo país al cual nos vamos a expandir, decidimos mantener los mismos precios que en Argentina.

Pero debemos evaluar bien los costos, ya que la idea no es elevarlos. Además, consideramos que en Argentina ya no tenemos una competencia directa. En el caso de España, los productos serían 100% importados, aunque podemos decir que la gran mayoría de las marcas de Madrid también producen en China.

- **Entrevistador:** ¿Cómo financian sus nuevos proyectos?, para tener una idea de cómo afrontarán la expansión de la marca a Madrid

- **Juan:** El capital sale del flujo de King of the Kongo, de los ingresos generados por la marca; no tenemos financiamiento externo.

- **Entrevistador:** ¿Cómo estiman la demanda y la oferta?

- **Juan:** Siempre hay un mínimo proyectado de stock. Consideramos que cualquier local nuevo debe abrir, como base, con al menos 5.000 unidades. En el caso de Madrid, creemos que es un mercado con muchísimo consumo y que, si el local está bien ubicado, las ventas pueden ser muy altas; por lo que si está mal ubicado, puede generar hasta un 40% menos de ventas.

También consideramos que las redes sociales pueden ayudar significativamente a generar demanda y atraer clientes al local. Al tratarse de una tienda nueva, la estrategia inicial sería comenzar con el stock mínimo proyectado y, en caso de tener buenos resultados, avanzar luego con un restock.

Translated: Interview with the CEO. For confidentiality reasons, he will be called Juan.

- **Interviewer:** Before we begin, we want to mention that our research focuses on analyzing the feasibility of expanding King of the Kongo to Spain, specifically in Madrid.

- **Juan:** Yes, expanding into Spain is something we have been considering. Last year, we traveled to Madrid to conduct a market analysis. We have already identified Fuencarral street as the ideal location for the store. However, our main challenge is properly managing the differences between seasonal collections.

- **Interviewer:** Do you have any ideas on how to address this challenge?

- **Juan:** At the moment, we do not have a fully defined strategy. What I can tell you is that the collections featuring the brand logo are our best-selling products and consistently perform as bestsellers. In addition, we believe that certain products can remain relevant year-round. However, the European market is much more trend-driven, so we feel it is important to stay aligned with what our competitors are doing in order to remain relevant.

For this reason, one possible strategy would be to maintain an inventory of timeless garments that can be sold throughout the year, such as basic T-shirts, pants, and shorts. We are also considering developing seasonal capsule collections, one for winter and another for summer, consisting of three to five products each. This approach would allow the brand to maintain a permanent and versatile inventory while incorporating key seasonal products that provide novelty and relevance each season.

- **Interviewer:** Could you tell us how the company is organized?

- **Juan:** The company is divided into different departments. We have a marketing department, an administration department, an accounting department, a human resources department, and a production department, which is divided into three areas: those who design the garments, those who develop them, and those who manufacture them.

In addition, we work with a communications agency that is responsible for creating advertising campaigns based on the content we provide. We also operate an online store

through Tienda Nube. The agency manages our email marketing and provides us with metrics, KPIs, and a loyalty dashboard to monitor performance and results.

We also aim to implement artificial intelligence to use more automated spreadsheets and improve our processes.

- **Interviewer:** How do you currently approach your marketing strategy?

- **Juan:** Our current marketing strategy is focused on repositioning the brand and transforming its communication. We are moving away from an image strongly associated with gaming culture and hoodies and transitioning toward a more fashion-oriented proposal, incorporating sweaters, trend-driven garments, and tailored clothing. The objective is for consumers to choose the brand because of its fashion proposition rather than solely for a specific urban style. Nevertheless, we will continue to maintain a teens collection targeted at younger consumers.

Regarding communication, we increasingly rely on content creators and organic content rather than celebrities or highly produced advertising campaigns, as we believe today's consumers identify more strongly with natural and authentic content, which generates greater engagement.

Our goal is to maintain a balance between traditional campaigns and more organic, everyday content because we believe that highly produced communication alone no longer generates the same level of sales as it once did.

- **Interviewer:** Regarding your production operations in China, we would like to know whether you are currently utilizing 100% of your production capacity or if there is room for scalability to serve a new market such as Madrid.

- **Juan:** Yes, without a doubt, we could produce significantly more than we currently do in China. In fact, we often purchase only the minimum quantities. Our suppliers work with very large brands, so increasing production volume would not be a problem for them. There is

essentially no production limit in China; in fact, the higher the volume, the lower the unit cost. We could certainly produce more, but financing is the main challenge, since Chinese suppliers do not offer financing options such as 60-, 90-, or 180-day payment terms like those commonly available in Argentina.

- **Interviewer:** Could you tell us a little about the production process?

- **Juan:** The production process begins when our designers create a design and submit a sample for development. However, due to time constraints, there are occasions when a second sample cannot be produced. Overall, the process takes approximately six months, provided there are no issues related to shipping or maritime transportation. In addition, factors such as cargo logistics, costs, and customs procedures must be considered before the products arrive in the country.

- **Interviewer:** Regarding product pricing, do you have an estimate of the price range you would use to compete with other brands in Madrid?

- **Juan:** We would need to conduct a detailed analysis. For example, in Uruguay, which is the next country into which we plan to expand, we decided to maintain the same prices as in Argentina.

However, we must carefully evaluate costs, as our intention is not to increase them unnecessarily. Furthermore, we believe that in Argentina we no longer face direct competition. In Spain, our products would be 100% imported, although it is worth noting that the vast majority of brands in Madrid also manufacture their products in China.

- **Interviewer:** How do you finance new projects? We would like to understand how you plan to fund the brand's expansion into Madrid.

- **Juan:** The capital comes entirely from King of the Kongo's cash flow and the revenue generated by the brand. We do not rely on external financing.

- **Interviewer:** How do you estimate demand and supply?

- **Juan:** We always establish a minimum projected inventory level. We believe that any new store should open with at least 5,000 units as a baseline. In the case of Madrid, we consider it a market with very high consumption levels, and if the store is located in a prime area, sales could be extremely strong. Conversely, a poor location could result in up to 40% fewer sales.

We also believe that social media can play a significant role in generating demand and attracting customers to the store. Since it would be a new retail location, our initial strategy would be to begin with the projected minimum inventory and, if results are positive, proceed with restocking.

Entrevista con Fernando Rico, Gerente General y Gerente provisorio de marketing de King of the Kongo

- **Entrevistador:** Hola, ¿cómo estás? Esta entrevista tiene como objetivo comprender mejor su estrategia de marketing, específicamente el uso de streamers e influencers. La idea es explorar si su utilización ha contribuido a la expansión de la marca hacia Madrid.

- **Fernando:** Hola chicos, ¿cómo están? Mucho gusto, encantado de ayudarlos con esto. (La conversación comenzó de manera muy general sobre la tesis, sin mucha información específica en este punto).

- **Entrevistador:** Comencemos hablando de sus esfuerzos de marketing. ¿Cuáles son las principales áreas en las que se enfocan actualmente?

- **Fernando:** Nuestro enfoque principal son, sin duda, las redes sociales. Si bien también invertimos en email marketing y otras campañas promocionales, una parte importante de nuestra estrategia está dedicada a nuestra presencia en redes sociales. Incluso trabajamos con una agencia especializada que gestiona nuestra comunicación en estas plataformas. Este enfoque ha dado resultados muy positivos: hemos construido una comunidad de más de 600.000 seguidores en Instagram y 1,2 millones en Tik Tok. En mi opinión, las redes sociales

han sido uno de los factores clave detrás de nuestro crecimiento y han desempeñado un papel fundamental para convertir a KOTK en la marca que es hoy.

- **Entrevistador:** ¿Por qué decidieron incluir a los streamers como parte de la estrategia de marketing de la marca?

- **Fernando:** Nuestra marca básicamente creció gracias a los influencers. Desde el principio éramos amigos de streamers y artistas como Coscu, Khea y La Chilena. Siempre fue algo muy orgánico: les enviábamos ropa y ellos la usaban. Algunos incluso compraban las prendas porque les gustaban. Desde el comienzo vimos que esto atraía a muchos clientes nuevos, por lo que seguimos haciéndolo hasta el día de hoy.

- **Entrevistador:** Ya que lo mencionaste, queríamos preguntarte sobre tu relación con Coscu. ¿Es socio de la marca?

- **Fernando:** Lo bueno de nuestra relación con Coscu es que empezó a usar nuestra ropa en sus streams simplemente porque le gustaba. Al principio nunca le pagamos. Fue completamente orgánico. Ahora sí recibe un porcentaje de la marca.

- **Entrevistador:** Probablemente sería de gran ayuda si quisieran expandirse a España, ¿verdad? Por su alcance allí.

- **Fernando:** Definitivamente. Tiene mucha influencia en España. Coscu es bastante diferente ahora en comparación con cuando comenzó, pero ha usado nuestra marca desde los primeros días. Y, sinceramente, la mayoría de las celebridades que usan nuestra ropa lo hacen porque realmente les gusta.

- **Entrevistador:** Entonces, en base a eso: ¿Crees que los streamers e influencers han contribuido a aumentar la visibilidad de King of the Kongo en España? Si es así, ¿de qué manera?

- **Fernando:** Sí, absolutamente. Muchos de los creadores con los que trabajamos tienen audiencias en España, por lo que cuando usan la marca, la gente empieza a verla de forma

natural. Hemos tenido personas de España que nos siguen, nos escriben mensajes y preguntan por los productos después de verlos en streamers o influencers. Creo que ayuda muchísimo porque le da exposición a la marca en lugares donde no estamos presentes físicamente.

- **Entrevistador:** ¿Han notado interés, ventas, tráfico en la página web, seguidores o interacción desde España como resultado de las colaboraciones con streamers?

- **Fernando:** Sin duda. Cada vez que un streamer importante usa la marca, se nota un aumento en la actividad. Más personas visitan el sitio web, más personas nos siguen en redes sociales y recibimos mensajes de distintos países, incluyendo España. No podría decirte exactamente cuántas ventas provienen de un creador específico, pero definitivamente se puede ver el impacto. Ayuda a poner la marca frente a personas que, de otra manera, probablemente no nos conocerían.

Translation: Interview with Fernando Rico, General Manager and provisional marketing manager of King of the Kongo

- **Interviewer:** Hi, how are you? This interview aims to better understand your marketing strategy, specifically the use of streamers and influencers. The idea is to explore whether their use has contributed to the expansion of the brand towards Madrid.

- **Fernando:** Hi guys, how are you? Nice to meet you, happy to help with this. *(The conversation started very generally about the thesis, without much specific information at this point.)*

- **Interviewer:** Lets begin talking about your marketing efforts, what are the main areas you focus on today?

- **Fernando:** Our primary focus is definitely social media. While we also invest in email marketing and other promotional campaigns, a significant part of our strategy is dedicated to our social media presence. We even work with a specialized agency that manages our

communication across these platforms. This approach has delivered very positive results: we have built a community of more than 600,000 followers on Instagram and 1.2 million on TikTok. In my opinion, social media has been one of the key factors behind our growth and has played a major role in establishing KOTK as the brand it is today.

- **Interviewer:** Why did you decide to include streamers as part of the brand's marketing strategy?

- **Fernando:** Our brand basically grew through influencers. Since the beginning we were friends with streamers and artists like Coscu, Khea, La Chilena. It was always very organic, we would send them clothes and they would wear them. Some of them even bought the pieces because they liked them. From the start we saw that this brought in a lot of new customers, so we've kept doing it until today.

- **Interviewer:** Since you mentioned it, we wanted to ask about your relationship with Coscu. Is he a partner in the brand?

- **Fernando:** The good thing about our relationship with Coscu is that he started wearing our clothes on stream just because he liked them. We never paid him at the beginning. It was completely organic. Now, he does receive a percentage from the brand.

- **Interviewer:** He would probably be very helpful if you wanted to expand into Spain, right? Because of his reach there.

- **Fernando:** Definitely. He's very influential in Spain. Coscu is quite different now compared to when he started, but he has been wearing our brand since the early days. And honestly, most of the celebrities who wear our clothes do it because they actually like them.

- **Interviewer:** So, based on that: Do you believe that streamers and influencers have contributed to increasing King of the Kongo's visibility in Spain? If so, in what way?

- **Fernando:** Yes, absolutely. A lot of the creators we work with have audiences in Spain, so when they wear the brand, people start seeing it naturally. We've had people from Spain

follow us, message us, and ask about the products after seeing them on streamers or influencers. I think it helps a lot because it gives the brand exposure in places where we're not physically present.

- **Interviewer:** Have you noticed interest, sales, website traffic, followers, or engagement from Spain as a result of collaborations with streamers?

- **Fernando:** For sure. Every time a big streamer wears the brand, you notice an increase in activity. More people visit the website, more people follow us on social media, and we get messages from different countries, including Spain. I couldn't tell you exactly how many sales come from a specific creator, but you can definitely see the impact. It helps put the brand in front of people who otherwise probably wouldn't know us.

Entrevista a Lucas Varas, uno de los dueños de King of the Kongo

- **Entrevistador:** ¿Tienen 1 solo proveedor?

- **Lucas:** No, trabajamos con varios proveedores. En la parte textil tenemos un broker que actúa como nuestro proveedor principal y coordina la producción con diferentes fábricas de su cartera. La mayor parte de la colección se desarrolla a través de él, y luego distribuye cada proyecto entre los fabricantes. Después tenemos otro broker que trabaja con otras fábricas y nos acompaña en el desarrollo de las prendas.

Por otro lado, tenemos una fábrica específica con la que trabajamos directamente, sin intermediarios, para la producción de los trajes de baño, ya sea para mujer u hombre.

Además, tenemos otro proveedor específico para accesorios, como bolsos, carteras y billeteras, y otro proveedor distinto para gorras.

- **Entrevistador:** ¿Siempre trabajaron con los mismos?

- **Lucas:** Arrancamos trabajando con el proveedor principal y, a través de él, fuimos conociendo otras personas que trabajaban para otras empresas, de manera independiente o

con volúmenes de producción más pequeños. Pero entendimos que lo más conveniente era trabajar directamente con las fábricas; sin intermediarios, para evitar estos costos adicionales.

Al principio trabajábamos a través de un broker porque nos facilitaba todo el proceso. Él se encargaba de todo.

Trabajar sin intermediarios es más eficiente pero requiere tiempo para conocer el mercado y generar relaciones de confianza con los proveedores. En China, las fábricas evalúan la trayectoria de cada cliente y su experiencia operando en el país. Es necesario construir credibilidad y demostrar que se trata de una relación comercial atractiva para lograr su atención y compromiso.

- **Entrevistador:** ¿Tuvieron que cambiar de proveedor alguna vez?

- **Lucas:** Sí, de hecho es algo que ya hicimos. Por eso ahora trabajamos con 2 brokers. Además, trabajamos con un agente que no es proveedor porque no trabaja para ninguna fábrica; es como nuestro representante legal en China. Él es de Hong Kong y se encarga de visitar personalmente a los proveedores, negociar con ellos y realizar controles de calidad durante el proceso productivo. Se encarga de supervisar en la mitad del proceso que cada fábrica respete las especificaciones técnicas que enviamos, verificando detalles como bordados, costuras, botones, materiales y cualquier otro aspecto definido.

Nosotros enviamos las fichas técnicas desde Argentina a la fábrica, al broker y a nuestro agente. Él (el agente) realiza un seguimiento constante de la producción, nos mantiene informados sobre los avances de cada pedido. Además, recibe las tres muestras producidas por las fábricas; una para la misma fábrica, otra para él y otra para nosotros en Argentina; y verifica que todas sean idénticas. Una vez que revisamos la muestra, comunicamos por mail cualquier modificación necesaria y él se encarga de controlar esos cambios.

Además, también cumple una función logística muy importante. Como los distintos productos se fabrican en diferentes ciudades de China y salen desde distintos puertos, él coordina y consolida toda la carga antes del envío. Así, logra reunir los productos de distintas fábricas para que podamos recibirlos de forma unificada en Argentina, optimizando tanto los tiempos como los costos de transporte.

- **Entrevistador:** ¿Puede ser que una segunda muestra de alguna prenda no llegue por tema de tiempos?

- **Lucas:** Como trabajamos con un año de anticipación, tenemos tiempo para desarrollar y revisar las muestras antes de la producción final. En algunos casos recibimos dos o tres muestras, pero cuando los cambios son mínimos no es rentable detener la producción ni enviar nuevas muestras desde China.

Con la experiencia, aprendimos a definir desde el inicio la mayor cantidad de detalles posibles, como colores, telas, estampados y moldería, para evitar errores posteriores. Además, aprovechamos cada envío para recibir muestras adicionales de telas, colores o texturas, lo que nos permite optimizar tiempos y costos en futuros desarrollos.

- **Entrevistador:** ¿Consideras que cambiar de proveedor es difícil o costoso?

- **Lucas:** No. De hecho, normalmente se incorpora o reemplaza un proveedor cuando te conviene más, ya sea en términos de costos, calidad del producto o facilidades de pago. Por eso, en la mayoría de los casos, el cambio busca generar beneficios para la empresa y mejorar la rentabilidad de la operación.

Además, los proveedores suelen ser muy flexibles y están acostumbrados a trabajar con modificaciones constantes. Si es necesario realizar cambios o ajustes durante el desarrollo del producto, generalmente están dispuestos a hacerlo sin inconvenientes, lo que facilita mucho la relación de trabajo.

- **Entrevistador:** Lo que ustedes le compran a la fábrica, ¿representan un gran porcentaje de ventas a comparación de las ventas totales de la fábrica?

- **Lucas:** No, representamos una porción muy pequeña de la producción total de nuestros proveedores. En el caso de nuestro proveedor principal, trabajan con alrededor de 150 marcas y manejan volúmenes de producción muy elevados. El año pasado fabricaron aproximadamente 250 millones de prendas.

Además, trabajan con empresas y marcas de gran escala (Disney, Falabella), por lo que nuestro volumen es pequeño en comparación. Para ellos, no somos uno de sus clientes más importantes en términos de cantidad producida.

- **Entrevistador:** ¿Tienen un contrato de exclusividad con estos proveedores?

- **Lucas:** No, pero sí tenemos contrato de confidencialidad y tenemos la marca registrada en China para que esté todo cuidado.

- **Entrevistador:** ¿Cuántas prendas compran aproximadamente?

- **Lucas:** Aproximadamente 50.000 prendas, lo que representa cerca del 35% de la producción total actual. La parte fabricada en China hoy equivale a alrededor del 30% de la producción global, pero en esta nueva colección se incrementará hasta el 35%. El objetivo a futuro es equilibrar la producción en un esquema 50%-50%.

- **Entrevistador:** En cuanto a lo textil, ¿tienen un mínimo para producir?

- **Lucas:** Como nosotros personalizamos todo, más o menos, los proveedores te piden entre 500/1000 unidades por producto.

- **Entrevistador:** ¿Les pasó de quedarse cortos de stock?

- **Lucas:** Sí, muchas veces; nos pasa seguido. El principal desafío de producir en China es que debemos planificar con mucha anticipación y realizar un pago inicial antes de que comience la producción. Esto implica asumir una inversión significativa varios meses antes de recuperar ese dinero mediante las ventas.

Cuando un producto se agota, no es posible reponerlo rápidamente, ya que los tiempos de producción y logística son largos. Por eso trabajamos con colecciones limitadas y planificamos las cantidades con anticipación. Para minimizar el riesgo de quedarnos sin stock, analizamos las estadísticas de ventas de temporadas anteriores y utilizamos esa información para estimar la demanda futura. De esta manera intentamos encontrar un equilibrio entre pedir suficiente mercadería para satisfacer la demanda y evitar un excedente de stock que luego resulte difícil vender.

- **Entrevistador:** ¿Con qué frecuencia los proveedores aumentan los precios?

- **Lucas:** En realidad el proveedor no aumenta el precio. Ellos hacen una muestra y te dicen cuánto te saldría por la cantidad de prendas que necesitamos. Y nosotros vemos si lo pagamos o no. Si aceptamos, ese es el precio final, no se modifica.

- **Entrevistador:** ¿Qué tan cómodos se sienten de operar a pérdida o al margen los primeros meses de la apertura del local en Madrid hasta que puedan estabilizarse?

- **Lucas:** Siempre trabajamos con proyecciones aproximadas cuando se abre un local nuevo. Las inversiones iniciales son muy grandes. Ya contemplamos el costo de la mercadería dentro de la inversión total, porque forma parte de la proyección inicial para abrir el local. Para darte una idea, abrir un local en España podría estar cerca de los €200.000 o más.

Yo estimo que el primer año se destina principalmente a recuperar la inversión, tanto del armado del local como de la mercadería. Después, a partir de ahí, es cuando realmente empieza a verse más claramente la rentabilidad. En general, solemos hacer proyecciones de los primeros 3 años para estimar los rendimientos que puede generar.

Abrir un local acá o allá es similar en tema de desembolso de dinero. Lo que cambia es el tema de la logística de la mercadería y, en el caso de allá, insertarse en un mercado en el que no nos conocen. Por eso también suponemos que, entrando en un mercado totalmente nuevo, el retorno de la inversión que nos lleve probablemente sea mayor.

- **Entrevistador:** En Madrid, ¿alquilarían o comprarían el local?
- **Lucas:** Alquilaríamos, es lo que la mayoría hace; casi nadie compra.
- **Entrevistador:** ¿Se ven teniendo niveles de venta similares a los de Argentina en Madrid?
- **Lucas:** En principio va a ser algo más de nicho como empezamos acá (Argentina) en su momento. Ahí es cuando entra el tema del marketing: por qué los consumidores nos elegirían a nosotros por sobre marcas que ya están instaladas tiene mucho. El hecho de ser una marca de Argentina, en el mercado español, suma valor y genera diferenciación. A esto se le agregan los embajadores e influencers con los que trabajamos tanto en España como en Argentina, que ayudan a dar a conocer la marca y a posicionarla.
- **Entrevistador:** ¿Cómo manejan la logística de la mercadería desde China a Argentina? Es algo de lo que se encargue el proveedor, o lo manejan ustedes con una empresa de logística?
- **Lucas:** La cláusula con la que operamos con los proveedores es FOB (Free On Board) y después nosotros aseguramos la mercadería desde el puerto de China hasta el puerto de Buenos Aires. Operamos con Transcarga Argentina, una empresa de logística local.

Translation: interview with Lucas Varas, one of the owners of King of the Kongo

- **Interviewer:** Do you have only one supplier?
- **Lucas:** No, we work with several suppliers. In the textile area, we have a broker who acts as our main supplier and coordinates production with different factories from his portfolio. Most of the collection is developed through him, and then he distributes each project among the manufacturers. We also have another broker who works with other factories and assists us in the development of the garments.

On the other hand, we have a specific factory that we work with directly, without intermediaries, for the production of swimwear, both for women and men.

In addition, we have another specific supplier for accessories, such as bags, handbags, and wallets, and a different supplier for caps.

- **Interviewer:** Have you always worked with the same suppliers?

- **Lucas:** We started working with our main supplier and, through him, we met other people who worked for other companies, independently, or with smaller production volumes.

However, we realized that it was more convenient to work directly with the factories, without intermediaries, in order to avoid these additional costs.

At the beginning, we worked through a broker because he made the entire process easier for us. He handled everything.

Working without intermediaries is more efficient, but it requires time to understand the market and build trustworthy relationships with suppliers. In China, factories evaluate each client's track record and experience operating in the country. It is necessary to build credibility and demonstrate that the business relationship is attractive in order to gain their attention and commitment.

- **Interviewer:** Have you ever had to change suppliers?

- **Lucas:** Yes, in fact, it is something we have already done. That is why we now work with two brokers. In addition, we work with an agent who is not a supplier because he does not work for any factory; he is more like our legal representative in China. He is from Hong Kong and is responsible for personally visiting suppliers, negotiating with them, and carrying out quality controls during the production process. He supervises the factories midway through production to ensure that they comply with the technical specifications we send, checking details such as embroidery, stitching, buttons, materials, and any other defined aspect.

We send the technical sheets from Argentina to the factory, the broker and our agent. He (the agent) constantly monitors production and keeps us informed about the progress of

each order. In addition, he receives the three samples produced by the factories, one for the factory itself, one for him, and one for us in Argentina, and verifies that they are all identical. Once we review the sample, we communicate any necessary modifications by email, and he is responsible for monitoring those changes.

He also plays a very important logistical role. Since different products are manufactured in different cities in China and shipped from different ports, he coordinates and consolidates all the cargo before shipment. This allows him to gather products from different factories so that we can receive them in a unified way in Argentina, optimizing both delivery times and transportation costs.

- **Interviewer:** Is it possible that a second sample of a garment does not arrive due to time constraints?

- **Lucas:** Since we work one year in advance, we have time to develop and review samples before final production. In some cases, we receive two or three samples, but when the changes are minimal, it is not cost-effective to stop production or send new samples from China.

With experience, we learned to define as many details as possible from the beginning, such as colors, fabrics, prints, and patterns, in order to avoid mistakes later on. In addition, we take advantage of each shipment to receive additional samples of fabrics, colors, or textures, which allows us to optimize time and costs in future developments.

- **Interviewer:** Do you consider changing suppliers difficult or costly?

- **Lucas:** No. In fact, suppliers are usually added or replaced when it is more convenient, whether in terms of costs, product quality, or payment conditions. Therefore, in most cases, the change is intended to generate benefits for the company and improve the profitability of the operation.

In addition, suppliers are usually very flexible and are accustomed to working with constant modifications. If changes or adjustments are needed during product development, they are generally willing to make them without any issues, which greatly facilitates the working relationship.

- **Interviewer:** Does what you purchase from the factory represent a large percentage of the factory's sales compared to its total sales?

- **Lucas:** No, we represent a very small portion of our suppliers' total production. In the case of our main supplier, they work with around 150 brands and handle very high production volumes. Last year, they manufactured approximately 250 million garments.

In addition, they work with large-scale companies and brands (Disney, Falabella), so our volume is small in comparison. For them, we are not one of their most important clients in terms of production volume.

- **Interviewer:** Do you have an exclusivity agreement with these suppliers?

- **Lucas:** No, but we do have a confidentiality agreement, and we have our trademark registered in China so that everything is protected.

- **Interviewer:** Approximately how many garments do you purchase?

- **Lucas:** Approximately 50,000 garments, which represent around 35% of our current total production. The portion manufactured in China currently accounts for about 30% of our global production, but in this new collection it will increase to 35%. The future goal is to balance production in a 50%-50% scheme.

- **Interviewer:** Regarding textiles, do you have a minimum production requirement?

- **Lucas:** Since we customize everything, suppliers usually ask for between 500 and 1,000 units per product.

- **Interviewer:** Have you ever run out of stock?

- **Lucas:** Yes, many times; it happens to us frequently. The main challenge of producing in China is that we must plan far in advance and make an initial payment before production begins. This means making a significant investment several months before recovering that money through sales.

When a product sells out, it is not possible to replenish it quickly because production and logistics lead times are long. Therefore, we work with limited collections and plan quantities in advance. To minimize the risk of running out of stock, we analyze sales statistics from previous seasons and use that information to estimate future demand. In this way, we try to find a balance between ordering enough merchandise to satisfy demand and avoiding excess inventory that may later be difficult to sell.

- **Interviewer:** How often do suppliers increase prices?

- **Lucas:** Actually, the supplier does not increase the price. They make a sample and tell you how much it would cost based on the quantity of garments we need. Then we decide whether we are willing to pay that price or not. If we accept it, that becomes the final price and it does not change.

- **Interviewer:** How comfortable would you be operating at a loss or with very low margins during the first months after opening a store in Madrid until operations stabilize?

- **Lucas:** We always work with approximate projections when opening a new store. The initial investments are very large. We already include the cost of the merchandise within the total investment because it is part of the initial projection for opening the store. To give you an idea, opening a store in Spain could cost around €250,000 or more.

I estimate that the first year is mainly dedicated to recovering the investment, both for setting up the store and for the merchandise. After that, profitability begins to become much clearer.

Opening a store here or there is similar in terms of the financial outlay. What changes is the logistics of the merchandise and, in the case of Spain, entering a market where we are not yet known.

- **Interviewer:** In Madrid, would you rent or buy the store?

- **Lucas:** We would rent it. That is what most companies do; almost nobody buys.

- **Interviewer:** Do you see yourselves reaching sales levels similar to those in Argentina in Madrid?

- **Lucas:** Initially, it will be more of a niche operation, similar to how we started here in Argentina. That is where marketing comes into play: why consumers would choose us over brands that are already established. Being an Argentine brand adds value and creates differentiation in the Spanish market.

To this, we add the ambassadors and influencers we work with in both Spain and Argentina, who help increase brand awareness and position the brand in the market.

- **Interviewer:** How do you manage the logistics of merchandise from China to Argentina? Is it handled by the supplier, or do you manage it yourselves through a logistics company?

- **Lucas:** The clause under which we operate with suppliers is FOB (Free On Board), and then we insure the merchandise from the port in China to the port of Buenos Aires. We work with Transcarga Argentina, a local logistics company.

Appendix C: Mechanical Observation - Evidences

Note: All screenshots included in this appendix were extracted from:

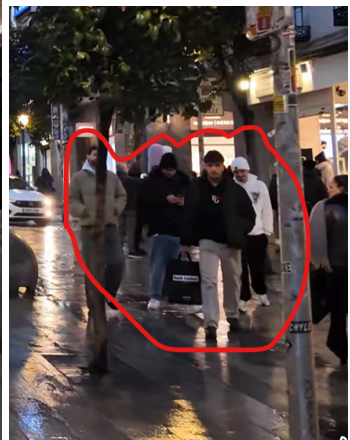
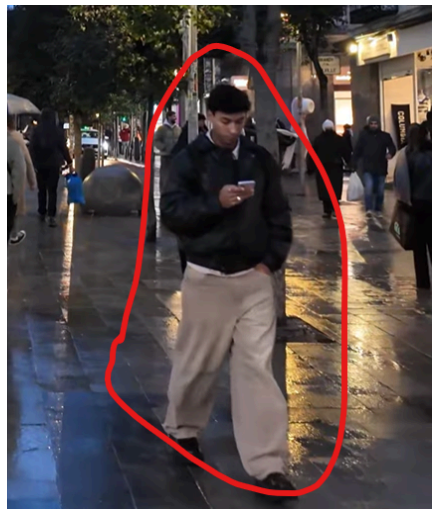
Jean en Madrid. (2026, January 27). WALKING TOUR CALLE FUENCARRAL - MADRID 4K [Video]. YouTube. <https://www.youtube.com/watch?v=BrDhuUrS0AY>

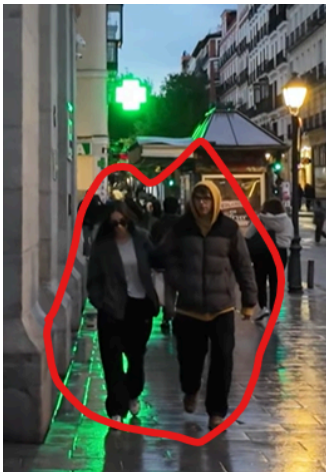
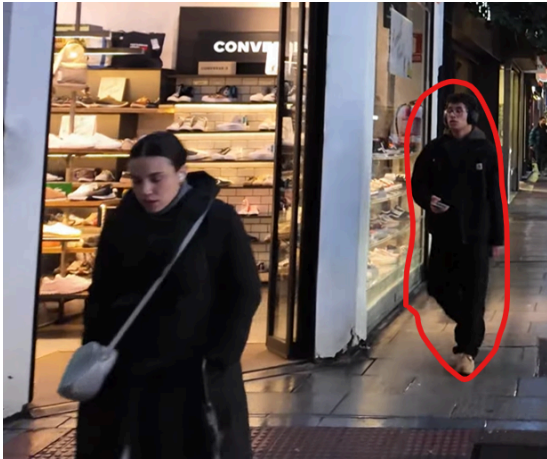
Evidence A

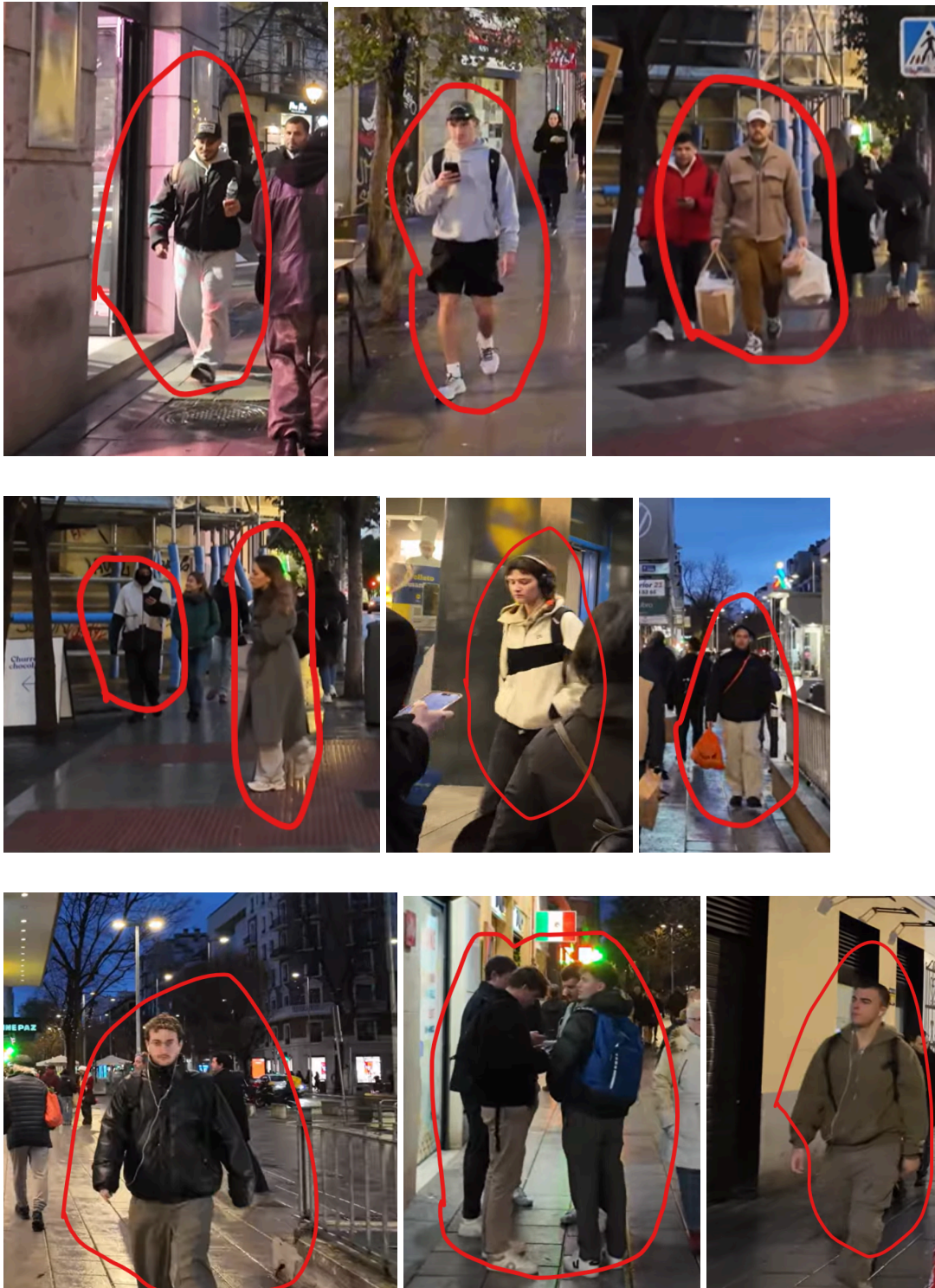
Screenshots showing target audience presence in Fuencarral Street, including casual streetwear outfits (jeans, joggers, hoodies, sneakers) and general pedestrian flow.











Evidence B

Queue outside EME Studios store, indicating strong consumer demand and brand engagement.



Appendix D: Buyer persona

A buyer persona will be developed for each brand in order to gain a clear understanding of the target audience each brand is addressing. This analysis will help identify the demographic, psychographic, behavioral, and lifestyle characteristics of their ideal customers, providing deeper insights into how each brand positions itself and connects with its market.

King of the Kongo:

- Demographic factors:

- Gender: male or female
- Age: 16-35 years old
- Occupation: university student, content creator, influencer, entrepreneur or young professional
- Socioeconomic Level: C1 (Upper Middle Class). This person has completed or is pursuing university studies, has disposable income for fashion purchases, enjoys traveling and is willing to spend more on clothing that reflects his identity and lifestyle
- Education Level: university student or university graduate
- Place of Residence: Palermo Soho, Belgrano, Núñez, Recoleta, or other urban neighborhoods in Buenos Aires
- Family Structure: single or in a relationship, no children

- Psychographic factors:

- Values:
 - ❖ Individuality and self-expression
 - ❖ Authenticity
 - ❖ Creativity
 - ❖ Freedom of style
 - ❖ Personal growth and ambition
- Interests:
 - ❖ Streetwear and fashion trends
 - ❖ Social media (Instagram, TikTok)

- ❖ Urban culture
- ❖ Fitness and wellness
- ❖ Travel and discover new experiences
- ❖ Content creators, streamers and influencers
- Personality
 - ❖ Extroverted and socially active
 - ❖ Confident and expressive
 - ❖ Enjoys standing out from the crowd
 - ❖ Aware of trends, but seeks originality instead of following conventional fashion
- Ambitions
 - ❖ To build a successful and exciting lifestyle
 - ❖ To grow professionally while maintaining freedom
 - ❖ To belong to communities that share similar interests and values
- Self-Perception: this person sees himself/herself as modern, creative and different from the average consumer. He/she uses fashion as a way to communicate who he/she is and what he/she represents
- How others see this person: friends perceive this person as stylish, confident, trend-conscious and someone who is always aware of the latest urban and fashion movements
- Consumer motivation: this person buys King of the Kongo because the brand offers more than clothing, it offers a lifestyle centered on self-expression, urban culture and individuality. He/she is attracted to bold designs, oversized clothes and streetwear influences that help this person build a distinctive personal image.

Nude Project:

- Demographic factors:

- Gender: male or female
- Age: 16-28 years old
- Occupation: university student, content creator, influencer, designer, entrepreneur or young creative worker
- Socioeconomic Level: C1 to B (Upper Middle Class to Upper Class). This person has sufficient disposable income to purchase premium streetwear. He/she values quality, exclusivity and brand identity more than fast fashion. This person frequently spends money on fashion, experiences, travel and cultural activities.
- Education Level: university student or university graduate
- Place of Residence: Malasaña, Chamberí, Salamanca or other trendy neighborhoods in Madrid; alternatively, urban districts in Barcelona, Valencia, Lisbon, Milan or other major European cities.
- Family Structure: single or in a relationship, no children

- Psychographic factors:

- Values:
 - ❖ Creativity
 - ❖ Authenticity
 - ❖ Freedom of expression
 - ❖ Individuality
 - ❖ Personal ambition
 - ❖ Community and belonging
- Interests:
 - ❖ Streetwear and fashion

- ❖ Social media and content creation
- ❖ Podcasts and entrepreneurship
- ❖ Photography and visual arts
- ❖ Travel and urban culture
- ❖ Fitness and wellness
- ❖ Music festivals
- Personality
 - ❖ Extroverted and socially active
 - ❖ Ambitious and entrepreneurial
 - ❖ Trend-conscious
 - ❖ Creative and expressive
 - ❖ Open-minded and curious
 - ❖ Enjoys being part of communities with shared interests
- Ambitions
 - ❖ To build a successful and meaningful career
 - ❖ To turn personal passions into professional opportunities
 - ❖ To gain recognition for his creativity
 - ❖ To travel and experience different cultures
 - ❖ To create a lifestyle that combines work, freedom and self-expression
- Self-Perception: this person sees himself/herself as creative and independent. He/she believes he/she belongs to a generation that values experiences, authenticity and purpose.
- How others see this person: friends perceive this person as ambitious, culturally aware and connected to emerging trends. He/she is often the person who discovers new brands and artists before others

- Consumer motivation: this person buys Nude Project because it represents a creative movement and a sense of belonging. The brand's message of empowering young people to pursue their passions and express themselves without fear resonates strongly with his/her personal identity. Wearing Nude Project allows this person to feel connected to a community of creators, artists and ambitious young people.

Eme Studios:

- Demographic factors:

- Gender: male or female
- Age: 20-32 years old
- Occupation: graphic designer, architect, photographer, marketing professional, creative entrepreneur, university student or young professional working in creative industries.
- Socioeconomic Level: C1 (Upper Middle Class). This person has completed or is pursuing university studies, has disposable income for fashion purchases, enjoys traveling and is willing to spend more on clothing that reflects his identity and lifestyle
- Education Level: university student or university graduate
- Place of Residence: Malasaña, Chamberí or Salamanca in Madrid; alternatively, trendy urban neighborhoods in Barcelona, Valencia, Amsterdam, Berlin, or London.
- Family Structure: single or in a relationship, no children

- Psychographic factors:

- Values:
 - ❖ Creativity and artistic expression
 - ❖ Authenticity

- ❖ Personal growth
- ❖ Community and belonging
- ❖ Gratitude ("Always Grateful" philosophy)
- ❖ Quality over quantity
- Interests:
 - ❖ Fashion and streetwear
 - ❖ Contemporary art and design
 - ❖ Photography and visual culture
 - ❖ Music concerts
 - ❖ Travel and cultural experiences
 - ❖ Architecture and creative spaces
 - ❖ Social media and digital creativity
 - ❖ Entrepreneurship
- Personality
 - ❖ Creative and reflective
 - ❖ More introspective than the typical streetwear consumer
 - ❖ Ambitious but not excessively attention-seeking
 - ❖ Curious and culturally aware
 - ❖ Appreciates meaningful experiences and aesthetics
- Ambitions
 - ❖ To build a successful creative or entrepreneurial career
 - ❖ To develop a unique personal identity
 - ❖ To travel and gain cultural experiences
 - ❖ To be recognized for originality and creativity
 - ❖ To belong to communities that share similar values and interests

- Self-Perception: this person sees himself/herself as someone who appreciates design, culture and creativity. He/she believes his clothing choices reflect his personality and intellectual interests rather than simply current fashion trends.
- How others see this person: friends perceive this person as stylish, creative, cultured and thoughtful. He/she is often viewed as someone who values authenticity over popularity
- Consumer motivation: this person buys Eme Studios because he connects with the brand's storytelling approach and artistic identity. He/she is attracted to garments that feel meaningful, carefully designed and culturally relevant. Wearing Eme Studios allows him to express creativity and individuality while feeling part of a community that values art, culture and self-expression.

Appendix E: Financial Statements

ESTADO DE SITUACIÓN PATRIMONIAL Al 31 de Octubre de 2025 Comparativo con el Ejercicio Anterior

(Cifras expresadas en Pesos – Nota 1.3)

ACTIVO

Rubro	Nota	2025	2024
<u>Activo Corriente</u>			
Caja y Bancos	a	36.149.262,52	49.592.229,90
Créditos por Ventas	b	559.937.707,54	-
Otros Créditos	c	246.280.302,67	131.112.708,43
Bienes de Cambio	d	2.364.773.966,69	1.247.248.075,05
Total Activo Corriente		3.207.141.239,42	1.427.953.013,38
<u>Activo No Corriente</u>			
Bienes de Uso	e	114.991.885,60	129.097.283,34
Activos Intangibles	f	-	-
Otros Créditos	g	-	-
Total Activo No Corriente		114.991.885,60	129.097.283,34
Total del Activo		3.322.133.125,02	1.557.050.296,71

PASIVO

<u>Pasivo Corriente</u>			
Deudas Comerciales	h	783.957.056,71	103.148.127,44
Deudas Bancarias	i	86.267.946,27	87.066.166,11
Remuneraciones y Cargas Sociales	i	86.272.305,77	40.750.189,02
Cargas Fiscales	j	284.587.207,08	233.468.647,54
Otras Deudas	l	-	-
Total Pasivo Corriente		1.241.084.515,83	464.433.130,11
Total del Pasivo		1.241.084.515,83	464.433.130,11
Patrimonio Neto		2.081.048.609,19	1.092.617.166,60
Total del Pasivo y Patrimonio Neto		3.322.133.125,02	1.557.050.296,71

ESTADO DE RESULTADOS
Al 31 de Octubre de 2025 Comparativo con el Ejercicio Anterior

(Cifras expresadas en Pesos – Nota 1.3)

Rubros		2025	2024
<i>Ventas Netas</i>		8.804.351.037,96	7.727.246.181,02
<i>Costo de Ventas</i>	Anexo "B"	(5.797.701.956,39)	(3.994.398.382,17)
Utilidad Bruta		3.006.649.081,57	3.732.847.798,85
<i>Gastos de Administración</i>	Anexo "C"	(345.520.579,72)	(703.390.706,07)
<i>Gastos de Comercialización</i>	Anexo "C"	(1.561.849.747,41)	(2.422.818.175,09)
<i>Gastos de Financiación</i>	Anexo "C"	(43.487.068,87)	(154.907.631,40)
<i>Resultados Financieros y por Tenencia</i> (incluye RECPAM)	Nota "l"	23.241.567,99	72.676.331,58
<i>Otros Ingresos y Egresos</i>	Nota "m"	-	289.408,66
Ganancia de Ejercicio antes de Impuesto		1.079.033.253,56	524.697.026,53
<i>Impuesto a las Ganancias</i>	Nota 2.5	(90.601.810,97)	(85.838.970,24)
Ganancia Neta del Ejercicio		988.431.442,59	438.858.056,29

ESTADO DE EVOLUCIÓN DEL PATRIMONIO NETO
Al 31 de Octubre de 2025 Comparativo con el Ejercicio Anterior

(Cifras expresadas en Pesos – Nota 1.3)

Concepto	Capital	Aj. al Capital	Reserva Legal	Resultados no Asig.	Total 2025	Total 2024
<i>Saldos al Inicio del Ejercicio</i>	100.000,00	3.379.358,75	675.247,93	1.088.462.559,92	1.092.617.166,60	666.889.985,94
<i>Distribución de Dividendos (*2)</i>					-	(13.130.875,63)
<i>Ganancia del Ejercicio s/Estado de Resultados</i>				988.431.442,59	988.431.442,59	438.858.056,29
Saldos al Cierre del Ejercicio 2025	100.000,00	3.379.358,75	675.247,93	2.076.894.002,51	2.081.048.609,19	1.092.617.166,60
<i>Saldos al Cierre del Ejercicio 2024</i>	100.000,00	3.379.358,75	675.247,93	1.088.462.559,92	1.092.617.166,60	

ESTADO DE FLUJO DE EFECTIVO
Al 31 de Octubre de 2025 Comparativo con el Ejercicio Anterior

(Cifras expresadas en Pesos – Nota 1.3)

Variación del efectivo y sus equivalentes	2025	2024
Efectivo y equivalentes al inicio del ejercicio	49.592.229,90	148.632.145,45
Modificación de ejercicios anteriores		
Efectivo y equivalentes modificado al inicio del ejercicio	<u>49.592.229,90</u>	<u>148.632.145,45</u>
Efectivo y equivalentes al cierre del ejercicio	36.149.262,52	49.592.229,90
Aumento o (disminución) del efectivo y equivalentes	<u>(13.442.967,39)</u>	<u>(99.039.915,55)</u>
Causas de las variaciones del efectivo		
- Actividades Operativas		
Ganancia o (Pérdida) del ejercicio según EERR	<u>988.431.442,59</u>	<u>438.858.056,29</u>
Ajustes para arribar al flujo neto de actividades operativas		
Impuesto a las Ganancias	90.601.810,97	85.838.970,24
Honorarios a Socios/Directores	-	-
Depreciación de Bs.de Uso e Intangibles	31.776.233,36	25.885.954,82
Cambios en Activos y Pasivos Operativos		
(Aumento) o disminución de Créditos por Ventas	(559.937.707,60)	623.811.592,16
(Aumento) o disminución de Otros Créditos	(115.167.594,24)	53.687.162,04
(Aumento) o disminución de Bienes de Cambio	(1.117.525.891,64)	(865.664.802,68)
Aumento o (disminución) de Deudas Comerciales	680.808.929,27	(137.200.684,70)
Aumento o (disminución) de Remuneraciones y Cargas Sociales	45.522.116,75	(8.058.248,45)
Aumento o (disminución) de Cargas Fiscales	(39.483.251,43)	(97.783.004,30)
Flujo de Actividades Operativas	<u>5.026.088,03</u>	<u>119.374.995,42</u>
- Actividades de Inversión		
Altas de Bs.de Uso e Intangibles	(17.670.835,62)	(6.631.721,10)
Flujo de Actividades de Inversión	<u>(17.670.835,62)</u>	<u>(6.631.721,10)</u>
- Actividades de Financiación		
Aportes de Capital	-	-
Aumento o (disminución) de Deudas Bancarias	(798.219,84)	(198.652.314,28)
Pago de Dividendos	-	(13.130.875,63)
Flujo de Actividades de Financiación	<u>(798.219,84)</u>	<u>(211.783.189,91)</u>
Aumento del flujo de efectivo	<u>(13.442.967,39)</u>	<u>(99.039.915,55)</u>

Bienes de Uso e Intangibles

ANEXO "A"

(Cifras expresadas en Pesos – Nota 1.3)

Descripción	Valores de Origen			Depreciaciones			2025		2024	
	Valor al Inicio	Aumentos	Disminuciones	Valor al Cierre	Acum. al Inicio	Bajas	Del Ejerc.	Acum. al Cierre	Neto Resultante	Neto Resultante
Instalaciones	4.349.941,78	-	-	4.349.941,78	1.913.400,53	-	822.169,26	2.735.569,79	1.614.371,99	2.436.541,25
Equipos de Computación	12.436.908,76	-	-	12.436.908,76	9.948.321,74	-	2.166.278,47	12.114.600,21	322.306,55	2.488.585,02
Muebles y Utiles	35.023.130,69	972.583,80	-	35.995.714,49	14.942.484,30	-	5.414.846,59	20.357.330,89	15.638.383,60	20.080.646,39
Máquinas y Equipos Varios	134.508.991,37	16.698.251,82	-	151.207.243,19	33.827.651,34	-	19.962.768,29	53.790.419,73	97.416.823,46	100.681.340,03
Redes de	17.050.853,24	-	-	17.050.853,24	13.640.682,59	-	3.410.170,65	17.050.853,24	-	3.410.170,65
Totales del Ejercicio 2025	203.369.825,84	17.670.835,62	-	221.040.659,46	74.272.540,50	-	31.776.233,36	106.048.773,86	114.991.885,60	129.097.283,34
Totales del Ejercicio 2024	196.738.102,74	6.631.721,10	-	203.369.823,84	48.386.585,68	-	25.885.954,82	74.272.540,50	129.097.283,34	

ANEXO "B"

(Cifras expresadas en Pesos – Nota 1.3)

Costo de Mercaderías Vendidas y Servicios Prestados

	2025	2024
<i>Existencia al Comienzo del Ejercicio</i>	1.247.248.075,05	-
<i>Compras del ejercicio</i>	5.701.970.023,01	4.493.029.544,31
<i>Costo de Servicios Prestados</i>	1.213.257.825,02	748.616.912,91
<i>Existencia al Final del Ejercicio</i>	(2.364.773.966,69)	(1.247.248.075,05)
Costo de Merc. Vendidas y Servicios Prestados	5.797.701.956,39	3.994.398.382,17

ANEXO "C"

(Cifras expresadas en Pesos – Nota 1.3)

Rubro	Costo Servicios	Gts. Administr.	Gts Comercializ.	Gts. Financiación	Total 2025	Total 2024
<i>Sueldos y Jornales</i>	743.885.613,38				743.885.613,38	533.301.588,75
<i>Cargas Sociales</i>	302.190.430,91				302.190.430,91	188.881.922,81
<i>Víditos y Movilidad</i>		1.950.379,46	22.522.258,24		24.472.637,70	18.525.651,56
<i>Luz, Gas, Agua y Teléfono</i>		7.286.054,91			7.286.054,91	25.226.456,49
<i>Gastos Librería y Papelería</i>		9.916.583,22			9.916.583,22	4.071.740,14
<i>Publicidad</i>					-	2.153.582,42
<i>Comisiones e Intereses Bancarios</i>		26.462.159,60			26.462.159,60	22.143.741,12
<i>Honorarios Profesionales</i>		62.703.831,11	4.262.408,43		66.966.239,54	19.151.980,27
<i>Alquileres y Expensas</i>			114.679.846,70		114.679.846,70	432.127.092,22
<i>Comisiones y Gastos Otros Medios de Pago</i>			888.693.933,71		888.693.933,71	1.963.540.126,34
<i>Impuestos y Tasas</i>		126.839.201,27			126.839.201,27	47.136.255,18
<i>Gastos de Fletes</i>			109.950.478,32		109.950.478,32	83.075.482,74
<i>Depreciaciones</i>		31.776.233,36			31.776.233,36	25.885.954,82
<i>Gastos Generales</i>		13.743.030,92			13.743.030,92	1.963.404,29
<i>Gastos Varios Personal</i>					-	5.090.743,48
<i>Consultoría Informática</i>		51.206.842,04			51.206.842,04	42.361.234,77
<i>Limpieza Telas</i>					-	16.568.293,50
<i>Seguros Varios</i>		1.757.103,08			1.757.103,08	15.697.689,50
<i>Gastos de Importación</i>	116.551.715,59				116.551.715,59	-
<i>Servicios Personales</i>	50.630.065,14	7.485.061,32			58.115.126,46	26.433.401,35
<i>Intereses Resarcitorios</i>				43.191.388,39	43.191.388,39	58.632.060,74
<i>Intereses Financieros</i>				295.680,48	295.680,48	96.275.570,66
<i>Gastos Varios de Comercialización</i>					-	141.616,36
<i>Gastos de Mantenimiento</i>		4.394.099,43			4.394.099,43	6.940.843,90
<i>Imp. a los Ingresos Brutos</i>			421.740.822,01		421.740.822,01	376.060.949,65
<i>IMP. PAIS</i>					-	18.346.042,41
Totales del Ejercicio 2025	1.213.257.825,02	345.520.579,72	1.561.849.747,41	43.487.068,87	3.164.115.221,02	
Totales del Ejercicio 2024	748.616.912,91	703.390.706,07	2.422.818.175,09	154.907.631,40	4.029.733.425,47	4.029.733.425,47

Appendix E: Financial Data and Calculations

Formulas: https://docs.google.com/spreadsheets/d/1aBnxRI8OGQNPk_hvVp7GMzUikLHTc-iVMrvHrCTbpE/edit?usp=sharing

Exchange Rates		
Item	Value	Unit
ARS per EUR	1,720	ARS/EUR

Balance Sheet (Estado de Situación Patrimonial) - ARS		
Item	2025	2024
Cash and Bank	36,149,263	49,592,230
Accounts Receivable	559,937,708	-
Other Receivables	246,280,303	131,112,708
Inventory	2,364,773,967	1,247,248,075
Total Current Assets	3,207,141,239	1,427,953,013
Property, Plant and Equipment	114,991,886	129,097,283
Total Non-Current Assets	114,991,886	129,097,283
TOTAL ASSETS	3,322,133,125	1,557,050,297
Accounts Payable	783,957,057	103,148,127
Bank Debt	86,267,946	87,066,166
Salaries and Social Security Payable	86,272,306	40,750,189
Tax Liabilities	284,587,207	233,468,648
Total Current Liabilities	1,241,084,516	464,433,130
TOTAL LIABILITIES	1,241,084,516	464,433,130
EQUITY	2,081,048,609	1,092,617,167

Income Statement (Estado de Resultados) - ARS		
Item	2025	2024
Net Sales	8,804,351,038	7,727,246,181
Cost of Goods Sold (COGS)	(5,797,701,956)	(3,994,398,382)
Gross Profit	3,006,649,082	3,732,847,799
Administrative Expenses	(345,520,580)	(703,390,706)
Selling Expenses	(1,561,849,747)	(2,422,818,175)
Finance Costs	(43,487,069)	(154,907,631)
Resultados Financieros y por Tenencia (RECPAM) - Finance	23,241,568	72,676,332
Income Before Tax	1,079,033,254	524,697,027
Income Tax	(90,601,811)	(85,838,970)
Net Income	988,431,443	438,858,056

H3 - Variable 1: Current Financial Health & Variable 2: Financial Capacity for Expansion

All ratios calculated directly from ARS figures (currency-neutral). EUR figures shown where relevant for context.

Variable 1: Current Financial Health				
Ratio	2025	2024	Benchmark	Interpretation
Gross Margin % (Utilidad Bruta / Ventas Netas)	34.1%	48.3%	55%-65% range for Sp	Below benchmark; declined vs 2024
Operating Margin % (EBIT / Ventas Netas)	12.5%	7.9%	~8.2% EBIT margin rep	Above benchmark
Net Profit Margin % (Ganancia Neta / Ventas Netas)	11.2%	5.7%	~5.9% net margin rep	Above benchmark
Current Ratio (Activo Corriente / Pasivo Corriente)	2.58x	3.07x	>1.0x threshold: Lj, K	Well above benchmark
Quick Ratio ((Activo Corriente - Bienes de Cambio) / Pasivo Corriente)	0.68x	0.39x	Convention that a quick	Below benchmark - 74% of current assets in inventory
Debt-to-Equity (Total Pasivo / Patrimonio Neto)	0.60x	0.43x	<2.0x as manageable	Comfortably below threshold
Inventory Turnover (Costo de Ventas / Avg Bienes de Cambio)	3.21x	n/a - requires 2023	Mid-market apparel bel	Below benchmark
Days of Inventory (365 / Inventory Turnover)	114 days	n/a	A turnover of 4x corres	Above benchmark
Variable 2: Financial Capacity for Expansion				
Ratio / Indicator	2025	2024	Benchmark	Interpretation
Debt Ratio (Total Pasivo / Total Activo)	0.37x	0.30x	<0.6x threshold empiri	Below threshold - capacity for additional financing
ROE (Ganancia Neta / Patrimonio Neto)	47.5%	40.2%	58.45% ROE reported	Within range of benchmark
ROA (Ganancia Neta / Total Activo)	29.8%	28.2%	>5% ROA as a general	Well above threshold
Revenue Growth 2024->2025 (Ventas Netas)	13.9%			
Net Profit Growth 2024->2025 (Ganancia Neta)	125.2%			Good management of not-COGS costs
Available Cash vs. Estimated Madrid Initial Investment				
Item	ARS	EUR		
Caja y Bancos (2025)	36,149,263	21,017		
Estimated Madrid Initial Investment (see Sheet 3)	-	219,912		
Cash as % of Estimated Initial Investment	-	9.6%		

H3 - Variables 3 & 4: Madrid Store Model - Assumptions & Inputs

All key assumptions are highlighted in yellow. Change these to run scenarios; all downstream sheets update automatically.

Store & Pricing Assumptions		
Assumption	Value	Unit
Store size	70m2	m2
Rent per m2 per month	195	EUR/m2/month
Average ticket per transaction	85	EUR
Buenos Aires benchmark - average daily transactions	28.0	transactions/day
Buenos Aires benchmark - implied annual revenue	714,000	ticket x txns/day x oper
Operating days per year	300days	days
Average daily footfall - Calle Fuencarral	70,000	people/day
Blended gross margin assumption - Madrid	42.5%	%
New-company corporate tax rate (first 2 profitable years)	15.0%	%

Annual Fixed Operating Costs		
Cost Item	Annual	Basis
Rent	163,800	EUR/m2/month x m2 x
Staff - 3 FT employees (avg gross EUR18,000 incl. SS ~32%)	71,280	3 x EUR23,760
Utilities	7,200	EUR600/month
Insurance	2,400	EUR200/month
Accounting / gestoria / legal compliance	4,800	EUR400/month
Marketing / digital (local adaptation)	12,000	EUR1,000/month
Community charges (gastos de comunidad)	2,400	EUR200/month
TOTAL FIXED COSTS (Year 1 & 2)	263,880	Sum of above
Year 3 inflation adjustment on staff costs	2.0%	%
TOTAL FIXED COSTS (Year 3)	265,306	Year 1/2 total + 2% of s

Initial Investment		
Investment Item	Amount (EUR)	Basis / Range
Store fit-out (reforma, per m2)	750	EUR/m2
Store fit-out total	52,500	EUR/m2 x m2
Lease deposit (2 months rent)	27,300	2 x monthly rent
Real estate agency fee (1 month rent)	13,650	1 x monthly rent
Company incorporation (S.L.), gestoria	2,500	
Minimum share capital (S.L.)	3,000	
Initial inventory (landed value)	35,000	
Working capital (3 months of fixed costs)	65,970	3/12 x annual fixed cost
Subtotal	199,920	Sum of above
Contingency	10.0%	% of subtotal
TOTAL INITIAL INVESTMENT	219,912	Subtotal x (1 + conting

H3 - Variable 3: Project Viability & Variable 4: Revenue Projection

Break-Even Analysis				
Item	Value			Note
Break-even annual revenue (Fixed Costs / Gross Margin)	620,894			Total fixed costs (Year 1/2) / blended gross margin
Break-even daily revenue	2,070			Break-even annual revenue / operating days
Break-even number of daily transactions	24.3			Break-even daily revenue / average ticket
Implied conversion rate vs. Fuencarral footfall	0.03%			Break-even transactions / average daily footfall (CBRE, 2025)

Three-Year Projected Income Statement (Illustrative)				
Line Item	Year 1	Year 2	Year 3	Note
% of Buenos Aires benchmark	70.0%	85.0%	100.0%	Illustrative ramp-up to BA benchmark over 3 years
Revenue assumption	499,800	606,900	714,000	% of BA benchmark x implied BA annual revenue
Implied daily transactions (at average ticket)	19.6	23.8	28.0	
Cost of Goods Sold	287,385	348,968	410,550	
GROSS PROFIT	212,415	257,933	303,450	
Gross Margin %	42.5%	42.5%	42.5%	
Fixed operating costs	263,880	263,880	265,306	
OPERATING PROFIT (EBIT)	(51,465)	(5,948)	38,144	
Corporate tax (15% if EBIT positive)	-	-	5,722	
NET PROFIT	(51,465)	(5,948)	32,423	
Net Margin %	-10.3%	-1.0%	4.5%	

Payback Period				
Item	Value			Note
Total Initial Investment	219,912			From Sheet 3
Depreciation add-back (fit-out, 10-year straight line)	5,250			Non-cash expense added back to net profit to estimate operating
Net Cash Flow Year 1	(46,215)			
Net Cash Flow Year 2	(698)			
Net Cash Flow Year 3	37,673			
Cumulative Cash Flow - Year 1	(266,127)			
Cumulative Cash Flow - Year 2	(266,825)			
Cumulative Cash Flow - Year 3	(229,152)			
Payback Period (years)	> 3 years			Years until cumulative cash flow turns positive, using straight-line

Glossary

A

Authenticity: Perception that a brand is genuine, original, and consistent with its identity and values.

B

Break-even Point: The level of sales at which total revenues equal total costs, resulting in neither profit nor loss.

Brand Awareness: The extent to which consumers recognize and remember a brand.

Brand Identity: The set of characteristics, values, and visual elements that distinguish a brand from competitors.

C

Consumer Behaviour: The actions and decision-making processes individuals undertake when searching for, purchasing, using, evaluating, and disposing of products and services.

Current Ratio: Liquidity indicator that measures a company's ability to meet short-term obligations using current assets.

D

Debt-to-Equity Ratio: Financial indicator that compares a company's total debt with its shareholders' equity.

Differentiation: Strategy through which a company distinguishes its products or brand from competitors.

E

E-commerce: The buying and selling of goods or services through digital platforms.

EBIT (Earnings Before Interest and Taxes): Indicator used to measure a company's operating profitability before financing and tax expenses.

F

Fast Fashion: Business model based on rapidly producing and distributing fashionable clothing at affordable prices.

Fashion Trends: Prevailing styles, preferences, and consumption patterns within the fashion industry during a specific period.

G

Generation Z (Gen Z): Demographic cohort generally composed of individuals born between the mid-1990s and early 2010s.

Gross Margin: Percentage of revenue remaining after deducting the cost of goods sold.

I

Influencer Marketing: Marketing strategy that uses individuals with a significant online following to promote products or brands.

Internationalization: Process through which a company expands its operations into foreign markets.

Inventory Turnover: Ratio that measures how efficiently inventory is sold and replaced over a period.

L

Licensing Requirements: Legal and administrative permits necessary to establish and operate a business.

Likert Scale: Survey measurement scale used to assess attitudes, opinions, or perceptions through graded response options.

M

Market Acceptance: Degree to which consumers are willing to purchase and adopt a product or brand.

Market Entry: Process by which a company begins operating in a foreign market.

Mechanical Observation: Research technique based on systematic observation and analysis of visual or behavioral evidence without direct interaction with subjects.

N

Net Profit Margin: Percentage of revenue that remains as profit after all expenses have been deducted.

O

Omnichannel Strategy: Approach that integrates physical and digital sales channels to provide a seamless customer experience.

P

Payback Period: Time required for an investment to recover its initial cost through generated cash flows.

Physical Retail Store: Brick-and-mortar commercial establishment where products are sold directly to consumers.

Price Sensitivity: Degree to which consumer demand changes in response to price variations.

Psychic Distance: Perceived differences between countries in terms of language, culture, business practices, and institutions that may affect international expansion decisions.

Q

Quick Ratio: Liquidity indicator measuring a company's ability to meet short-term obligations using its most liquid assets.

R

Return on Assets (ROA): Indicator measuring how efficiently a company uses its assets to generate profits.

Return on Equity (ROE): Indicator measuring profitability relative to shareholders' equity.

S

Scalability: Ability of a company or production system to increase output without significant reductions in efficiency.

Snowball Sampling: Non-probability sampling method in which participants recruit additional respondents.

Stakeholder: Individual or group with an interest in or influence over an organization and its activities.

Streetwear: Fashion style characterized by casual, urban-inspired clothing influenced by youth culture, music, sports, and contemporary trends.

U

Ultra-Fast Fashion: Business model characterized by extremely rapid product development cycles, high responsiveness to trends, and low prices.

Uppsala Model of Internationalization: Theory proposing that firms expand internationally through gradual learning and increasing commitment to foreign markets.

V

Value Proposition: The unique benefits and value a company offers to its customers.

Vintage Clothing: Previously owned garments, often associated with earlier fashion periods, that are resold and consumed as an alternative to newly manufactured apparel.

Acronym	Meaning
AEAT	Agencia Estatal de Administración Tributaria
CEO	Chief Executive Officer

CIRCE	Centro de Información y Red de Creación de Empresas
DUE	Documento Único Electrónico
EBIT	Earnings Before Interest and Taxes
GDP	Gross Domestic Product
H1-H6	Research Hypotheses 1 to 6
IVA	Impuesto sobre el Valor Añadido (Value Added Tax)
ROA	Return on Assets
ROE	Return on Equity
R1-R8	Research Questions 1 to 8
SO1-SO4	Specific Objectives 1 to 4
TARIC	Integrated Tariff of the European Union
TGSS	Tesorería General de la Seguridad Social
VAT	Value Added Tax
OLDRUAM	Ordenanza de Licencias y Declaraciones Responsables Urbanísticas del Ayuntamiento de Madrid