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**“Business Consulting for Operational Profit Enhancement via Multichannel  
Strategy in SOKSO”**

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ADMINISTRACIÓN DE NEGOCIOS GLOBALES**

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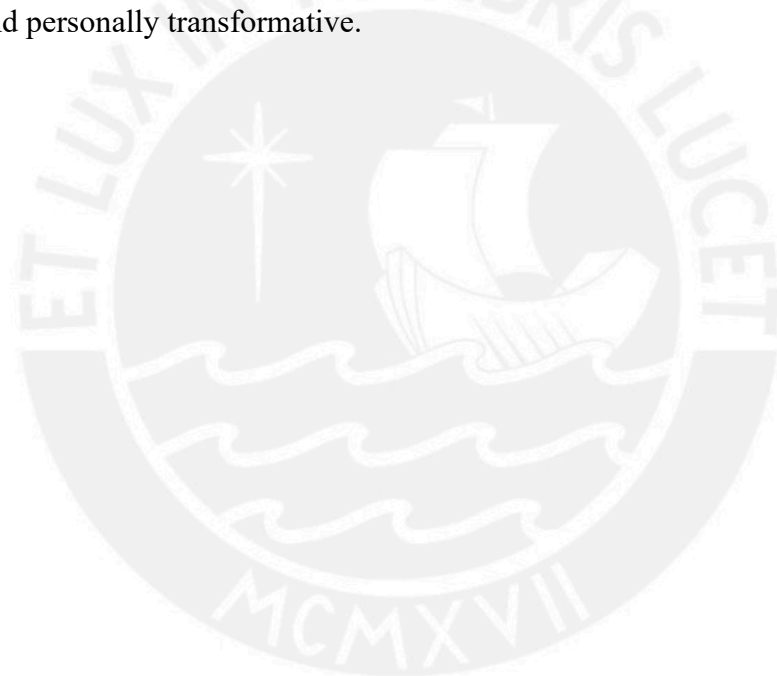
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Dedicated to my family: to my wife, Dajhana, for her patience and constant support throughout this journey, and to my children, Rodrigo and Romina, who are my source of strength and motivation.

Alan.

I sincerely thank my mother and brother for their unwavering support, and I dedicate this work to the memory of my late father.

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To my wife, Pamela; my sons, Gabriel and Leonardo, for their love, patience, and unconditional support. My force and motive to infinite and beyond.

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## Abstract

Between 2022 and 2024, SOKSO's EBIT decreased by 8.11%, generating concern among shareholders and managers and putting at risk SOKSO's social purpose of empowering over 13,000 women Promoters across Peru. This decline was mainly associated with an inventory liquidation strategy and a gradual reduction in the number of Promoters, a key pillar of the catalog sales model. At the same time, changes in consumer behavior after the pandemic—such as economic uncertainty, the return to in-person activities, and the growth of digital commerce—shifted preferences toward physical stores and e-commerce, reducing reliance on catalog purchases.

SOKSO also operates in a highly competitive environment where rivals differentiate through multi-channel strategies, quality, design, pricing, and customer service. Some competitors even provide higher discounts to Promoters reaching specific purchase volumes. Against this backdrop, a comprehensive diagnosis of SOKSO's situation led to the proposal of four strategic alternatives: (i) enhancing Promoter benefits through staggered purchase targets; (ii) opening physical stores in shopping centers targeting socioeconomic levels B and C; (iii) developing a proprietary e-commerce channel complemented by entry into department store marketplaces; and (iv) diversifying products with items such as costume jewelry and private-label perfumes.

After evaluation, the most viable recommendation was to strengthen SOKSO's digital strategy by launching its own e-commerce platform and, in parallel, integrating with department store marketplaces. Based on this approach, an implementation plan with concrete steps was developed. By 2025, SOKSO's management has partially adopted these recommendations and initiated the development of its e-commerce platform. Although still in progress, financial projections suggest that increasing EBIT to 10% is achievable by 2029.

**Keywords:** EBIT, Liquidation Strategy, Sales Promoters, E-commerce, Marketplace.



## Resumen Ejecutivo

Entre 2022 y 2024, el EBIT de SOKSO se redujo en 8,11%, generando preocupación en accionistas y directivos y poniendo en riesgo el propósito social de SOKSO de empoderar a más de 13,000 mujeres en todo el Perú. Este descenso se relaciona con la fallida estrategia de liquidación de inventarios y la disminución del número de Promotoras, elemento esencial en el modelo de ventas por catálogo. En el mismo sentido, tras la pandemia, los consumidores modificaron sus prioridades de compra: la incertidumbre económica, el retorno a la presencialidad y el avance del comercio digital impulsaron la preferencia por tiendas físicas y canales en línea, reduciendo la participación del catálogo.

El entorno competitivo resulta igualmente exigente. Diversos actores diferencian su propuesta mediante estrategias multicanal, calidad, diseño, precio y servicio al cliente; incluso algunos ofrecen mayores descuentos a Promotoras con altos volúmenes de compra. Ante este escenario, el diagnóstico permitió definir cuatro alternativas estratégicas: (i) ampliar beneficios a las Promotoras mediante escalas de compra; (ii) abrir tiendas físicas en centros comerciales dirigidos a niveles socioeconómicos B y C; (iii) desarrollar un canal propio de comercio electrónico y participar en marketplaces de tiendas por departamento; y (iv) diversificar la oferta con bisutería y perfumes de marca propia.

El análisis concluyó que la opción más recomendable es fortalecer la estrategia digital mediante el desarrollo de un canal propio de e-commerce, complementado con la participación en marketplaces. En 2025, la empresa inició parcialmente este proceso. Aunque la plataforma aún no se encuentra plenamente operativa, las proyecciones financieras estiman que el objetivo de elevar el EBIT al 10% podrá alcanzarse en 2029.

**Palabras clave:** EBIT, Estrategia de Liquidación, Promotores de Ventas, Ecommerce, Marketplace.

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## 1. Situation of the organization

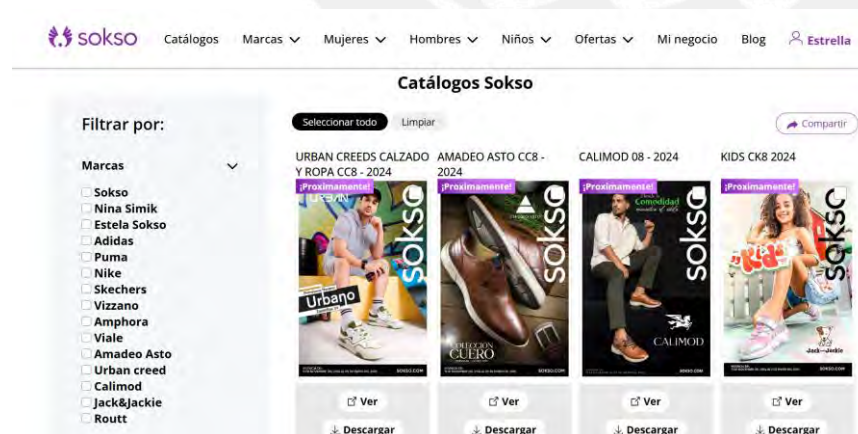
In the first chapter of the business consultancy, we will introduce the company SOKSO. We will carry out an analysis of its business model and then review the sector in which it operates. Finally, we will evaluate both internal and external factors that affect the company's activities.

### 1.1. Presentation of the organization

Ventcorp Perú S.A.C., with its trade name SOKSO (hereinafter, SOKSO), is a Peruvian company founded in 2008, whose core business is the commercialization of footwear and clothing through physical and virtual catalogs. These direct sales to end users are able to through a network of independent Promoters nationwide. SOKSO has 9 own brands<sup>1</sup>, according to the market segment to be served, as well as licensed brands in the footwear category (Nike, Adidas, Calimod, Disney, Marvel, among others). Figure 1 shows the SOKSO website with the current catalogues and its own and licensed brands it represents.

**Figure 1**

*SOKSO Catalogues & Products*



*Note.* The figure shows the SOKSO website where its product catalogs are published. Source: <https://sokso.com/catalogos>

<sup>1</sup> SOKSO's own brands are Estela Sooks, Vizzano, Amadeo Asto, Urban Creed; among others.

Appendix 1 presents the organizational structure of SOKSO, which is led by General Management, with direct reporting from the Quality Management System Coordinator as well as the Organizational Culture Coordinator and the Sales Managements; Commercial; Digital Transformation; Supply Chain; and Administration, Finance and Human Resources.

### ***1.1.1 SOKSO Marketing Process***

SOKSO's marketing process is developed from the understanding of the needs of the end customer to the satisfaction of the latter, with strategic, operational and support processes, which are presented in Appendix 2.

Within this marketing process, own-brand products are differentiated from licensed products in relation with the conditions of directly importation by SOKSO from China. In fact, the estimated period is 8 months from the selection of the design to its entry into the warehouse. On the other hand, licensed products are purchased from local distributors, with a planning period of less than 3 months.

The process of selling products to end users is carried out by sales Promoters (hereinafter, Promoters), who are recruited by businesswomen (hereinafter, Businesswomen). The Promoters and Businesswomen are not in SOKSO's payroll. They are independent workers from the labor point of view. Figure 2 presents examples of successful women entrepreneurs.

### **Figure 2**

*Successful SOKSO Entrepreneurs*



Note. The figure presents the success stories of SOKSO businesswomen. Source: [www.sokso.com](http://www.sokso.com)

### Businesswomen and Promoters through signing a Business Commercial

Representation Contract have access to a profit margin (or discounts), bonuses and prizes according to the product lines, which are presented in Table 1. It is important to note that, although the term Promoters refers to individuals, the business model contemplates that they may have physical stores, which are located in the different regions where SOKSO operates.

**Table 1**

*Profit Margin, Bonuses & Prizes SOKSO*

Benefit	Businesswomen	Promoter
Minimum monthly purchase	PEN 30,000	PEN 250
%Own Brand Profit	10%	25%
%Profit Licensed Brand	7%	15%
Bonus per sale	0.1% - 2.0%	0%
Growth bonus	0.0% - 1.5%	0%
Annual award, subject to conditions	Yes	No
Maximum achievable:	13.50%	25%

Note. Data taken from SOKSO's Business Commercial Representation Agreement.

For the development of sales, after the operational processes of design selection, definition of quantities, purchase of products and entry into the warehouse; physical and virtual catalogs are distributed to Businesswomen and Promoters. Once the catalogs have been received and after interacting with their end customers, they make the selection, order, purchase and receipt of the product. Figure 3 presents SOKSO's customer journey.

**Figure 3**

*SOKSO Customer Journey*



Note: The figure shows the customer's journey from receiving the catalog to receiving the product.

Note that, for better coverage, SOKSO has divided the Peruvian market into 9 regions:

- South Central: Abancay, Andahuaylas, Cusco and Puerto Maldonado.
- Near South: Cañete, Chincha, Ica, Lurín, Mala, Palpa and Pisco.
- East: Bagua, Iquitos, Nueva Cajamarca, Tarapoto and Yurimaguas.
- North: Cajamarca, Casa Grande, Chimbote, Huaraz, Lambayeque, Pacasmayo, Piura, Trujillo, and Tumbes.
- South: Arequipa, Camaná, Juliaca, Mollendo, Moquegua, Pedregal, Puno and Tacna.
- Near North: Barranca, Callao, Carabayllo, Comas, Huacho, Huaral, Independencia, Los Olivos, Puente Piedra, SJL, San Martín de Porres, Santa Rosa and Ventanilla.
- Center South: Ayacucho, El Tambo, Huancavelica, Huancayo, Jauja, la Merced, Pilcomayo, Satipo, Tarma.

- Central Lima: Ate, Chaclacayo, Chorrillos, Chosica, Jesús María, Magdalena, Surco
- North Center: Aguaytía, Ambo, Cerro de Pasco, Huánuco, Oxapampa, Paucartambo, Pucallpa, Tingo María and Tocache.

To summarize, we highlight that SOKSO's business model is the commercialization of footwear and textiles through a network of Promoters managed by Businesswomen. The above can be seen in the Canvas Model in Appendix 3. To achieve strategic results, volume and sales coverage are required. The success of the business model lies in achieving products that meet the needs of end users, a short inventory turnover and renewal, having attractive benefits for Businesswomen and Promoters.

## **1.2 Industry Analysis (Porter's 5 Forces)**

The footwear and textile marketing market in Peru is dynamic and competitive, with a wide range of brands, designs, materials, qualities and prices, as well as different sales channels in physical stores, direct or catalog sales and e-commerce. Industry analysis is done using Porter's Five Forces methodology to better understand the catalog sales industry.

Appendix 4 presents the summary of the industry analysis, which is explained in detail below, considering that the red arrows pointing up indicate high power and the green arrow pointing down indicate low power.

### ***1.2.1 Clients' bargaining power***

Peruvian consumers are becoming increasingly aware of the quality and value of the brands they choose. This gives them considerable bargaining power by having access to a wide variety of options both locally and internationally. Brand loyalty can be a crucial factor in retaining customers in this competitive environment.

In the Peruvian market, buyers have a high bargaining power due to the wide range of brands and online shopping options. Competition for prices and promotions is intense,

making it easy for shoppers to find the best deals. This shows a very challenging scenario for SOKSO, that do not only need to differentiate by price but also by the quality of their products.

### ***1.2.2 Bargaining power of suppliers***

The bargaining power of textile and footwear suppliers in Peru is high because in most cases there is a dependence on imports of products, mainly from China. Hence, orders must be placed well in advance by forecasting future trends. On the other hand, licensed brands are recognized brands in the market which are purchased from local distributors who establish prices according to purchase volume and based on commercial conditions that are not negotiable. As bargaining power is very limited, SOKSO needs to carefully forecast the demand for their products.

### ***1.2.3 Threat of substitute products***

Overall, the threat of footwear substitute products is low, as footwear is considered an essential product and has no direct substitutes. However, fashion, trends, materials, quality and price can determine and directly influence the tastes and preferences of consumers.

There are numerous categories of footwear, such as traditional leather shoes, sneakers, sandals, casual footwear and the new trend "Athleisure" (union of words Athletic with Leisure) focused on wearing sports-style footwear at work, university or for social events.

Another important trend to keep in mind is healthy lifestyles. The market of sneakers is expected to witness significant growth in the coming years due to the young population's increasing inclination towards sports activities and fitness, coupled with the desire to lead a healthy lifestyle (Informes de Expertos, 2025).

The preference for comfort and versatility generates strong competition among footwear products. SOKSO has strongly entered into this segment.

In the footwear market in Peru, there are also cases of loyalty to specific national or international footwear brands, which are valued for their image, quality and unique designs, where the threat of substitutes for other brands is moderate or relatively low. An example of these cases is observed in global sports shoe brands such as Nike and Adidas, which lead the sneaker market.

#### ***1.2.4 Threat of entry of new competitors***

In general, the commercialization of footwear in Peru has no barriers to entry because the initial investment in the trading business is not significantly high, the implementation is relatively simple and the competition is quite diverse both in brands and in sales channels (department stores, stores in shopping centers and small stores, as well as online sales).

At a glance, according with Comex (2021), over time, it is observed that the number of importing companies increased from 981 in 2015 to 1,139 in 2020.

Additionally, the variety of options, promotion strategies, and the growth of e-commerce may facilitate the entry and positioning of new brands.

While it is true that loyalty to specific national or international brands could represent a barrier, in general, we appreciate that the threat of entry of new competitors is high. In this scenario, it is a crucial factor that SOKSO invest in positioning its most representative brands.

#### ***1.2.5 Rivalry of current competitors***

There are many national and international brands competing in the Peruvian market. The presence of companies, designs, qualities, as well as the different sales channels including access to online platforms and access to more information that allows comparing prices and offers, make for a high rivalry between competitors.

The specific case of catalog sales is not an exception. There are 2 types of competitors:

- Direct catalog sales competitors: Bata catalogs, Azaleia catalogs, ViModa, FootLoose catalog, etc.
- Indirect competitors: department stores (Saga, Ripley, Oeschle, among others), supermarkets (Metro, Tottus, Plaza Vea, etc.), chain of shoe stores (Platanitos, Bata, Viale, Ecco, Passarella, etc.), other minor shoe stores and informal and/or ambulatory commerce.

In conclusion, in this specific segment the rivalry between competitors is high. Thus, SOKSO should focus on strategically differentiating it from direct and indirect competitors.

### **1.3 External analysis (PESTEL)**

Based on SOKSO's business model, we will then carry out a comprehensive analysis of those aspects external to SOKSO's organization that could have a positive or negative impact on the continuity of its operations and potential growth. To do this, we will base on the PESTEL methodology, which will allow us to review the main external factors that have an impact on SOKSO in the Peruvian context.

#### ***1.3.1 Political analysis***

Alvarez (2024) considers that the current Peruvian political situation is going through a low-intensity stability. It is most likely that the current president Boluarte will remain in office until 2026, in a context of low political-social protest, economic recovery and, above all, the need for congress to avoid a "double extinction".<sup>2</sup>

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<sup>2</sup> We refer to the case in which in case Congress advocates the presidential vacancy, in accordance with the constitutional rules in force, the Executive could also seek the closure of the legislative branch.

Indeed, 2026 will be an election year in Peru, and from 2025 the electoral campaign will begin to have a relevant media force. This could impact the development of businesses, since it is common for investors to wait to know the election results before making strategic decisions. This is even more true if, as Awapara (2024) argues, a high level of polarization is expected for the next political contest.

We appreciate that the current political context, while not ideal for doing business, should not represent a substantial impediment to SOKSO's business continuity. However, the progress and outcome of the electoral campaign must be closely monitored to see whether or not it could have any harmful effect on consumer demand.

### ***1.3.2 Economic analysis***

The Central Reserve Bank of Peru (BCRP, 2025) projects that GDP will grow 3% in 2025 and 2026. However, the Ministry of Economy and Finance presents a more optimistic projection of Peruvian economic growth for 2025, placing it at 4%.

Other relevant indicators highlighted by the BCRP (2024) are: (i) year-on-year inflation, which remained around the center of the target range (2%); (ii) private consumption, which would expand 2.8% in 2025, in a context of employment recovery; and (iii) exchange rate stability.

The estimate of economic growth for 2025 and 2026 is favorable news for SOKSO. In the same way, it is very positive: (i) to have controlled inflation; (ii) a recovery in private consumption that could lead to higher sales; and (iii) a stable exchange rate, considering that a large part of the merchandise marketed by SOKSO is imported from abroad (for which the use of the U.S. currency is required) while sales are made in PEN.

An opportunity that SOKSO could also take advantage of is the recent inauguration (November 2024) of the port of Chancay. As the merchandise imported by SOKSO would

come mainly from China, the use of this new hub could lead to a considerable reduction in freight costs, considering that it is estimated that the cargo time could be reduced by up to 12 days ("Chancay: the key to the Pacific in South America", 2024).

However, SOKSO's main threat is the level of informality in the Peruvian economy of around 70% (Maurate, 2024). Due to the type of mass consumption product that SOKSO sells (footwear and clothing), informal commerce could be an impediment to its growth, especially if we take into consideration that these sectors do not have to assume the high costs of formal companies at the labor and tax levels, among others. ("How informality affects Peru", 2023). A deeper analysis is suggested to combat the informal segment.

### ***1.3.3 Social analysis***

In relation to the Peruvian population, EY (2024) develops that:

By 2023, the female population is expected to have been 2% higher than the male population. Likewise, 62.3% of the Peruvian population has an age range of 15-59 years and its Economically Active Population reached 53.6% of its population in 2023, which provides Peru with a "demographic bonus" effect<sup>3</sup>. By 2023, there was an increase in socioeconomic levels (SEL) C and D, which represent 56% of the country's urban and rural population. In Metropolitan Lima, the social structure exposes a stronger middle class with greater purchasing power and equal conditions. (pp. 40-42)

Although the classification of the population by SEL is useful to define business strategies, so is Arellano's (2024) classification based on Lifestyles (EDV), where income is not the primary factor to consider, but rather the way in which each person acts in society.

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<sup>3</sup> Explained as a structural benefit of its population that is mostly of age to produce and consume.

Within the EDVs, it is worth highlighting the existence in Peru of the EDV "the moderns", women who work or study and who seek their personal fulfillment also as mothers.<sup>4</sup>

Other aspect of the population currently residing in Peru is that of Venezuelan migration, which according to the Office of the Special Envoy for the Regional Response to the situation in Venezuela (IOM, 2024) is estimated at more than 1.5 million people.

The social aspects described show a series of opportunities for a business such as SOKSO's: (i) a larger female population represents a greater potential market for Businesswomen and/or Promoters; (ii) the growth of the SEL C and D means a larger consumer market; (iii) the identification of EDVs and, particularly, of "the moderns" could make it possible to carry out key strategies to attract Businesswomen and/or Promoters; and (iv) Venezuelan migration provides a new market, both for potential consumers and also for Businesswomen and/or Promoters.

However, a crucial factor that should not be lost sight of is the high level of citizen insecurity that Peru is going through. In this regard, according to the National Institute of Statistics and Informatics (INEI, 2024), the results obtained from the National Household Survey (ENAHO) revealed that in the January-June semester of 2024, 45.8% of the population aged 18 and over considered that the main problem affecting the country is crime.

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<sup>4</sup> They put on makeup, groom themselves and seek recognition from society. They are modern, they deny machismo and love to go shopping, where they like to buy branded products and, in general, those that make household chores easier for them. They are in all the SELs. Many of them work. Most do it independently or in mid- or low-level jobs. Work allows them to "give themselves their place" within the home. They are interested, in the medium term, in guaranteeing economic security for their family; start their own business; or have a stable job.

Faced with this challenge, actions aimed at the prevention of extortion practices, as well as the protection of SOKSO's merchandise, are highly recommended.<sup>5</sup>

#### ***1.3.4 Technology Analysis***

In the last year, fixed internet connections grew 10.17%, mainly due to the advance of fiber optics, which already represents 61.96% of total connections in Peru. (Supervisory Agency for Private Investment in Telecommunications [OSIPTEL], 2024). In the same sense, according to Tellez (2023):

In urban areas, in turn, connectivity is present in 96.5% of households in Metropolitan Lima, with an increase of 1.5% year-on-year; as well as in the rest of the urban areas, which went from 89.6% in 2021 to the current 91.4% of homes.

Greater connectivity and access to the internet offers great opportunities for SOKSO, such as: (i) venturing into e-commerce; (ii) creation of apps to display their catalogs with shorter download time; (iii) improvements in its ordering and delivery system to generate greater efficiency; (iv) standardization and subscription of online contracts; among others.

#### ***1.3.5 Legal analysis***

According to SOKSO's business model, Businesswomen and Promoters are its customers, without an employment relationship involved. They are directly responsible for complying with their legal obligations, including their tax obligations.

The National Superintendence of Labor Inspection (SUNAFIL) and the National Superintendence of Tax Administration (SUNAT) are public entities that, within the framework of their inspection powers, are usually very demanding. Picon (2025) argues that we have a "hyper-controlled" formal sector, and not only by SUNAT, because there is also

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<sup>5</sup> From its acquisition to last delivery to the final consumer.

SUNAFIL, among others, which exercise control with inapplicable criteria, imposing objections and fines based on interpretations that are not only questionable but illogical.

Therefore, we should not lose sight of potentials: (i) actions by these entities to SOKSO; and/or (ii) to Businesswomen and/or Promoters who, due to their smaller size or organization, may not be complying with their legal obligations, which exposes them to contingencies that could impact the continuity of their operations.

### ***1.3.6 Environmental analysis***

In the context of climate change and the global environmental crisis, individuals are progressively becoming more aware of the consequences suffered by the planet due to their actions. Peru is no stranger to this trend, and it is expected that Peruvians will gradually adapt their behavior towards more sustainable actions, which includes their consumption habits.

In Peru, there are opportunities to promote the sustainable development of the footwear sector by taking advantage of the natural resources, creativity and cultural identity of producers. For example, the use of natural rubber from the shiringa tree that grows only in the Peruvian Amazon, to create shoe soles and ecological accessories (Revista Corresponsables Perú, 2024).

Likewise, we appreciate that this "green" awareness opens the opportunity for SOKSO to offer footwear made from recycled materials, which is a segment that is already exploited in other markets, as is the case with Recykers (2024). However, it also poses the challenge of incorporating some practices that reduce the carbon footprint into its distribution and marketing process.

### **1.4 Internal Analysis (AMOHFIT)**

For the internal analysis of SOKSO we will use the AMOHFIT methodology (Administration, Marketing, Operations, Human Resources, Finance, Information and

Technology) to review the areas of the company and their effect on the business and to be able to identify the strengths and weaknesses that SOKSO has.

#### ***1.4.1 Administration***

The Finance, Administration and Human Resources Manager leads this area that is responsible for the financial, treasury and tax management of the company, as well as the control of inventory management. While this area has a strong and very capable finance and management team, it seems that from supply chain point of view, a different profile of professionals might be included to support this key function. Supply chain performance measures are needed for monitoring and control at three levels: strategic, tactical and operational (Liberatore and Miller, 2021).

#### ***1.4.2 Marketing & Sales***

From an operational point of view, the marketing function is to ensure the relationship between the company and the customer. Marketing then serves as a link between the company's internal functions (such as production or finance) with clients and consumers (Arellano, 2010).

The marketing area focuses on identifying trends in fashion, materials, and designs. However, the functions are not clearly defined and there is no marketing plan focused on brand image and advertising aimed at the end customer.

SOKSO maintains 4 product lines: footwear, textile, accessories, and others; which, considering 2024 sales, are 80% in provinces and 20% in Lima.

#### ***1.4.3 Operations***

SOKSO makes its purchases from local distributors of licensed footwear and imports the products from China under its own brands. It has several suppliers for its own brands.

Orders are placed per campaign, according to the estimated demand for each campaign. It maintains a storage policy of 90 - 120 days in order to maintain insured stock per campaign. Although the products are subject to seasonal change, due to their national coverage it is possible to relocate the footwear to other provinces.

Nonetheless, demand estimation and fashion trends are determined basically according to the experience and knowledge of the C suite, without counting on sophisticated data tools to complement the analysis. The supply chain organizations of most moderate to large-sized firms are increasingly employing an array of dashboards, scorecards, key performance indicators (KPIs), and/or other measurement indices to monitor their performance. The development and availability of insightful metrics is a prerequisite for an effective performance management system (Liberatore and Miller, 2021).

The distribution is carried out from SOKSO's central warehouse, located in Carapongo - Lima, to the various places where the designated Businesswoman dispatches the merchandise to its Promoters. This distribution is done twice a week. Distribution within the city of Lima is carried out directly with the company's transport fleet, while distribution to the province is carried out via courier.

#### ***1.4.4 Human resources***

SOKSO has a simple structure, in which each employee reports to the head of the division, who in turn reports to the general manager. At SOKSO, the role of general manager is assumed by the majority shareholder. This model is appropriate as it is a company with a small staff, which allows bureaucracy to be avoided and more effective means of control.

There is no structured area of human resources or personnel management (the closest being the area of recruitment and selection, which depends on the area of finance and administration) that probably should be addressed soon not only to support direct employees

but Businesswomen and Promoters. Note that currently the company has a total of 157 employees on the payroll. It also has 150 Businesswomen and 13,000 Promoters, who do not have a labor relationship with the company.

#### ***1.4.5 Finance***

The foreign payment policy is 100% cash and does not have exclusive suppliers. Important negotiation goals have not been achieved yet for the benefit of the company (such as payment terms) since international suppliers (basically from China) have bargain power, so it is not a priority for them to negotiate or achieve sales on a smaller scale. It should be highlighted that the main footwear exporter globally, China, shipped US\$ 49.6 billion (31.4% of total exports) and registered an average annual growth of 2.5% between 2019 and 2023 (Adex, 2025)

#### ***1.4.6 Information***

As Dwivedi et al. (2021) argue, organizations can significantly benefit from making social media marketing an integral element of their overall business strategy. In this context, SOKSO actively and regularly communicates and informs its customers through its social networks, which it has developed (Instagram, Facebook, and TikTok) where they present the collections that are developed and the next publication of catalogues.

It also hires influencers to promote their main brands. Moreover, Catalogues are in digital format on the SOKSO's website in downloadable PDF format so that Businesswomen and Promoters can disseminate products in the campaign.

For their communications in face-to-face and/or virtual activities, Businesswomen must follow SOKSO's image guidelines. In the same way, they are required to use an adequate, non-discriminatory, respectful business communication language in accordance

with the communications that SOKSO handles on its channels such as the website or social networks.

The Businesswomen may make use of the trademarks that SOKSO sells respecting the guidelines provided for in the contract signed with the company. Likewise, Businesswoman may not provide information in its communication channels that may mislead Promoters and/or end customers.

#### ***1.4.7 Technology***

It has a virtual platform for order entry, which can be accessed from a computer, tablet, and/or cell phone ([www.smart.sokso.com](http://www.smart.sokso.com)) in which registered Promoters can place their orders directly and is linked to the assigned Businesswomen. Payments are made by deposit in SOKSO's collection account. Promoters can use digital wallets (Yape and/or Plin) to make the payment to the Businesswomen, and the latter can perform the deposit to SOKSO.

The lack of a well-developed e-commerce might be seen as a competitive disadvantage, considering the importance of this channel. As will be deeper explained in next chapters,

The utilization e-commerce within entrepreneurial enterprises possesses significant potential to enhance competitiveness. Entrepreneurial enterprises can enhance their market coverage, optimize their operations, enhance their marketing adaptability, among others (Nur and Rijal, 2023).

Internally, they use SAP ERP to manage their accounting, financial, commercial and warehouse operations.

## 1.5 Conclusions

After carrying out the analysis of the company's situation and carrying out the sector, external and internal analysis of SOKSO, the cross-analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT) has been developed, which is presented in Appendix 5, which will support us to develop the analysis of the root problem and implement effective solution strategies.



## 2. Organization Problem

In this chapter, we will present the problems that SOKSO has been facing, taking into consideration its implications from various approaches.

### 2.1 Problem identified.

SOKSO, during the years 2020 and 2021, had great growth in sales and profitability. However, in the last four years, especially since 2022, SOKSO's operating profit (hereinafter EBIT) has decreased 8.11% (in December 2024). This drop has generated concern among SOKSO's managers and shareholders. Likewise, this decline not only reflects a financial challenge but also puts at risk SOKSO's social purpose of empowering over 13,000 women Promoters across Peru.

The decrease in EBIT is attributed to the implementation of a footwear liquidation strategy, which although initially designed to increase sales and reduce inventories, has not achieved the expected results. The liquidation strategy has led to a reduction in profit margins, negatively affecting the company's overall profitability.

Moreover, this situation has been aggravated by a decrease in the number of active Promoters, which has had a direct impact on sales and on EBIT. Indeed, Promoters play an essential role in the promotion and sale of the company's products, so their reduction has led to a lower presence in the market and a decrease in customer acquisition. As independent sellers, Promoters rely on the profitability of each sale, so fewer participants in the network also mean entrepreneurial opportunities for women.

This situation has forced SOKSO to rely more heavily on the liquidation strategy to maintain its sales levels, resulting in a downward spiral in EBIT. The combination of an ineffective liquidation strategy and the reduction of Promoters have created a challenging environment for SOKSO, which must now re-evaluate its strategies and look for innovative

solutions to reverse this negative trend, recover its operating margin and women's empowerment through independent entrepreneurship.

## **2.2 Substance of the problem**

The issues facing SOKSO are multifaceted and require detailed analysis to fully understand their causes and effects. The drop in the company's EBIT over the past four years is a clear indicator that current strategies are not working as expected.

The underlying cause of these problems are related to several factors. First, the liquidation strategy may have been poorly conceived or executed. A proper market and/or price analysis may not have been done before implementing the strategy, which has led to a reduction in profit margins.

On the other hand, the reduction in the number of active Promoters influenced by external market dynamics like a combined effect of post-pandemic economic uncertainty, changes in customer behavior, and the growth of digital commerce, led many independent Promoters to seek alternative sources of income. This has had a direct impact on sales and profitability. Promoters are essential in SOKSO's commercial model as independent entrepreneurs who trade company's products for a profit margin. The contractions of this network have reduced market coverage and limited access to new customers.

These factors have created a structural imbalance between short-term financial measures and long-term sustainability of SOKSO's business and social model. Without renewed initiatives to strengthen the engagement of Promoters – through percentages of profit, stable pricing, and other initiatives- the company risks weakening the foundation of its business model and its social purpose of empowering women.

### **2.3 Problem location**

The problem of reducing SOKSO's profitability is mainly located in Sales Management because it would be part of their function to generate a strategy for the incorporation, development and maintenance of Promoters that allows their annual increase. Similarly, due to the definition of the commercial plan of projected sales, the problem is also located in the Supply Chain Management, who carry out negotiations with suppliers (in China and other countries) for the production and shipment of products to Peru. Finally, the problem would also lie in the Administration, Finance and HR Management, which is in charge of managing and monitoring SOKSO's financial situation.

### **2.4 Property of the problem**

The owner with the greatest impact on the SOKSO problem is the General Manager who is in charge of developing and monitoring strategies to achieve the company's medium- and long-term goals. In turn, Sales Management is also involved, which must develop and execute the plans for the incorporation of Promoters as well as the planning of sales of the merchandise to be imported.

### **2.5 Magnitude of the problem**

SOKSO's situation, marked by a significant decline in profitability, represents a complex problem that affects multiple facets of the company. Below is an analysis of the magnitude of the problem, considering its economic and operational impact:

Economics: The drop in profitability at SOKSO of 8.11% over the past four years highlights the seriousness of the economic situation facing the company. This decline not only affects short-term profits but also has repercussions on the overall financial health of the organization. The reduction in revenue has led to declining profitability, which means that even though sales may have grown initially, net income is being eroded by the costs

associated with ineffective liquidation strategies. An over-reliance on aggressive discounts can lead to low price expectations in consumers, further weakening SOKSO's ability to maintain healthy margins.

**Operational:** The reduction in the number of Promoters represents a substantial operational challenge that affects SOKSO's ability to execute its business model and limits its ability to interact with and convince potential buyers. This affects not only immediate sales but can also impact the creation and sustainability of long-term relationships with customers. With fewer Promoters, SOKSO's ability to run effective sales campaigns is compromised. Product promotion and customer experience often depend on human interactions, and the lack of this sales force can limit customer loyalty efforts.

**Social:** Beyond financial and operational implications, the decline in profitability and the contraction of the Promoter network have also affected SOKSO's Social purpose. The company seeks to empowering women through entrepreneurship, offering the opportunity of generating independent income and to achieve economic self-sufficient. If the Promoter network decreases, the Company's value is negatively impacted. Therefore, fewer women can access this opportunity, reducing the company's broader social value, which is an integral part of SOKSO's business model.

## **2.6 Time perspective of the problem**

The fall in SOKSO's operating profit has been occurring since 2020. Note that this coincides with the gradual overcoming of the COVID-19 pandemic. Indeed, due to SOKSO's business model through catalog sales, where human interaction is lower, during the years of greatest isolation and restrictions on mobility (i.e. 2020 and 2021), SOKSO's sales increased substantially.

As the lives of Peruvians began to return to "normality", it seems that SOKSO's end customers began to use the most traditional ways to buy footwear, that is, through stores open to the public. This 2022 consumer is willing to stay longer in shopping malls, the growing level of population protected by the application of vaccines provides security and thus consumers attend shopping complexes also as an activity of leisure and distraction, and no longer only as a direct purchase destination, where the shopping experience itself had been relegated. (Infobae, 2022).

Thus, to date, the Company continues to have the problem identified at the level of its operating profit.

Therefore, if no strategic decisions are taken that would "shock" the *status quo* of SOKSO's operations, we estimate that the time horizon that would have to elapse for a substantial recovery would be, at least, in the medium term. Hence, high-impact actions would have to be taken to accelerate the course of this trend.

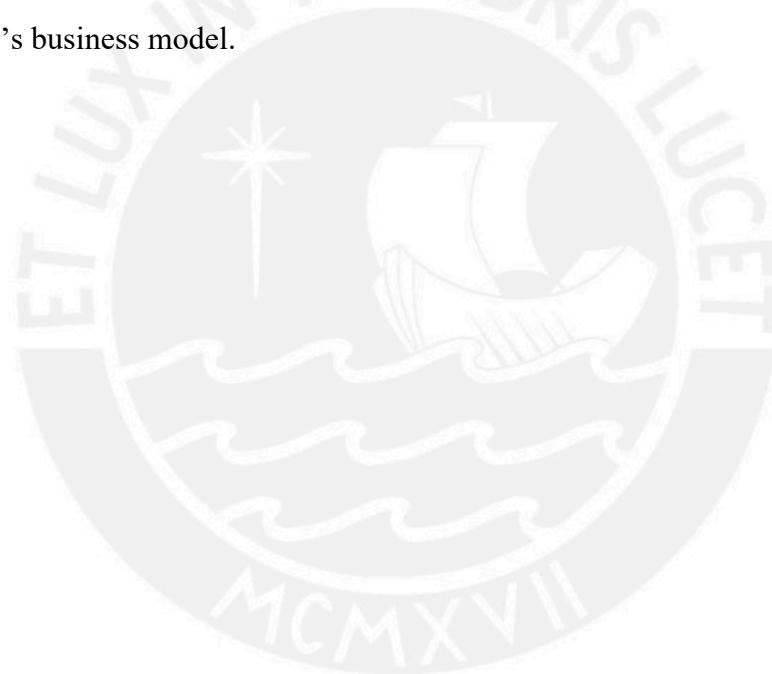
## **2.7 Social implications of the problem**

SOKSO has a relevant social role, as it is committed to empowering women entrepreneurs by offering them the opportunity to run their own independent businesses and, as such, obtain resources required to sustain their families. This business model not only supports women's financial autonomy but also contribute the development of communities across different regions Peru.

This is especially sensitive in our country where 32% of Peruvian households are headed by women (El Peruano, 2022). Likewise, although the rate of participation of women in remunerated activity has been increasing, it is bellowing men involvement (36.27% vs

50.46%). Further, as of 2023, about 28.7% of women had no income of their own, more than 2 times higher than men (13%) (INEI, 2023).

In this scenario, it must be highlighted that the decrease in SOKSO's EBIT does not have solely an impact in SOKSO's performance and/or in the shareholder's expectations. On the contrary, it has a profound effect on the quality of life of the Promoters and their families, reducing the opportunities for women to generate independent income. Furthermore, the contraction of the Promoter network limits the potential to extend these entrepreneurial opportunities to new participants, thereby weakening the broader social contribution that defines SOKSO's business model.



### 3. Qualitative and Quantitative Analysis

For the third chapter, after identifying the problem, we present the qualitative and quantitative analysis that supports the identified problem, on which we will begin to build a solution proposal.

#### 3.1 Qualitative analysis

SOKSO's problem reveals that the challenges are not limited to financial figures alone, but are also deeply rooted in brand perception, as well as its cohesion and loyalty with Promoters. To overcome these challenges, SOKSO must consider a comprehensive approach that addresses both structural causes and consumer perceptions, driving a transformation towards innovation and continuous adaptation. The main qualitative considerations related to the fall in SOKSO's EBIT are highlighted hereinafter:

##### 3.1.1 Brand Perception and Liquidation Strategy

###### 3.1.1.1. Consumer Perception:

The liquidation strategy could have deteriorated the image of SOKSO brand in the sight of end consumers, leading them to associate the products as of lower quality, reducing the brand value in the long term. In Figure 4 we observe the general results of customer satisfaction with the services provided by SOKSO carried out in 2024 according with the management results of 2023 against 2022, as we can see that there is a general decrease in the satisfaction of end customers with greater emphasis on brand management, return care, delivery and warranty.

#### Figure 4

*SOKSO Customer Satisfaction Survey Results*

**RESULTADOS POR NIVEL DE IMPORTANCIA Y SATISFACCIÓN  
REQUISITOS DEL CLIENTE**

DESCRIPCIÓN - NIVEL DE SATISFACCIÓN	2022	2023	%
1. GESTIÓN DE ENTREGA	79%	74%	↓-6%
2. SISTEMA INFORMÁTICO SMART	75%	81%	↑8%
3. ATENCIÓN DE LAS DEVOLUCIONES	54%	49%	↓-9%
4. ATENCIÓN SERVICIO AL CLIENTE	76%	72%	↓-5%
5. SERVICIO TRANSPORTISTA	83%	76%	↓-8%
6. SOPORTE DE LA GERENTE DE NEGOCIO	75%	76%	↑1%
7. MEDIOS DE PAGO		62%	
XX. ATENCIÓN DE LA GARANTÍA	54%	49%	↓-9%



*Note:* Results of the general customer satisfaction survey. Source: Sokso. [Informe Satisfaccion en servicios empresarias octubre 2023.pdf](#)

### 3.1.1.2 Customer loyalty (Promoter):

The adoption of discounts could have weakened the loyalty of regular customers, Businesswoman and, also, Promoters who can expect low prices instead of valuing the product at its original price, making it difficult to sell in the future at competitive prices.

Companies that grant pricing exceptions with the greatest frequency experience more rapid average selling price decline. While certain circumstances lend themselves to making pricing adjustments (e.g., large volume order, long term contract), often exceptions are made for reasons that are ad hoc and less defensible, and may set unintended market precedents or incent tough tactics by customers (Vantage Partners, 2018).

The figure 5 shows the satisfaction of businesswomen and Promoters with Sosko's overall customer service, which decreased by 22% from 2022 to 2023, diminishing the loyalty of its main customers.

**Figure 5***SOKSO Businesswoman Satisfaction Survey Results*

SK-REG-GPV-003 – Informe de satisfacción del cliente



*Note:* Results of Businesswoman satisfaction survey. Source: Sokso. [Informe Satisfaccion en servicios empresarias octubre 2023.pdf](#)

**3.1.2. Commercial Strategy**

During 2024 SOKSO commissioned EY to conduct market research about their positioning and the development of its commercial strategy. Some results of the Estudio de Mercado (2024) are presented below.

**3.1.2.1. Dependence on a single strategy:**

The reliance on the liquidation strategy and exclusively on physical and digital catalog sales suggests a lack of innovation in the value proposition. SOKSO needs to diversify its marketing and sales methods to better adapt to changing consumer needs.

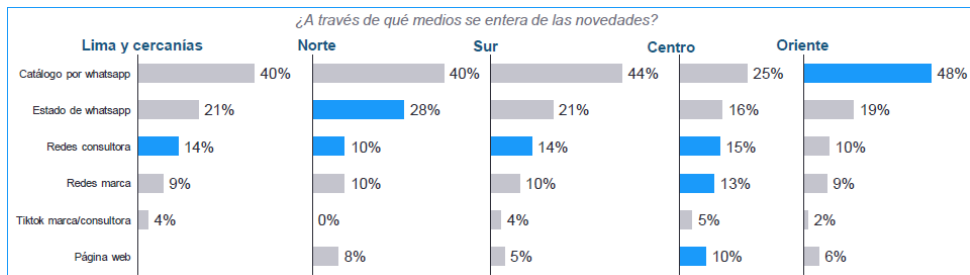
**3.1.2.2 Adapting to changes in the market:**

The inability to adapt quickly to post-pandemic market conditions may have left SOKSO vulnerable to more agile competitors that have evolved with the consumer environment (i.e., e-commerce), Figure 6 presents the results of the way in which end

customers access SOKSO's catalogs, observing a preponderance and dependence on the entrepreneur physically or with a digital catalog by WhatsApp.

**Figure 6**

*SOKSO Main Customers Catalog Access*



Note: Main media where the final buyers find SOKSO's catalogs. Source: [Estudio Mercado Clientes Sokso.pdf](#)

### 3.1.3. Economic and Social Environment

#### 3.1.3.1. Changes in consumer behavior:

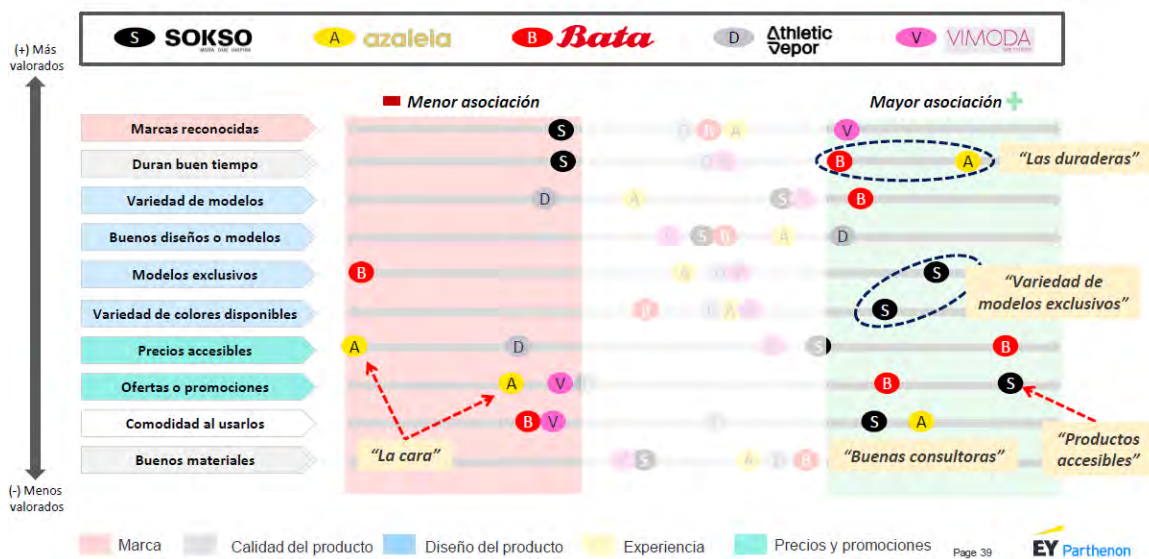
The pandemic changed purchasing priorities and behaviors. Economic uncertainty may have led consumers to prioritize basic needs over non-essential products or to defer their purchase.

#### 3.1.3.2. Competition and new market entries:

Competitors may have adapted better than SOKSO to the latest sales conditions, achieving better brand recall, product durability, greater variety of models and affordable prices or shopping experiences (linked to the return to physical stores), as we can see in Figure 7 of the study carried out by EY, which has affected SOKSO's market share.

**Figure 7**

*SOKSO Competitors main difference.*



Note: Main Differences of SOKSO from the Competition. Source: [Estudio Mercado Clientes Sokso.pdf](#)

### 3.1.4. Innovation and Technology

#### 3.1.4.1. Need for digital transformation:

The lack of a solid e-commerce strategy limits reach and customer acquisition. Without effective digital tools, SOKSO cannot meet consumer demand who increasingly prefers to shop online.

#### 3.1.4.2. Focus on customer experience:

Digitization is not only about selling online, but also about delivering seamless customer experience across multiple channels. SOKSO must modernize its approach to attracting and retaining customers.

### 3.2 Quantitative analysis

For the quantitative analysis of the SOKSO problem, the years 2022 – 2024 will be considered as the period to be evaluated.

### 3.2.1 Operating Profit

A company's EBIT is a key indicator that reflects the effectiveness of operations and the ability to generate profits from its sales. In the case of SOKSO, a significant decrease of 8.11% in its operating profit has been observed between 2022 and 2024. This analysis seeks to break down and quantitatively explain this reduction.

At the end of 2021, the company began to face challenges that directly impacted its profitability. First, the liquidation strategy implemented to reduce inventories, although initially attracting consumers and generating an increase in sales, eroded profit margins. Massive discounts and aggressive promotions, designed to mobilize stock, resulted in an adverse effect on gross profit. When analyzing costs and expenses, it was evident that they increased proportionally due to the need to compete in a saturated market, making the products more expensive. In quantitative terms, EBIT in 2022 was 11.48% of sales and in 2024 it decreased to 3.37%. Table 2 shows this annual decrease.

**Table 2**

*SOKSO Income Statements 2022 – 2024*

Income Statements (in thousands of PEN)	2024	2023	2022
Account			
Income from Ordinary Activities	56,911	59,783	73,550
Cost of Sales	-42,125	-43,472	-50,040
Gross Profit (Loss)	14,786	16,311	23,509
Sales and Distribution Expenses	-9,195	-9,815	-10,451
Administration Fees	-3,671	-3,836	-4,615
Operating Profit (Loss)	1,919	2,659	8,443
EBIT in % (Profit / Income)	3.37%	4.44%	11.48%

*Note.* The table presents SOKSO's financial results between the years 2022 and 2024.

This 8.11% reduction in EBIT (11.48% in 2022 vs 3.37% in 2024) translates into an impact not only on profitability. The decrease in the sales force, with a reduction in the number of Promoters, contributed to this phenomenon by limiting the company's ability to improve its product positioning and communication with the consumer.

### 3.2.2 Sales

SOKSO has had significant sales growth since its creation. Figure 8 shows that between 2017 and 2019 there was a growth of 28.5%. Then, there was a decrease of 13.5% in 2020, impacted by the Covid-19 pandemic, followed by a great recovery in 2021, with a growth of 18.1% (compared to 2019 and 36.4% compared to 2020). In 2022 there was a reduction in sales of 3.2%, in 2023 by 18.72% (with sales lower than those obtained in 2019) and, finally, there was a decrease of 4.80% in sales at the end of 2024.

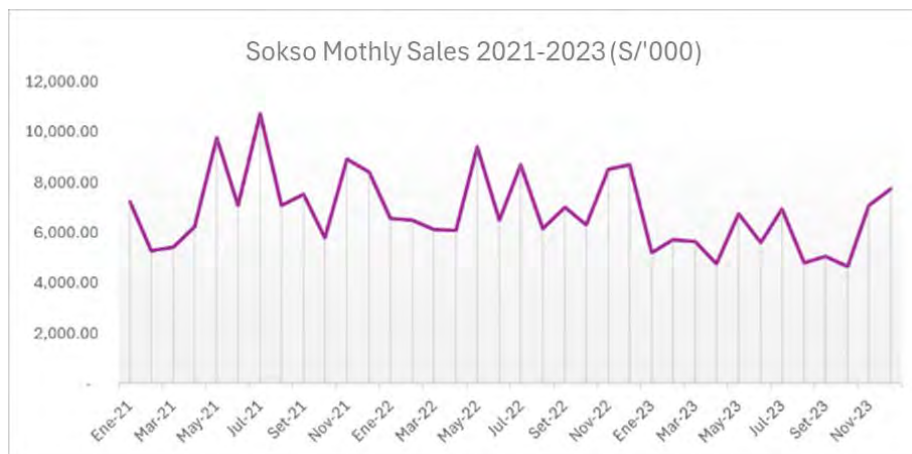
**Figure 8**

*SOKSO Annual Sales 2017 - 2024*



*Note.* The figure presents the sales recorded by SOKSO between 2017 and 2024.

In Figure 9 we can observe the evolution of monthly sales between 2021 and 2023, with trends by sales peaks in the months of May (Mother's Day), July (National Holidays) and December (Christmas) and with a decrease in 2023.

**Figure 9***SOKSO Monthly Sales 2021 - 2023*

*Note.* The figure shows SOKSO's monthly sales between the years 2021 and 2023.

### **3.2.3 Inventory**

The increase in SOKSO's inventory, which went from PEN 16,958,000 in 2021 to PEN 23,239,000 in 2024, can be attributed to a combination of external and internal factors that affected purchase order management and market demand. It is important to note that, according to the information gathered, SOKSO purchase orders are prepared approximately eight months in advance of manufacturers in China. This prolonged period means that purchasing decisions are based on demand forecasts that, in a dynamic economic environment, can quickly become uncertain and even outdated. Understanding SOKSO's business model, it is considered that its stock for sale, between physical inventory and inventory on the way, has a coverage of 3 to 5 months of sale.

As an example of this, it should be noted that, in 2021, the year that marked the election of Pedro Castillo as president of Peru, the political and social climate began to change, which generated uncertainty in the market. In December 2021, a social revolt in the south of the country would exacerbate instability, affecting consumer confidence and purchasing power.

During the first quarter of 2022, the Yaku weather phenomenon in northern Peru had an adverse impact on the economy. This hydrometeorological phenomenon affected agricultural production and, in turn, the purchasing power of consumers, further complicating the scenario for the footwear and clothing industry. In a context of high uncertainty, sales of catalog products, which depend on an early and accurate analysis of demand, were negatively affected.

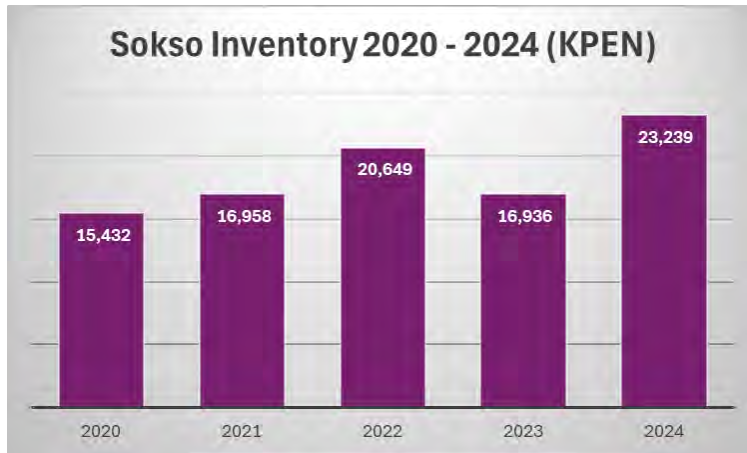
Throughout 2022, annual inflation of 12% was recorded, resulting in an adjustment in consumer purchasing behavior. With purchases already made eight months in advance, SOKSO was caught up with growing inventory that did not correspond to actual market demand. Inflation limited consumers' purchasing power, leading to lower inventory turnover.

This effect lasted until 2023, generating a greater risk of inventory accumulation and, in turn, added costs associated with storage and possible deterioration of products.

For 2024, inventory increased again at the end of the accounts due to poor planning of product imports, delays in the arrival of vessels that affected sales during the Christmas campaign and a high sales projection for the summer 2025 season.

In summary, the combination of inadequate long-term purchasing planning, an unstable political context, adverse weather events, high inflation, among other factors, caused SOKSO to face a significant increase in its inventory levels, which highlights the need to review its inventory management strategy in an environment that demands greater flexibility and speed of response.

Figure 10 shows the annual evolution of SOKSO's inventory from 2020 to 2024.

**Figure 10***SOKSO Inventory Evolution 2020 – 2024*

*Note.* The figure shows the evolution of SOKSO's inventory between 2020 and 2024.

Appendix 10 shows supplementary financial KPIs detailing the effect of SOKSO's inventory increase.

### **3.2.4 Reduction of Promoters**

SOKSO has experienced a remarkable variability in the number of Promoters. This phenomenon can be attributed to two factors: profit margins and bonuses offered by the company compared to its competitors in the catalog market.

Profit margins for SOKSO's Promoters have been lower compared to other companies in the sector. While competitors such as Azaleia, Bata and Vimoda, as can be seen in Appendix 6, offer margins "from" 20 or 25%, SOKSO maintains fixed margins of 15% (licensed brands) and 25% (own brands). This difference could have discouraged some Promoters who seek to maximize their income in a competitive market.

Second, the additional bonuses and rewards offered by SOKSO have been less attractive. Competing companies have implemented more robust incentive programs, including travel, cash prizes, and exclusive products, which has increased the satisfaction and

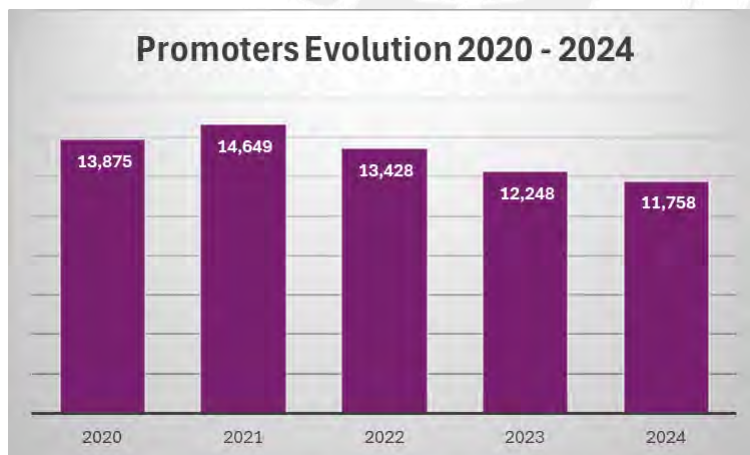
retention of their Promoters. In contrast, SOKSO has offered limited bonuses, which has contributed to lower motivation and consequently higher Promoters turnover.

The combination of these factors has led to a decline in SOKSO's sales Promoter strength, affecting its ability to compete effectively in the market. To reverse this trend, SOKSO will need to reconsider its margin and bonus structure, aligning itself more closely with the expectations and needs of its Promoters.

Figure 11 shows the variability in the average number of active Promoters that SOKSO had between 2020 and 2024.

**Figure 11**

*Evolution of Promoters 2020 – 2024*



*Note.* The figure shows the evolution of SOKSO Promoters between 2020 and 2024.

#### **4. Analysis of the root cause of the problem**

Cause analysis using the Ishikawa method reveals that the reduction in SOKSO's operating profit is the result of a combination of factors related to method, machines, materials, labor, environment, and measurement. To address these issues, SOKSO will need to implement strategies that improve purchasing management, optimize operating costs, motivate Promoters, and foster innovation in its products. In addition, it will be crucial to adapt business strategies to compete effectively in the market and respond to changes in consumer demand.

##### **4.1 Causes identified.**

###### **4.1.1 Method**

###### **4.1.1.1 Liquidation Strategy:**

Although the aim was to increase sales and reduce inventories, the discounts offered may have affected brand perception and product quality.

###### **4.1.1.2 Lack of diversification of sales strategy:**

Over-reliance on the liquidation strategy without considering other marketing or sales opportunities.

###### **4.1.1.3 Commercial Management:**

Deficient product purchase planning.

### **4.1.2 Machine<sup>6</sup>**

Because SOKSO is a trading company, not a producer, the analysis focuses on machine-like elements.

#### **4.1.2.1 Missing sales platform:**

Sales and inventory management systems that do not support the new demands of the post-pandemic market.

#### **4.1.2.2 Lack of digital tools:**

Absence of e-commerce whose implementation could help maintain stable sales.

### **4.1.3 Materials<sup>7</sup>**

#### **4.1.3.1 Quality of own-brand products:**

The customer's perception of quality may be affected if the products on clearance are considered to be of lower value.

### **4.1.4 Personnel**

#### **4.1.4.1 Reduction of sales Promoters (external):**

Although Promoters are not formally SOKSO employees, but customers, due to the catalog sales business model, it is clear that a lower number of Promoters has a direct impact on SOKSO's ability to attract end-user customers and generate sales.

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<sup>6</sup> It should be taken into consideration that since SOKSO is a trading company, it does not have "machines". However, we will mention some assets (or the lack of them), which without being fixed assets, could still fall within this classification due to their level of importance.

<sup>7</sup> As in the case of "machines", in the strict sense, SOKSO does not have materials either, except in the case of catalogues.

#### **4.1.4.2 Training:**

Possibly, the staff is not adequately trained to handle new sales or promotional strategies.

#### **4.1.5 Environment**

##### **4.1.5.1 Post-pandemic economic impact:**

Changes in the economy have affected consumer behavior, such as reduced disposable income for footwear spending, which leads to the search for cheaper products.

##### **4.1.5.2 Increased competition:**

Increased market competitiveness due to other players who adapted better to market circumstances.

#### **4.1.6 Measurement**

The analysis found no measurement factors that we can link to the causes of the SOKSO problem.

Appendix 7 presents the fishbone chart (Ishikawa) on identifying the causes of the problem.

#### **4.2 Root Cause of the Problem**

An analysis of SOKSO's financial situation has revealed a significant decrease of 8.11% in its EBIT. This reduction can be directly attributed to a product liquidation strategy, a decision driven by excess inventory of these same products.

The excessive accumulation of inventory originated as a result of a drastic reduction in the number of sales Promoters. This decrease in the sales force could be due to the widespread perception among Promoters that the benefits they receive for their work are not proportional to the effort made. Additionally, external factors such as post-pandemic

economic uncertainty and the rapid expansion of digital commerce have intensified this reduction, as many independent Promoters have shifted toward alternative income sources.

The analysis of the five (5) whys of the problem presented in Figure 12 allows us to clearly identify the underlying and fundamental causes that have led to the current situation, providing a solid basis for developing effective solution strategies.

### Figure 12

*Analysis 5 Why? Of the SOKSO problem.*

<b>Problem: 8.11 percentage points reduction in SOKSO's EBIT</b>	Why has SOKSO's EBIT been reduced by 8.11 percentage points?	Why did SOKSO establish a liquidation strategy for private label products?	Why does SOKSO have excess inventory of private label products?	Why does SOKSO have a reduction in sales of SOKSO own brand footwear?	Why does SOKSO have a high dependence on sales promoters?
	SOKSO Own-Brand Product Liquidation Strategy	Excess inventory of SOKSO private label products	Reduction in sales of SOKSO own brand footwear	High dependence on sales promoters.  Reduction in the number of sales promoters.	It has not developed other sales channels.

*Note.* The figure presents the analysis of 5 why? to define the root cause of the SOKSO problem.

## **5. Solution Alternatives Evaluated**

### **5.1 Alternatives to solve the problem.**

#### ***5.1.1 Improve the benefits to sales Promoters with staggered purchase amounts***

It seeks to encourage Promoters to increase their sales through additional benefits based on the volume of purchases. As Promoters reach certain sales levels, they will receive greater discounts (above 25%) or other benefits such as bonuses and prizes. Not only does this strategy motivate Promoters to sell more, but it can also improve retention by offering tangible rewards for their performance. It should be noted that this strategy of staggered profits has been identified in some of SOKSO's direct competitors, such as Azaleia and Vimoda. (See Appendix 6 with the benchmark analysis carried out).

#### ***5.1.2 Enter physical stores in shopping centers in SEL B and C segments***

Establishing a presence in shopping centers aimed at low- and middle-income segments can increase product visibility and accessibility. It would also contribute to greater brand positioning. This strategy involves opening physical stores in strategic locations, which can appeal to a wider and more diverse audience. However, it does require significant investment in rent, staffing, and store maintenance. This alternative can also present a risk with Promoters because they could perceive that SOKSO is competing directly with their sales channel.

#### ***5.1.3 Develop an e-commerce channel along with entering a department store marketplace***

Creating an online store that allows SOKSO to have full control over the customer experience, from browsing to after-sales service. This latest sales channel can help to make up for the drop in sales level observed in the catalog sales channel. Likewise, being present in well-known marketplaces (i.e., Falabella and/or Ripley) increases consumer exposure and confidence. This combination offers a robust platform to reach a wider and more diversified

audience, leveraging both organic traffic from the own store and that of marketplaces. As a strategy to avoid losing loyalty of Businesswomen, in addition to taking advantage of the distribution network already established by SOKSO, delivery logistics should be channeled through Businesswomen, who would receive a percentage for sales through e-commerce and marketplace.

#### ***5.1.4 Development of new products such as costume jewelry and own brand perfumes***

Diversifying the offer with complementary products can attract new customers and increase sales among existing customers. The approach would be for SOKSO to aim to become a "*one stop shopping*", mainly at the level of the female public. Indeed, as a sales increase strategy, it is important to explore potential products related to the current field. For example, introducing own-brand jewelry and perfumes not only expands the product catalogue, but can also strengthen the brand's identity and market presence. This strategy requires research and development, as well as an investment in marketing to position new products.

## 5.2 Evaluating Alternatives

We will evaluate the alternatives in the following 5 key criteria: Strategic Fit, Financial Return, Implementation Risk, Social Impact and Customer Satisfaction. From our perspective, these factors are the most relevant for a decision-making process and would let us balance the interests of all the actors in place: SOKSO, its shareholders, the Promoters, customers and Peruvian society.

The chosen methodology is to apply scores in each of the already mentioned criterion. To do so, we will take into account our research and our business experience. The scoring criteria will be: 5 the most aligned with the key criterion and 1 the least aligned with the key criterion.

### 5.2.1 *Improve the benefits to sales Promoters with staggered purchase amounts*

Strategic Fit: 5/5 - The Promoters are the backbone of the company. The company and Promoter's goals are aligned

Financial Return: 3/5 - Can generate additional discounts (so less margin) in case of achieving ambitious goals.

Implementation Risk: 3/5 - The benefits are contingent upon meeting the target. However, there is no evidence that higher discounts might produce greater sales.

Social Impact: 5/5 - Increased revenue for the Promoters (mostly women)

Customer Satisfaction: 2/5 - The increased revenue may generate more effort from the Promoters, but it doesn't facilitate the customer journey.

Total: 18

### ***5.2.2 Enter physical stores in shopping centers in SEL B and C segments***

Strategic Fit: 3/5 - Physical stores are opposed to the Catalog model, because they are direct competition. However, they might open a new sales channel.

Financial Return: 2/5 - The infrastructure investment and rent cost of a physical store will affect margins.

Implementation Risk: 2/5 - Physical store will compete with big retailers. We do not expect a significant increase on sales but branding positioning.

Social Impact: 3/5 - There will be more employees for the physical stores but not as much as Promoters.

Customer Satisfaction: 4/5 - A new sales channel would offer an alternative for customers that might be well appreciated for them.

Total: 14

### ***5.2.3 Develop SOKSO's e-commerce along with entering department store marketplaces***

Strategic Fit: 5/5 – Aligned with the company strategy to solve the EBIT problem by entering into a profitable new sales channel.

Financial Return: 4/5 – Even though there is an initial investment, it is expected that the return will produce higher margins than the catalog channel.

Implementation Risk: 5/5 – Minimum Risk because the virtual catalog can coexist with the printed one and to the extent there are capable providers to assist in the e-commerce venture.

Social Impact: 3/5 - Impact not significant only if Promoters are well integrated with this new channel.

Customer Satisfaction: 5/5 - Improvement in the customer journey, especially with young customers adapted to digital trends. Expands the customer base.

Total: 22

#### ***5.2.4 Development of new products such as costume jewelry and own brand perfumes***

Strategic Fit: 4/5 - Expands brand identity and product variation.

Financial Return: 3/5 - Large investment in research and development.

Implementation Risk: 2/5 - Company doesn't have the expertise in jewelry and perfumes. A poor procurement strategy may increase inventory.

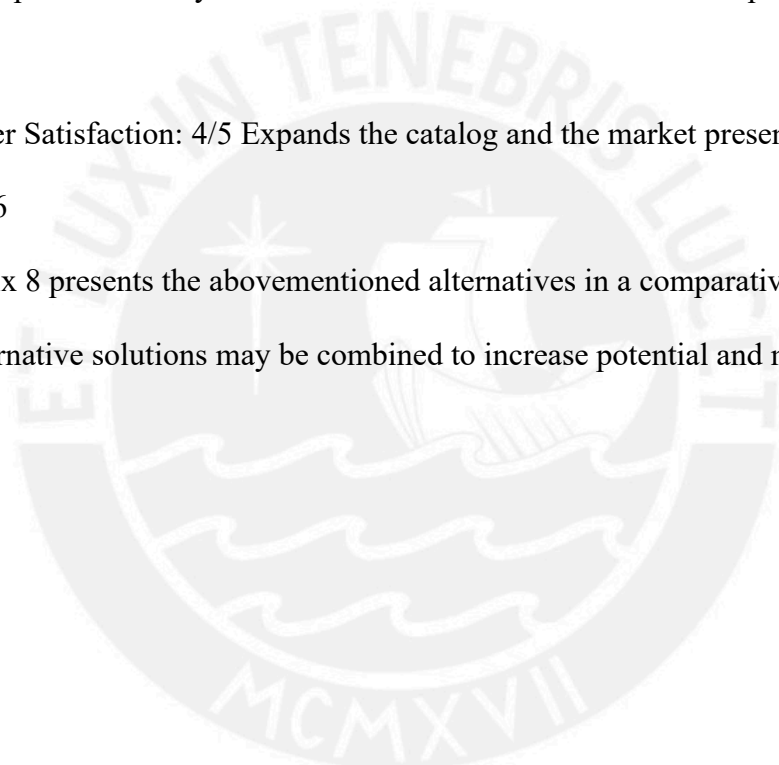
Social Impact: 3/5 - May increase the revenue for Promoters if the product selections are accurate.

Customer Satisfaction: 4/5 Expands the catalog and the market presence.

Total: 16

Appendix 8 presents the abovementioned alternatives in a comparative manner.

The alternative solutions may be combined to increase potential and minimize risk.



## 6. Proposed Solution

Considering the factors evaluated, from our perspective, the most advisable option for SOKSO is to develop its own e-commerce along with entering marketplaces of strategic department stores. Note that the General Management of SOKSO agreed with this suggestion, hence it is in the process of implementation. This alternative presents a balance between ease of implementation, costs, and functionality. It allows to reach a wider audience, improve margins, diversify revenues, and adapt to current consumer trends.

Developing SOKSO's own e-commerce provides greater control over the brand and customer experience. In addition, by entering marketplaces, the large customer base of these platforms is taken advantage of, accelerating sales growth, at the cost of sacrificing some margin.

As supported by Nur and Rijal (2023), the utilization of e-commerce necessitates substantial primary investment in platform establishment, technological framework, and a proficient and educated workforce. Prior to incorporating e-commerce into their operations, entrepreneurial enterprises should take into account these financial considerations. Notwithstanding the initial costs, this investment has the potential to yield a favorable return in the long term. In the case of SOKSO, although e-commerce requires an initial investment, in the long term this strategy can generate a significant return and position the brand as a leader in the market.

The implementation of SOKSO's own e-commerce represents a strategic opportunity to boost the company's growth. This option allows to adapt to new forms of consumption, expand the brand's reach and generate greater revenue.

The focus is that the customer can know in real time the availability of the product according to stock, available sizes, and desired quantity. Detailed product images and size guide should be included.

SOKSO could also take advantage of valuable customer data. One of the great advantages of e-commerce over traditional commerce is the ease of obtaining customer data to get to know them better, understand their needs and improve the experience. (Guerrero-Cortez et al., 2022)

It should be noted that, given that Promoters may feel reluctant to SOKSO e-commerce, perceiving it as "competition", as part of the implementation of this channel, the proposed strategy necessarily involves integrating Promoters, so that they can appreciate the opportunities that e-commerce provides, not only for SOKSO but also for themselves.

In this regard, the way to integrate the Promoters into e-commerce would be through the assignment to them of the new customers acquired (via e-commerce), based on a territorial approach. Indeed, since the Promoters have a portfolio of customers within a specific geographical area, once a new customer is acquired via e-commerce, SOKSO could assign it to a Promoter located within the area from which the order was placed or to which the order will be delivered. This would allow the Promoter to develop the commercial relationship with the new customer, which would potentially allow for a substantial increase in future orders.

Note that SOKSO would benefit from the higher orders that would be placed thanks to the Promoter's work, compared to just passive waiting for new orders through e-commerce. Likewise, under this model, the Promoter would not benefit from the first online sale (since its lack of participation in it), but it would benefit from the following ones, in which it would have an active strategic role aimed at consolidating the relationship with the new client.

Overall, this solution balances digital transformation and people empowerment, aligning business performance with SOKSO's social purpose of empowering woman through entrepreneurship. This strategy enables the company to achieve operational scalability, profitability and long-term sustainability of its social and commercial model.



## 7. Implementation Plan and Key Actions for Success

### 7.1 Activities

The development of the implementation plan that we propose has an estimated duration of 5 months, according to the detail of activities that we will describe below.

First 42 to 48 days: Planning and Research

- Week 1-3:

#### ***E-commerce SOKSO***

- Define objectives and responsibilities. It is suggested to choose a collaborator within the organization who will be in charge of leading the project ("champion").
- Market analysis. Inquiry and evaluation of existing supplier alternatives and digital solutions.
- Specification of the site structure and necessary functionalities.
- Develop the e-commerce communication plan for Promoters.

#### ***Marketplaces***

- Define objectives and responsibilities. It is suggested to choose a collaborator within the organization who will be in charge of leading the project ("champion").
- Market study of the different options existing in the country to enter this channel (i.e. prices, payment terms, legal responsibilities, logistics, etc.)

- Week 4-5 / 4-7:

#### ***E-commerce SOKSO***

- Interviews with potential suppliers.
- Request and Receipt of Proposals.
- Selection of the e-commerce platform provider (i.e. Shopify, WooCommerce, Magento; among others).

- Assignment and/or hiring of web designer and developer.
- Start the execution of the communication plan to the Promoters.

### ***Marketplaces***

- Selection of the 2 or 3 best alternatives that fit SOKSO's strategic objectives.
- Choice of the priority marketplace to venture into this segment.
- Marketplace Contracting.

Next 37 to 43 days: Development and Configuration

- Week 1-3:

### ***E-commerce SOKSO***

- Access and availability of the chosen platform.
- Website design and development.

### ***Marketplaces***

- Selection of merchandise (i.e. brands and product types) to be promoted via the marketplace.
- Start of product loading and inventory management

- Week 4-6:

### ***E-commerce SOKSO***

- Customization of the site to reflect the brand's identity.
- Integration of payment methods (credit cards, PayPal, etc.).
- Logistics and shipping configuration (prioritizing distribution via Businesswomen).
- Second wave of communication according to the communication plan to Promoters.

### ***Marketplaces***

- Complete product upload and inventory management.
- Logistics and shipping configuration (prioritizing distribution via Businesswomen).

Next 22 to 51 days: Testing and Launch

- Week 1-3:

#### ***E-commerce SOKSO***

- Site functionality testing (browsing, checkout, payments).
- Final adjustments and bug fixes.

#### ***Marketplaces***

- SEO optimization and preparation of digital marketing campaigns.
- Official launch of the marketplaces with promotional campaigns.

- Week 4-7:

#### ***E-commerce SOKSO***

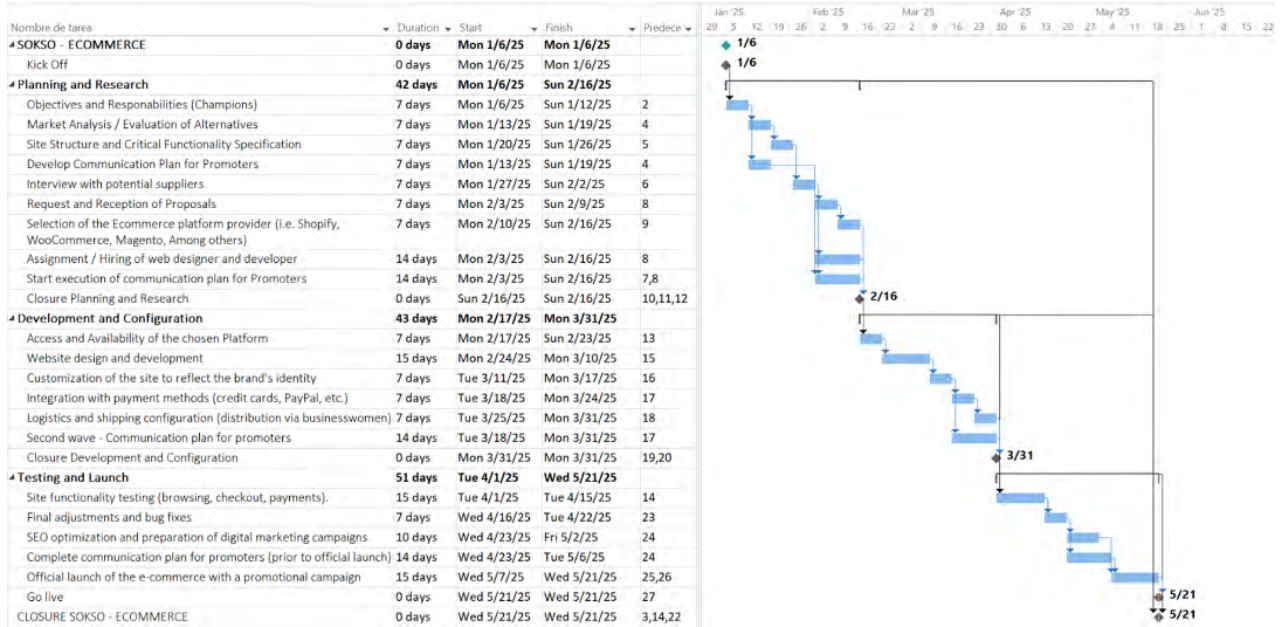
- SEO optimization and preparation of digital marketing campaigns.
- Complete communication plan to Promoters (prior to the official launch)
- Official launch of the e-commerce with a promotional campaign.

### **7.2 Implementation Gantt Chart**

Figure 13 presents the Gantt chart for SOKSO's e-commerce implementation.

**Figure 13**

*Gantt Chart for E-commerce Implementation in SOKSO.*

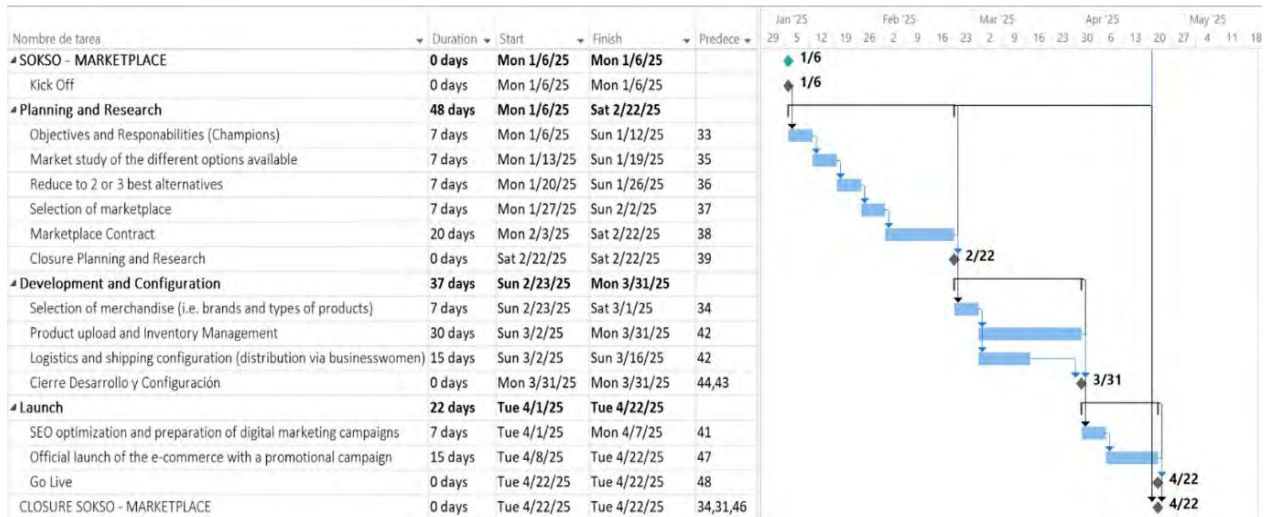


*Note.* The figure presents the implementation schedule for e-commerce in SOKSO.

Figure 14 shows the Gantt chart for the marketplace implementation for SOKSO products.

Figure 14

*Gantt chart for marketplace selling implementation*



*Note.* The figure presents the timeline for the implementation of marketplace selling for SOKSO products.

### 7.3 Budget

#### *E-commerce SOKSO*

- **Research and Planning**
  - Market Analysis: \$1,000 - \$2,000
  - Consulting and Strategic Planning: \$2,000 – \$4,000
- **Development and Configuration**
  - E-commerce Platform: (i.e. Shopify/WooCommerce/Magento) License: \$500 - \$1,000
- **Web Design and Development:**
  - Web Designer: \$3,000 – \$4,500
  - Web Developer: \$4,000 – 7,000
  - Site Customization: \$1,500 – \$2,500
  - Payment Method Integration: \$500 - \$1,000

- Logistics & Shipping Setup: \$1,000 – \$2,000
- **Testing and Launch**
  - Functionality Testing: \$1,000 - \$, 2000
  - SEO Optimization: \$1,500 – \$2,000
  - Digital Marketing & Launch Campaign: \$3,000 – \$5,000

### ***Marketplaces***

- Registration and Setup: \$500 - \$2,000
- Product Loading and Inventory Management: \$1,000 – \$2,000
- Promotions and Advertising on Marketplaces: \$2,000 - \$3,000

**Total, Estimated:** \$22,500 - \$40,000

Appendix 9 presents a summary of the estimated investment for the implementation of e-commerce in SOKSO.

### **7.4 Key Activities for Success**

From our point of view, considering the following factors will allow SOKSO to create a successful online store, offering a satisfactory and efficient shopping experience for its customers.

- User Experience:
  - Intuitive navigation: incorporate an easy-to-navigate e-commerce system into the SOKSO website, with a clear and accessible structure.
  - Attractive design: A visually appealing design that is consistent with the SOKSO brand identity can improve customer perception.
  - Loading speed: Optimize site load time to prevent users from leaving the page.
- Security and trust:

- SSL<sup>8</sup> certificates: Implement SSL certificates to secure transactions and protect customer information.
- Clear policies: Post clear and accessible privacy policies, terms of service, and return policies.

Trust in digital platforms and secure payment methods emerges as another key factor for e-commerce acceptance. SMEs, especially in emerging economies, face barriers related to the perception of risks in terms of security and privacy, which limits the integration of digital technologies (León et al., 2025).

- Optimization for mobile:
  - Responsive design: e-commerce must be optimized for mobile devices, since a large number of users make purchases from their phones.
- Digital marketing:
  - SEO<sup>9</sup>: Optimize the site for search engines to increase organic visibility.
  - Social Media Advertising: Using social media advertising campaigns to drive traffic and generate sales.
  - Email marketing: Implement email marketing strategies to retain customers and encourage repeat purchases.
- Customer Support:
  - Multi-channel support: Offer customer support through multiple channels (live chat, email, phone) to resolve questions and issues quickly.

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<sup>8</sup> Secure Sockets Layer (SSL). Digital certificate that authenticates a website's identity and enables an encrypted connection.

<sup>9</sup> Search Engine Optimization.

- Return policy: implement a clear and fair return policy in e-commerce to generate trust in customers.
- Analysis and continuous improvement:
  - KPIs and metrics: constantly monitor KPIs to evaluate e-commerce performance.
  - Customer feedback: Collecting and analyzing customer feedback to identify areas for improvement and adjust strategies.
- Integration with *marketplaces*:
  - Presence in marketplaces: take advantage of the visibility and trust of marketplaces (i.e., Falabella, Ripley, etc.) to complement e-commerce.
  - Inventory synchronization: ensure that inventory is synchronized between SOKSO e-commerce and marketplaces to avoid stock problems.

Likewise, it is essential for the deployment of SOKSO's e-commerce that, previously and/or in parallel, a detailed communication and awareness plan is carried out for Promoters about the multiple benefits of the channel, both for SOKSO and for themselves.

Such communication strategy should include, among others, knowing its receivers as thoroughly as possible, elaborating the message considering the communicative capacities of the receivers, structuring the messages in a clear and simple way, providing the receiver with the necessary and sufficient information, no more and no less, using feedback, etc. (Bayer, 2005).

All this communication efforts are aligned with the challenge of avoiding cannibalization or the feeling of it between the different sales channels (physical and digital). This means that frustration can be generated by feeling that one channel is harming the other and the organization does not work together for customer satisfaction. (Galan and Vargas, 2020)

In this way, once the online channel is already implemented, the Promoters will not only not oppose it but will be expectant to be able to develop relationships with the new customers assigned to them. For this reason, within the activities listed in this section, as well as in the GANTT developed, we have precisely included these effective communication actions.

### 7.5 Risks

Below is the matrix of potential risks identified that are related to the planning, execution and delivery of the e-commerce and marketplace channel. Table 3 presents the detail of risks including the suggested mitigation measures.

**Table 3**

*Risks of e-commerce and marketplace SOKSO implementation project*

Number	Risk	Probability	Impact	Classification	Mitigation Plan
1	Delays in providers and platform selection	Medium	High	High	Agile decision committee and contracts with pre-aligned service times.
2	Technical failures in integration with ERP and CRM	Medium	High	High	Early pilots specialized technical team and supplier support.
3	Low quality in web development and design	Low	High	Medium	Validate previous experience of the technical team. Regular reviews and continuous quality control.
4	Excesses in the allocated budget	Medium	High	High	Cost control by stage. Strict control of scope changes.

*Note.* The table presents the risks of implementing Ecommerce and Marketplace for SOKSO.

Related to the possible commercial and social impacts of the new channels, Table 4 presents the business risks identified.

**Table 4***Risks of e-commerce commercial and social impacts*

<b>Number</b>	<b>Risk</b>	<b>Probability</b>	<b>Impact</b>	<b>Classification</b>	<b>Mitigation Plan</b>
1	Cannibalization of the traditional channel of Promoters	High	High	Critical	Apply a strategy designed to complement and align new channels with Promoters. Robust and transparent communication plan.
2	Rejection or resistance of Promoters to the digital channel	High	High	Critical	Communication and awareness plan prior to the launch, involving them as partners of the new model.
3	Aggressive competition in marketplaces	High	Medium	High	Differentiation by brand, quality, and after-sales service.
4	Lack of customer adoption	Medium	High	High	Segmented digital marketing campaigns, exclusive promotions, and enhanced user experiences.

*Note:* The table presents the risks associated with potential commercial and social impacts of the new channels.

## 7.6 Expected Results

### 7.6.1 Expected Results in Organizational Management

The implementation of its own e-commerce and its entry into department store marketplaces are expected to significantly boost SOKSO's EBIT. These strategies will diversify sales channels and reduce dependence on settlements and the adhesion of sales Promoters in the chain, thus improving profit margins. With the start of e-commerce during the second half of 2025, SOKSO is projected to reach at least 10% of cumulative EBIT by the

end of 2029. This increase will be achieved through greater control over the customer experience and the optimization of marketing and sales strategies.

In addition, e-commerce will allow SOKSO to collect and analyze data more effectively, optimizing inventory management and adjusting pricing strategies. The integration of data analytics technologies will make it easier to identify consumer trends and adapt quickly to market changes. Together, these improvements will strengthen SOKSO's competitiveness and contribute to sustainable and profitable growth in the long term.

#### ***7.6.2 Expected results in the Social Front Linked to the Organization***

SOKSO is fully aware of its relevant social role in providing high-quality job opportunities for many talented Peruvian women. Empowering women entrepreneurs is in SOKSO's DNA. Therefore, while a new sales channel must be implemented to boost financial results, the challenge is to do so without negatively impacting the traditional catalog sales channel, where Promoters are the cornerstone. In other words, the expected results must be focused on, at least, maintaining the level of the Promoters as well as the market offered to them. This should be the only way from our perspective to have a sustainable business, not only driven by potential new income, but also aimed at strengthening its social purpose of supporting the development of Peruvian women.

## 8. Implementation and Results

### 8.1 Implementation Analysis

The implementation of the e-commerce and marketplace for SOKSO described in chapter 7 proposed an intensive implementation plan, with rapid execution and a reasonable investment, with special emphasis on preserving the key role of the Promoters and strengthening the social purpose of the organization. While the initial proposal was deemed adequate by SOKSO's General Management, after an internal analysis SOKSO opted to take an alternative approach. This new approach was less aggressive in terms of implementation period, considering a longer time horizon (approximately 60 weeks) and establishing a greater gradualness in the deployment phases. The chosen plan prioritizes the use of the organization's own resources, avoiding additional investment, as well as dependence on third parties, in addition to the use of agile methodologies such as Scrum, combined with iterative and evolutionary work.

Thus, the plan carried out by Sokso is structured in four main phases:

- Phase 1 - Initial B2C implementation: initial launch with a detailed view of the product focused on Promoters, Businesswomen, and end customers.
- Phase 2 - B2B launch: launch of an e-commerce platform under a B2B model, focused on Promoters and Businesswomen.
- Phase 3 - Stabilization and Continuous Improvement: Stabilization of the platform and adjustment of functionalities for Promoters and Businesswomen.
- Phase 4 - B2B to B2C scaling: Scaling from a B2B to B2C model with digital optimizations and greater focus on the end customer, with a fully integrated payment gateway.

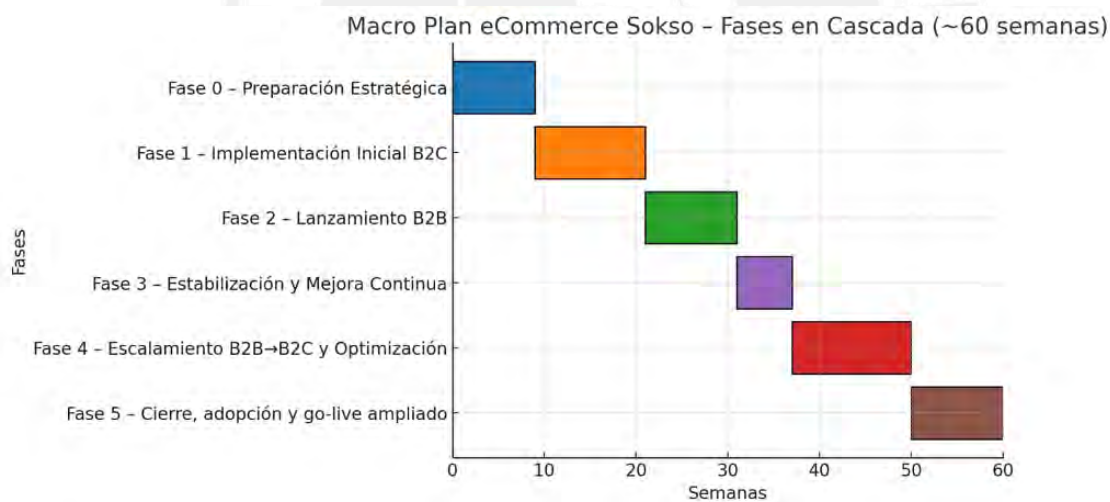
In addition to the phases described above, it was suggested to incorporate 2 additional stages, one at the beginning and one at the end, called Phase 0 and Phase 5.

- Phase 0 - Preparation and Planning: Establish the foundations of the project with the definition of the technological architecture and platforms, work teams, communication plan (Businesswomen and Promoters) in such a way as to ensure the alignment of all those involved.
- Phase 5 - Operation and Innovation: Achieve a transition to a robust support structure to get an efficient operation, with a focus on new functionalities and continuous innovation.

Figure 15 shows SOKSO's macro plan that has been executed so far.

**Figure 15**

*Macro Plan for Sokso E-commerce and Marketplace Selling Implementation*



*Note:* The figure presents the macro plan for implementing SOKSO Ecommerce.

Figure 15 presents SOKSO's macro plan for the development of e-commerce in stages.

Implementation with a less accelerated approach would seek to minimize impact risks on the traditional sales channel (Promoters and Directors) and take advantage of the

autonomy and availability of the internal team. In addition, it prioritizes the consolidation of learning through short iterations.

The design and execution of the project followed an agile methodology (Scrum), with sprints focused on the validation of requirements, development of prototypes, user experience tests, and integration with the existing technological ecosystem. One advantage of this agile methodologies is autonomy. Autonomy provides employees with a sense of collective ownership. People work with autonomy, mastery, and purpose. Autonomy is motivating, and motivated people build better things, and also faster. (Deloitte, 2019). The composition of the product development team, together with the figure of the Product Owner and the Scrum Master, ensured the alignment between business requirements, customer experience, and technical capabilities, as presented in Figure 16.

**Figure 16**

*Scrum Team for E-commerce Development*



*Note:* The figure shows the team for the development of Ecommerce for SOKSO. Source: SOKSO.

The implementation of the e-commerce channel at SOKSO is a relevant milestone in the company's digital transformation strategy. The project, designed to improve the shopping

experience and increase SOKSO's margins, has been implemented progressively through clearly defined phases, aligned with its corporate strategic objectives.

In phase 0 of preparation and planning carried out during the months of February and March 2025, clear objectives were established on "how" and "what" the platform should contemplate. With this first milestone achieved, the Initial Implementation Phase of B2C was carried out between April and June 2025, which made it possible to establish the functional bases of the B2C platform, enabling an accessible product view for end customers, Promoters and Businesswomen, with essential functionalities such as high-quality image display, size guide, detailed description and stock availability. Instead, the conversion process was managed through a hybrid flow: the customer, after expressing their intention to buy, is redirected to a centralized WhatsApp channel. From there, a customer service team classified the request according to the consumer's location, assigning the order to the Promoter responsible for the corresponding area. This model has made it possible to maintain the traceability of orders and preserve the personalized commercial relationship between Promoter and customer, a key element in SOKSO's direct sales structure.

In Figure 17 we present the basic goals for the initial B2C development of the e-commerce sales channel made by SOKSO's internal team.

**Figure 17**

*Base Objectives for Sokso E-commerce Development (made by SOKSO's internal team)*

## ROADMAP DEL PRODUCTO

### VISIÓN DEL PRODUCTO EN CICI I

Crear una experiencia de compra online excepcional para los clientes de Sokso con productos de moda de alta calidad, a través de una plataforma intuitiva, segura y personalizada.



*Note:* The figure presents the main objectives for the implementation of Ecommerce SOKSO. Source: SOKSO.

Figure 18 presents the user view with the minimum viable product (MVP) and the basic needs of the customers (fans) for the use of the product (made by SOKSO's internal team)

**Figure 18**

*View of SOKSO's e-commerce*



*Note:* The figure shows the user view for the SOKSO Ecommerce page. Source: SOKSO.

Between July and August 2025, the platform evolved towards a B2B model aimed at Businesswomen and Promoters, integrating order management functionalities and optimizing the interface to improve operational efficiency.

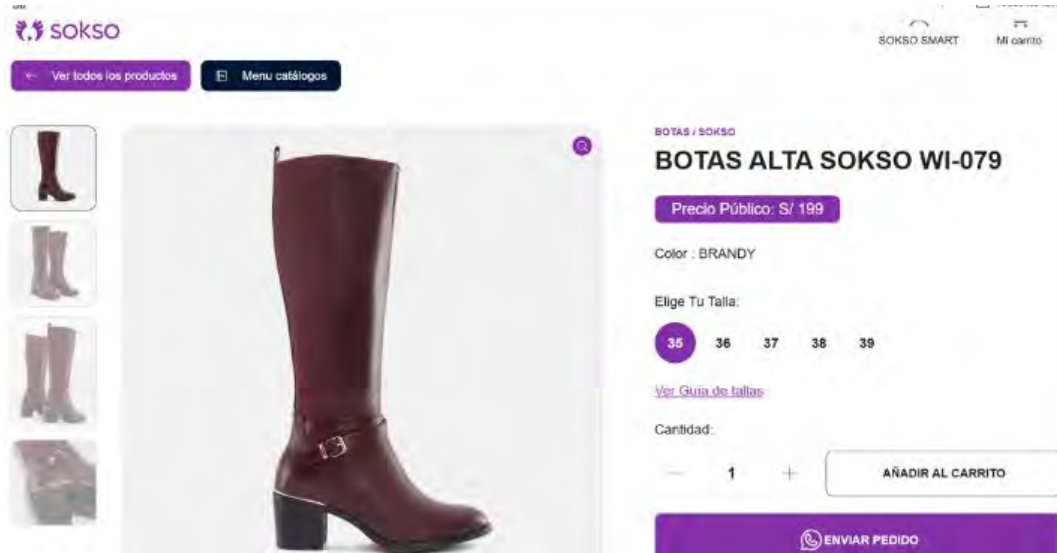
During the month of August 2025, the platform reached a stable degree of operability in the B2B model, consolidating processes and adjusting design and usability elements; in which the virtual catalog is linked to the "Order it" ("Pídelo") button that directs the customer (fan) to the e-commerce platform; as presented in figures 19 and 20.

**Figure 19**

*Sokso Digital Catalog with "Order It" button*



*Note:* The figure shows the implementation of the "Order It" button in SOKSO's online catalogs. Source: [www.sokso.com](http://www.sokso.com)

**Figure 20***SOKSO's E-commerce*

*Note:* The figure shows SOKSO's e-commerce order page. Source: [www.sokso.com](http://www.sokso.com)

This modality has made it possible to validate market hypotheses, identify patterns of purchasing behavior and optimize the allocation of human resources in the sales process.

The model adopted presents competitive advantages in the short term, by taking advantage of the existing network of Promoters as a closing and distribution channel, strengthening their role, and avoiding the perception of displacement through the digital channel. It also allows the transition to e-commerce not to erode the relational structure that characterizes the catalog sales model. However, from a digital maturity perspective, the next logical step is the addition of an integrated payment gateway, as well as scaling to a B2C model planned for phase four (September to December 2025).

With the integrated payment Gateway, the highest security in transactions will be obtained, since the gateways have digital solutions adhering to the highest security standards established by the industry, such as PCI DSS or 3DSecure. This will not only improve

customer confidence, but will also ensure that their personal data is treated responsibly. (Incibe, 2024).

The experience acquired during the development of e-commerce provides key lessons for the retail industry that is transitioning from traditional models to e-commerce. These include: the importance of planning in phases, adapting the design to the particularities of the previous channel, and incorporating agile methodologies that allow iterating and adjusting based on user feedback. Moreover, the integration of analytical tools in the process has generated valuable information on conversion, response times and product preferences, an essential input for strategic decision-making.

In conclusion, the implementation of e-commerce in SOKSO, even in its intermediate stage, reflects a strategic execution consistent with the operational reality of the company and its sales network. Although the current model without a payment gateway limits the customer's transactional autonomy, it has also made it possible to validate the value proposition in a controlled environment, maintaining the link with the commercial force and reducing risks in technological adoption.

The next stage should focus on the integration of online payments, process automation, and the expansion of the B2C proposal, with the aim of reaching a level of digital maturity that will allow SOKSO to compete fully in the e-commerce ecosystem. Likewise, it will be of particular relevance to test at this stage how to balance the interests of SOKSO, on the one hand, of expanding their e-commerce and of the Promoters, on the other hand, of feeling included in this initiative, so that not only do they not perceive that they are losing market, but on the contrary the e-commerce opens up new opportunities for them by establishing relationships with new B2C customers, unreachable for them without the e-commerce.

## **8.2. Achieved Results**

Given that the implementation of the e-commerce and marketplace channels at SOKSO is still in progress, the results presented below correspond to projections for the 2025–2029 horizon. These estimates have been developed based on economic, sectoral, and consumer behavior assumptions identified in this thesis and have been complemented with external sources supporting the growth of digital channels.

### **8.2.1 Strategic Results**

The adoption of a multichannel model that combines traditional catalog sales with digital channels will enable SOKSO to:

- Diversify its revenue streams and reduce dependence on catalog sales, thereby mitigating risks associated with the decline in the number of Promoters.
- Strengthen competitiveness by incorporating an e-commerce channel with higher margins and direct control over the relationship with the end customer. These higher margins are expected because, in online sales to final consumers, unlike catalog sales, there is no need to apply a discount, since the Promoters are not involved in the transaction.
- Enhance SOKSO's brand image as a modern company aligned with the digital transformation of consumption trends in Peru.

### **8.2.2 Financial Results**

Table 5, which contains projections for 2025–2029, shows progressive growth in both sales channels and EBIT. Total sales are projected to grow from S/ 58.7 million in 2025 to S/ 78.8 million in 2029, driven primarily by the expansion of the e-commerce channel, which is expected to account for over 15% of total sales by 2029.

**Table 5***Projected Income Statement for Ecommerce Implementation in SOKSO*

	Year				
	2025	2026	2027	2028	2029
Sales	58,761.98	66,673.27	70,891.87	74,236.29	78,832.49
Catalog Sales	58,732.62	60,612.06	62,551.65	64,553.30	66,619.00
Ecommerce Sales	29.37	6,061.21	8,340.22	9,682.99	12,213.48
Cost of Sales	42,062.94	46,671.10	49,292.40	51,451.71	54,299.32
Catalog Cost of Sales	42,047.05	43,392.56	44,781.12	46,214.12	47,692.97
Ecommerce Cost of Sales	15.88	3,278.54	4,511.28	5,237.59	6,606.35
Gross Profit	16,699.05	20,002.16	21,599.47	22,784.59	24,533.17
Administrative Expenses	3,790.72	4,301.07	4,573.21	4,788.96	5,085.46
Selling and Marketing Expenses	9,494.47	10,665.01	11,225.27	11,395.00	11,463.63
Period Depreciation	-	-	-	-	-
Operating Profit	3,413.86	5,036.08	5,800.99	6,600.63	7,984.08
%EBIT	5.8%	7.6%	8.2%	8.9%	10.1%

*Note:* The table presents the projected sales results by segment and expected results for SOKSO.

The projected increase in sales is based on the following assumptions:

- Catalog sales will grow at a moderate pace, supported by the projected 3.2% annual GDP growth in private consumption, according to the Ministry of Economy and Finance (2025).
- E-commerce sales will experience accelerated growth due to increasing adoption of digital channels, as supported by Laudon and Traver (2021), who highlight the exponential growth of e-commerce. The adoption of e-commerce has significantly transformed traditional business models by removing intermediaries (such as Promoters, at least for the initial online sale) and accelerating digital sales in emerging markets.

In terms of costs, it is estimated that the cost of e-commerce sales will represent a lower percentage of the sales price compared to catalog sales. This does not imply a cost reduction, but rather an increase in gross margin, as discounts previously granted to

Promoters and Businesswomen are no longer applicable in digital transactions (first sale). Consequently, gross profit is expected to increase from S/ 16.6 million in 2025 to over S/ 24.5 million in 2029.

Operating profit (EBIT), projected at S/ 3.4 million in 2025 (5.8% of sales), is expected to reach S/ 7.9 million in 2029, representing an EBIT margin of 10.1%. This increase is primarily driven by higher online sales with improved margins.

### ***8.2.3 Social Impact***

The expected social impact remains a core pillar of SOKSO's business model. Rather than being displaced, the network of Promoters and Businesswomen will be integrated into the digital model by managing e-commerce-generated clients within their geographic areas. This ensures continuity of income and promotes financial inclusion.

Moreover, from the end-customer perspective, access to fashion products becomes more democratized, especially in regions where Promoters previously had limited reach, thanks to nationwide e-commerce and marketplace coverage.

Additionally, the digital model is expected to indirectly contribute to social sustainability by enabling more efficient distribution practices and aligning with responsible consumption trends identified in the thesis's PESTEL analysis.

## Conclusions and Recommendations

- From our perspective, SOKSO is in full condition to improve its EBIT and once again generate profits similar to its most lucrative years. It has excellent quality products, at an affordable price and with attractive designs that follow the latest fashion trends, especially for young audiences.
- Considering the factors evaluated in this thesis, the most recommended option from our point of view to boost SOKSO's EBIT is to develop its own e-commerce channel and, as a complement, enter into department store marketplaces.
- Although an investment will have to be made for such purposes, we project that it would bear fruits by increasing sales and profit margins. Through e-commerce, it would be possible to expand the mass of potential end consumers to whom SOKSO may not currently have access. Risk would also be diversified, especially in those periods in which the number of Promoters is substantially reduced.
- Now then, SOKSO's business model is based on the catalog sales structure, and the relevance of this channel should remain essential. Promoters are the cornerstone of the business and every decision taken should carefully consider the impact on them.
- Likewise, SOKSO is fully aware of its relevant social role in providing high-quality job opportunities for many talented Peruvian women. Empowering women entrepreneurs is in SOKSO's DNA. Therefore, while a new sales channel must be implemented to boost financial results, the challenge is to do so without negatively impacting the traditional catalog sales channel.
- Therefore, the expected results must be focused on, at least, maintaining the level of the Promoters as well as the market offered to them. This should be the only way from our perspective to have a sustainable business, not only driven by potential new income, but

also aimed at strengthening its social purpose of supporting the development of Peruvian women.

- The formula described in this thesis, by which Promoters are integrated to SOKSO's e-commerce channel through receiving the relationships with the new clients captured by online sales, meets the balance between focusing in increasing EBIT and the key role assumed by the Promoters.
- In 2025, SOKSO's initiated its e-commerce implementation. They took into account some of our recommendations based on rapid execution and a reasonable investment, with special emphasis on preserving the key role of the Promoters and strengthening the social purpose of the organization. However, SOKSO opted to take an alternative approach. This new approach was less aggressive in terms of implementation period, considering a longer time horizon (approximately 60 weeks) and establishing a greater gradualness in the deployment phases. The chosen plan prioritizes the use of the organization's own resources, avoiding additional investment, as well as dependence on third parties, in addition to the use of agile methodologies.
- The model adopted presents competitive advantages in the short term, by taking advantage of the existing network of Promoters as a closing and distribution channel, strengthening their role, and avoiding the perception of displacement through the digital channel. It also allows the transition to e-commerce not to erode the relational structure that characterizes the catalog sales model. However, from a digital maturity perspective, the next logical step is the addition of an integrated payment gateway, as well as scaling to a B2C model planned for phase four (September to December 2025).

- As the e-commerce channel is not currently fully operational, we have made financial projections of the sales that SOKSO needs to achieve with the purpose of increasing its EBIT to 10%. We estimate that such a goal should be obtained by 2029.
- Finally, it is essential that SOKSO's actions and implementation strategy remain inseparable from its social purpose. Strengthening the digital and multichannel strategy must not only aim to increase EBIT, but also to preserve and expand the company's role as a catalyst for women's economic empowerment across Peru. Sustaining this dual objective will ensure both profitability and long-term social impact.



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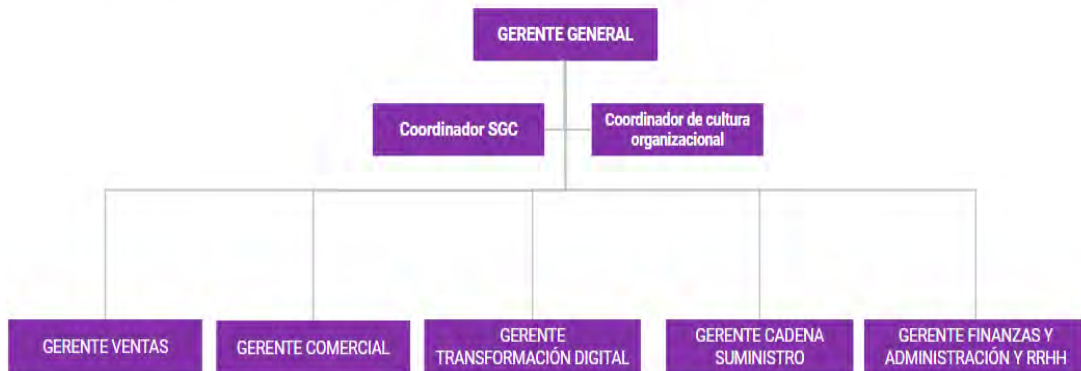


## Appendix(es)

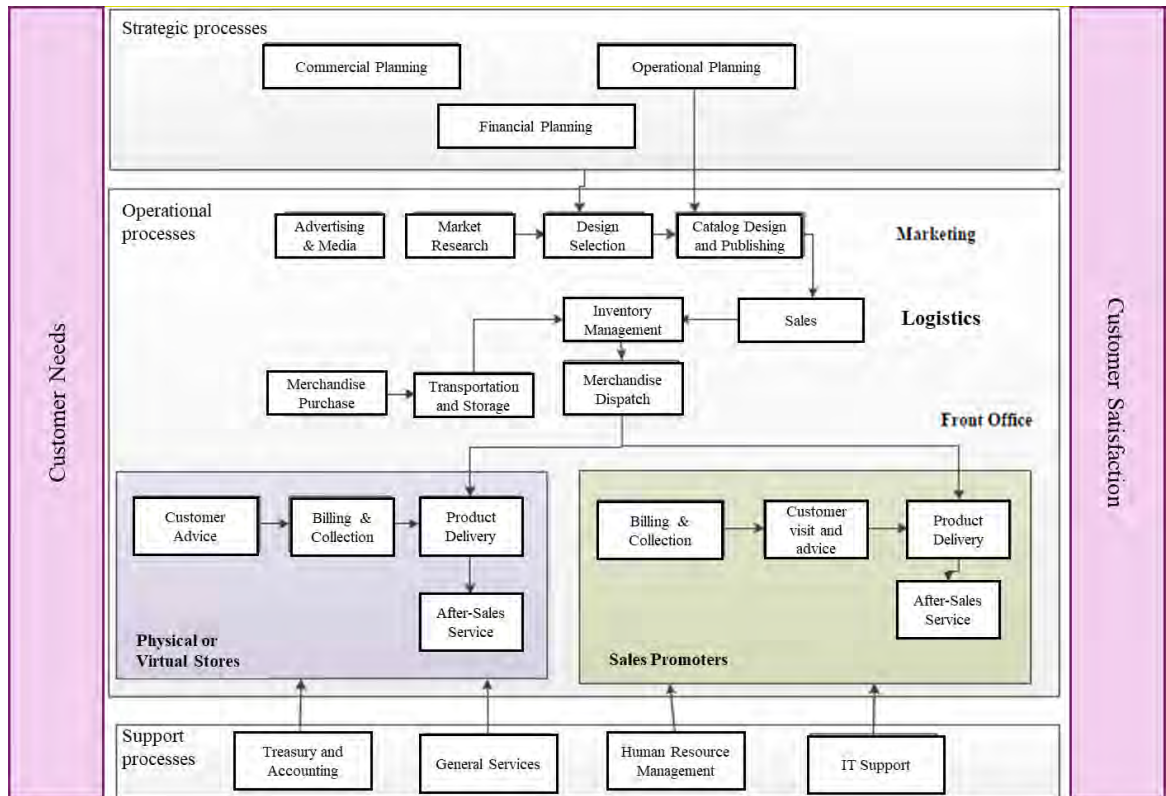
## Appendix 1: Management Chart of Ventcorp S.A.C. (SOKSO)



## ORGANIGRAMA GENERAL

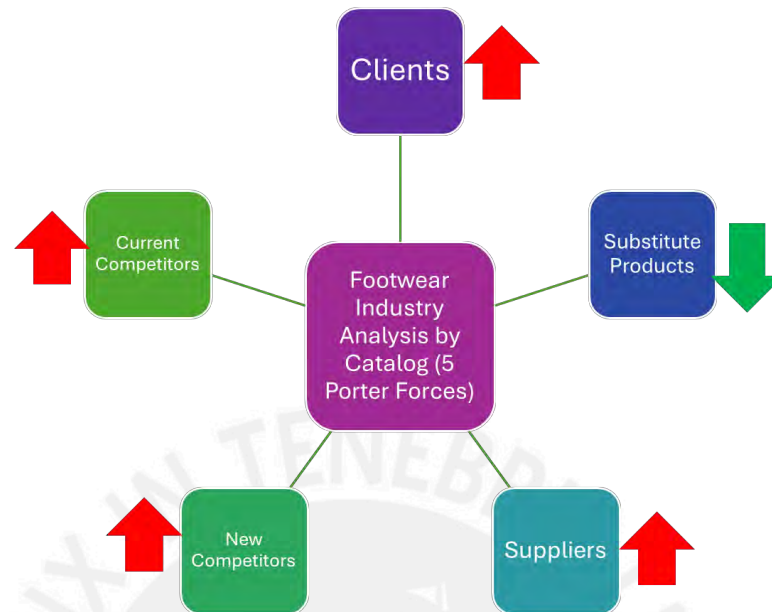


## Appendix 2. SOKSO Process Map



### Appendix 3 SOKSO Business Canvas Model

8. Key Partners	6. Key Activities	2. Value Proposition	3. Customer Relations	1. Customer Segment
<ul style="list-style-type: none"> <li>- Suppliers of footwear, clothing, and accessories.</li> <li>- Banks.</li> <li>- Shareholders.</li> <li>- ICT companies.</li> <li>- Transport companies.</li> <li>- Sales Promoters and entrepreneurs.</li> </ul>	<ul style="list-style-type: none"> <li>- Product Purchases.</li> <li>- Quality Control.</li> <li>- Promotion and Direct Sales.</li> <li>- Catalog Preparation.</li> <li>- Product Distribution.</li> <li>- Product Returns.</li> <li>- Marketing and Sales.</li> <li>- Affiliation of New Sales Promoters.</li> </ul>	<ul style="list-style-type: none"> <li>- Good quality products and the latest fashion trend</li> <li>- Delivery of products on time</li> <li>- Affordable prices</li> <li>- Customer service (from ordering, distribution, and after-sales service).</li> <li>- Return of product according to conditions.</li> </ul>	<ul style="list-style-type: none"> <li>- Direct via catalog and sales Promoters</li> </ul>	<ul style="list-style-type: none"> <li>- People looking for footwear, clothing, and accessories at affordable prices (executive ladies and gentlemen, classic, urban and children)</li> <li>- Geographically throughout Peru, NSE B and C.</li> <li>- They like to be fashionable and have innovative designs.</li> <li>- Buy products by catalog and pay on delivery</li> </ul>
	<b>7. Key Resources</b> <ul style="list-style-type: none"> <li>- Warehouse and distribution center.</li> <li>- IT platform and infrastructure for ordering.</li> </ul>		<b>4. Sales Channels</b> <ul style="list-style-type: none"> <li>- Direct sales (sales Promoters with digital or printed catalog)</li> </ul>	
<b>9. Cost Structure</b>			<b>5. Sources of Income</b>	
<ul style="list-style-type: none"> <li>- Purchase of merchandise- Salaries, bonuses, and prizes</li> <li>- Catalog design</li> <li>- Other selling expenses</li> <li>- Administrative expenses</li> </ul>			<ul style="list-style-type: none"> <li>- Product Sales</li> <li>- Other Revenue from Prepayment to Vendors</li> </ul>	

**Appendix 4: Analysis of 5 Forces Porter Industrial Textile and Footwear of Peru**

Note: The figure presents the summary of Porter's 5 forces for the catalog shoe sales market in Peru.

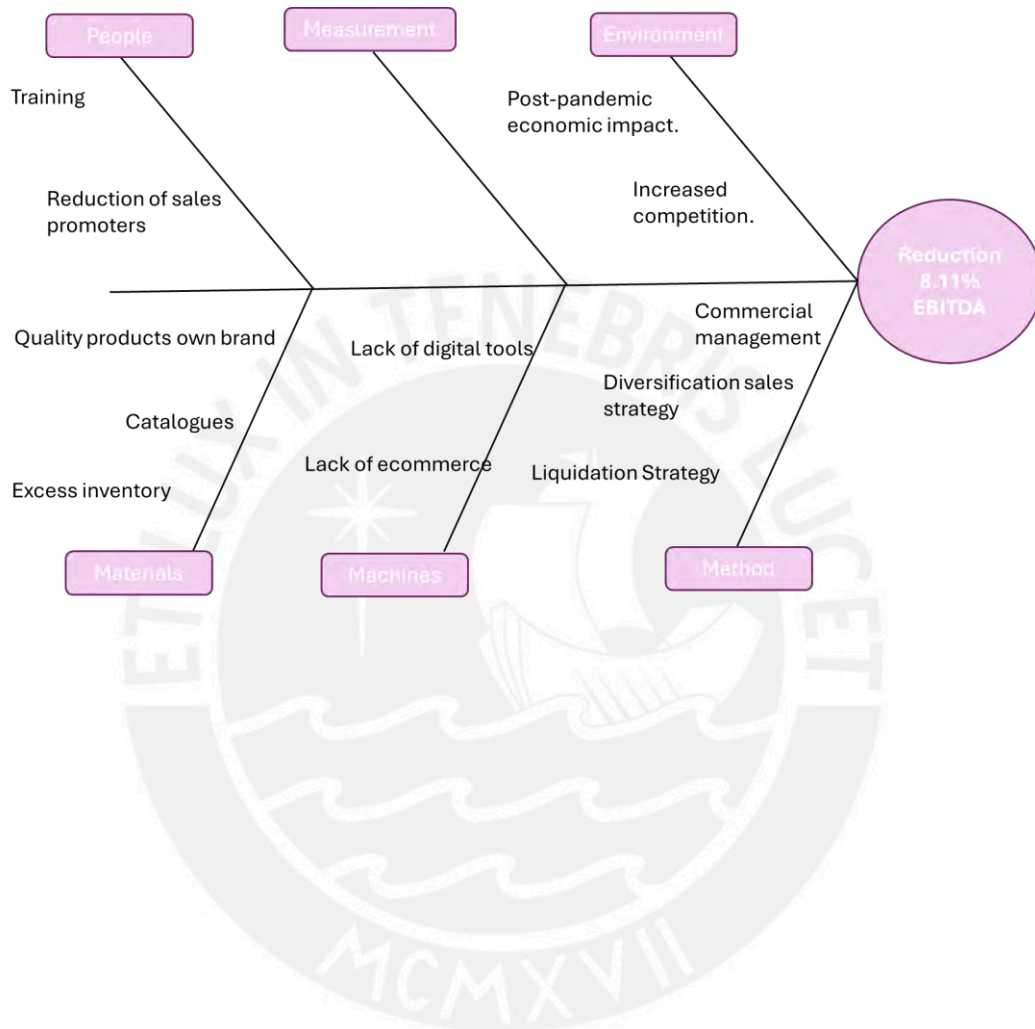
### Appendix 5: SWOT Matrix

Strengths	Opportunities
<ol style="list-style-type: none"> <li>1. A small number of personnel on the payroll.</li> <li>2. Knowledge and experience in the footwear industry.</li> <li>3. Presence at the national level.</li> <li>4. Segmentation of footwear by type of customer that allows to better meet demand and plan the required purchases.</li> <li>5. Support from shareholders, who inject liquidity into the company.</li> </ol>	<ol style="list-style-type: none"> <li>1. Development of the Port of Chancay.</li> <li>2. Increase in purchases via online, e-commerce and marketplaces.</li> <li>3. Digital transformation.</li> <li>4. Population growth.</li> </ol>
Weaknesses	Threats
<ol style="list-style-type: none"> <li>1. Lack of a defined strategic plan, clear vision and mission.</li> <li>2. Brand positioning in the desired segment.</li> <li>3. Social networks are little exploited.</li> <li>4. Sales depend on affiliate and activation of Promoters.</li> <li>5. Product Delivery Logistics</li> </ol>	<ol style="list-style-type: none"> <li>1. Political stability: executive, legislative and judicial.</li> <li>2. Reduction of average expenditure on footwear.</li> <li>3. Increase in new players and opening of shopping centers in provinces.</li> <li>4. Climatic phenomena and natural disasters.</li> <li>5. Access to large marketplaces: AliExpress, Amazon, etc.</li> </ol>

## Appendix 6: Comparative analysis of profits of companies Catalog Sale

Comparable	Enterprise	% Discount to Consultant	Feedback	Other Entry Benefits	Fountain	Online shop for the consultancy	E-commerce
N/A	<b>Sokso</b>	25% in Own Brands /15% in Licensed Brands	Website indicates "up to 60%" but is for special offers, not so much for the average sales.	Affiliate Awards	<a href="https://minegocio.sokso.com/">https://minegocio.sokso.com/</a>	No	No
Direct	<b>Dressing gown</b>	From 20% / 15% imported brands	"No price" catalog alternative. They earn more by selling above the suggested price.	10 to 25% additional on specific offers / Settlements (50% off) / Contests	Information received from direct source via Wapp	No	Yes
Direct	<b>Azaleia</b>	From 25%/Above S/1,000 additional discounts between 7% and 12.5%	7, 9, 10, 11 and 12.5% additional for sales from S/1,000 soles to more than S/18K.	Bonuses and prizes for purchases	Information received from direct source via Wapp	No	Yes
Direct	<b>Footlose</b>	Up to 25%	There is no public info to know %s	Prizes / Bonuses / Sweepstakes	<a href="#">Join the catalogue</a>	No	Yes
Direct	<b>Vimoda</b>	From 20% / If you exceed S/3,000, + 9% (29% in total)	With S/ 3,000 of sale acquires the status of zonal director		Information received from direct source via Wapp	No	No (there is only one ma place orders)
Indirect	<b>Yanbal</b>	From 25%	35% from 1,500	Entry Kit / Sales & Target Awards	<a href="https://www.yanbal.com.pe/corporate/emprendimiento?from=menu">https://www.yanbal.com.pe/corporate/emprendimiento?from=menu</a>	No	Yes
Indirect	<b>Belcorp</b>	20% to 40%	20% in the online store	Bonuses -per purchase or recommendation-, free products and testers	<a href="#">Join Belcorp Peru and earn money selling by catalog</a>	Yes	Yes
Indirect	<b>Nature</b>	25% to 37%	5 categories (bronze to diamond)	Credit or prepaid	<a href="#">Become a Natura and Avon Consultant</a>	Yes	Yes

### Appendix 7: Ishikawa's analysis for the SOKSO problem



### Appendix 8: SOKSO solution alternatives

	Strategic Fit	Financial Return	Implementation Risk	Social Impact	Customer Satisfaction	Total
Benefits to sales						
Promoters	5	3	3	5	2	18
Physical Stores	3	2	2	3	4	14
E-Commerce and Marketplaces	5	4	5	3	5	22
Jewelry - Perfumes	4	3	2	3	4	16



## Appendix 9: Investment for the implementation of E-commerce and Marketplaces in

### SOKSO

Category	Item	Cost (USD)
Research and Planning	Market Analysis	\$1,000 - \$2,000
	Consulting and Strategic Planning	\$2,000 - \$4,000
Development and Configuration	E-commerce Platform (License)	\$500 - \$1,000
	Web Designer	\$3,000 - \$4,500
	Web Developer	\$4,000 - \$7,000
	Site Customization	\$1,500 - \$2,500
	Payment Method Integration	\$500 - \$1,000
	Logistics & Shipping Setup	\$1,000 - \$2,000
	Functionality Testing	\$1,000 - \$2,000
Testing and Launch	SEO Optimization	\$1,500 - \$2,000
	Digital Marketing & Launch Campaign	\$3,000 - \$5,000
	Registration and Configuration	\$500 - \$2,000
Marketplaces	Product Loading & Inventory Management	\$1,000 - \$2,000
	Promotions and Advertising in Marketplaces	\$2,000 - \$3,000
<b>Total (USD)</b>		<b>\$22,500 - \$40,000</b>



### Appendix 10 SOKSO's Supplementary Financial KPIs 2022-2024

Ratios financieros	2024	2023	2022
Índice de Rotación de Inventarios	1.81	2.57	2.42
Días promedio de Inventario (DPI)	198.60	140.25	148.55
Días promedio de Cobranza (DPC)	1.54	0.95	0.40
Días promedio de Pago (DPP)	56.30	47.56	35.69
Ciclo de Conversión de Efectivo (CCE)	143.84	93.64	113.26

### Appendix 11: Photographs of visits to SOKSO

