

Business Valuation for Small Medium Enterprise in the Shoe Industry

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Abstract: The footwear, leather product, and clothing industry contributed around IDR 35.14 trillion to the Indonesian state revenue in 2016. One of the products produced by this industry is sneakers. NAH Project is one of the local brand sneakers from Bandung has a desire to grow their business by opening a store, but to do it NAH Project needs additional funds from an investor. This research aims to conduct a company valuation of NAH Project and to find out whether customer preferences in buying sneakers affect the company valuation. There are five scenarios are conducted that are used for company valuation. This research uses DCF and APV methods in calculating company valuations and the questionnaire is used to find out the customer preferences and the customer price expectations toward sneakers. The results of this research show that the most optimal value for the company valuation is the first scenario that focuses on the official store with the value of IDR 6.4 billion. The customer's preference for sneakers and customer price expectations for sneakers affect the company valuation on NAH Project where customer preferences and customer price expectations for sneakers can affect the company's sales level, which will be a turmoil in the company's sales.

1 INTRODUCTION

NAH Project is one of the local brand sneakers from Bandung. NAH Project was started by a small team named N.A.H Indonesia which initially provided products in the form of apparel & sneakers shoes. NAH Project has an objective to change the stigma that Indonesian sneakers had quality & competitive designs and be able to compete in the way of branding marketing through innovations. They also have the purposes to presents sneakers made with research & development that are relevant to the needs of the Indonesian market with guaranteed quality. NAH Project utilizes social media and E-Commerce as its marketing media. By using this method, the NAH Project already gained sales of IDR 831 million in August 2018. Along with the development of the footwear industry that supported by the government and with the growth of the NAH Project, NAH Project has the desire to grow their business by opening a store. NAH Project considers that now they only capture the online shoe market since all of the sales is come from the online, so this makes the NAH Project still has the opportunity to capture the market from the offline stores. To capture the market, the

NAH Project has considered opening an offline market such as a consignment or an official store.

This idea arises from 2 considerations - first, the customer preferences when buying sneakers. The "Need for Touch" is one of the factors that influences the customers' decisions in buying sneakers. Some customers feel that touching sneakers can increase their chances of buying sneakers. They have the opportunities to know more about the sneaker by touching the sneakers, in terms of size, quality, and the material used. This is important for the customers since one of the most important things when buying sneakers is a comfort. There are also customers who just want to look fashionable, who sometimes sacrifice comfort as long as they still look cool with the latest model sneakers. For this type of customers, the design of the sneakers is more important than the comfort of the product. Second, the problems faced by customers when buying products using online methods. Through online methods, it is possible that the products of sneakers that come are not according to their expectations due to size, colour, material, design, and more. Therefore, the product warranty is needed when selling using online methods to provide

security to the customer. But this will lead to excessive costs for the company and the customer.

To capture this opportunity and to handle this problem, NAH Project has considered opening an offline market such as a consignment or an official store. But to do that, the NAH Project needs additional funds from the investor. The best way for NAH to get additional funds is through external funding from an investor. The frequent funding sources used by many companies in the various size of the business is the external funding. There are so many types of external funding, but the type of external funding that is most suitable for the NAH Project is venture capital. Venture capital is one of the more popular forms of equity financing used to finance high-risk-high-business. Investors will perform technical and fundamental analysis to determine favourable investment opportunities, and generally prefer to minimize risk while maximizing returns, since the investors are the fund's provider. Investors expect profitable products and an attractive income-to-equity-ratio which make the management should manage sources of surplus successfully and sustainably (Pohl, 2017). To help the investor, some methods are needed to assess the value of the company. The author will use two types of method to assess the company's value, namely, Discounted Cash Flow (DCF) and Adjusted Present Value (APV). The Discounted Cash Flow (DCF) is a valuation method used to estimate the value of the investment based on its future cash flows, where the purpose is to estimate the money an investor would receive from an investment. The Adjusted Present Value (APV) is similar to the DCF method, where the APV seeks the value effects of the cost of equity and cost of debt. the DCF-method and APV-method give proper insights into the cash incomes and outcomes and how the value is established (Beld, 2017).

2 METHOD

2.1 Conceptual Framework

This research starts from finding business issues as explained in the sub introduction. Next is the exploration of business issues by conducting market research through interviews and questionnaires regarding customer preferences for sneakers. The results of the interview and questionnaire were then analysed and used to create calculation scenarios. There are five calculation scenarios performed in this study to provide some values based on customer preferences that have been obtained from market

surveys. All calculation scenarios use the DCF and APV methods to find company value

2.2 Method of data Collection and Analysis

In this research, two interviews were conducted aimed at obtaining the information needed for this research. The interview used in this research was a semi-constructed interview. The semi-constructed interview contains structured and unstructured sections with standardized and open type questions, by allowing for a discussion with the interviewee rather than a straightforward question and answer format. The first interview was conducted with three shoe industry players. It aims to find out the opinions of shoe industry players regarding the condition of the shoe market in Indonesia. In addition, in this interview also find out the factors that influence customer preferences in decision making when buying sneakers from the point of view of shoe industry players and how shoe industry players think about consignment and official stores. The factors that want to be obtained in this interview are not only focused on factors in general, this research also looks at the factors that influence customer preference for sneakers from the place variables. Furthermore, the second interview focused more on sneakers users who acted as the customers for sneakers product. The interviews were conducted with 11 respondents randomly, with the aim of getting more varied results. The purpose of this second interview is to find out whether the factors that influence customer preferences for sneakers have been found by the author and those that have been obtained from the first interview are relevant to sneakers users when they want to buy sneakers. In this research, the factor that affects the customer preferences in buying sneakers already collected from the author's findings, first interview, and second interview. These factors will be used in building a questionnaire.

This research also conducted a market survey using a questionnaire in order to find out the customers' preferences toward the sneakers. The questionnaires are a particularly suitable tool for gaining the quantitative data but can also be used for qualitative data. The advantages of using a questionnaire is allowing the author to organize the questions and receive replies without actually having to talk to every respondent, and also having a structure format, is easy and convenient for respondents, and is cheap and quick to administer to a large number of cases covering large geographical areas (Walliman, 2011). The questionnaire was

conducted in December 2018, with a total of 177 respondents from various regions in Indonesia. Based on the confidence level diagram and the precision level provided by Israel (1992), it can be concluded that the confidence level of this research is 95% with 10% sampling error. The questionnaire used consisted of 48 questions divided into 6 sections. The first section relates to the background and demographics of the respondents and the rest are related to the respondents' tendency towards sneakers, the expected price for sneakers and respondent's preferences in buying sneakers in general and under the place variable. To process the data collected from the questionnaire, descriptive statistical analysis was used in this research. According to Walliman (2011), descriptive analysis is a method of quantifying the characteristics of parametric numerical data such as where the centre is, how wide they are scattered, central tendency points, modes, medians and means. To be more specific, descriptive statistical analysis used is mean analysis and the mode analysis.

2.3 Company Valuation

Company valuation, or also called business valuation, is the process of determining the economic value of a business or company. The goal of company valuation is to give the owners, potential buyers, and others interested stakeholders an approximate value of what a company is worth (Steiger, 2008). The valuation process is a fundamental approach to support making an investment decision. These methods can be divided into the income approach, market approach, and the asset approach. According to Damodaran (2005) and Fernández (2013) on Beld (2017), there are five approaches for valuation, namely:

1. Discounted cash flow (DCF) valuation
2. Liquidation and accounting valuation
3. Relative valuation
4. Contingent claim valuation (real options)
5. Goodwill valuation

2.4 Discounted Cash Flow

Discounted cash flow valuation estimates the value of any asset by discounting the expected cash flow on that asset at a rate that reflects their riskiness (Damodaran, 2011). The DCF method is primarily based on the fundamental principle, that the value of an asset is the present value of its expected future cash flow (Luehrman, 1997b). The DCF method values the company on the basis of the net present value (NPV) of its future free cash flows which are discounted by

an appropriate discount rate. The value of the company is the result of the free cash flow discounted by the cost of capital, in this case the WACC.

$$Value\ of\ Firm = \sum_{t=1}^{t=n} \frac{CF\ to\ Firm_t}{(1+WACC)^t} \quad (1)$$

Where:

CF to Firm = expected cash flow to the firm in period t
WACC = Weighted Average Cost of Capital

According to the Brotherson et.al (2014), all of the respondents from the survey conducted by them which consisted of investment banks in the US used DCF as the standard to value a company, even though they think that this method is not usable in every situation and according to the Koller, Goedhart, Wessels (2005), the discounted cash flow analysis is the most accurate and flexible method for valuing project, divisions and companies. The DCF method reflects the commonly-accepted principle of asset valuation, the value of an asset is the total amount of expected cash flows it can generate, discounted at a rate which reflects the risks of the asset (Le, 2017).

2.5 Adjusted Present Value

The APV is another possibility to analyse a company's value using the discounted cash flows. The APV is the net present value of the company's free cash flows assuming the pure equity financing and adding the present value of any financing side effect, like tax shield (Brealey, Myers, & Allen, 2006, p. 993). The pure equity financing means that the company is financed entirely by the equity (Luehrman, 1997a). Since the company has no leverage, the cash flows are discounted by the unlevered cost of equity. After that, the next step is adding the value of all financing side effects.

$$Company\ Value = NPV\ of\ unlevered\ company + value\ of\ financing\ side\ effects \quad (2)$$

Whereby the most common value of financing side effects consists of tax shields, because interest expenses are tax deductible

2.6 Terminal Value

The terminal value is the NPV of all future cash flows that accrue after the time period that is covered by the scenario analysis. According to Elsner & Krumholz (2013) terminal value held a significant portion of the firm value; hence exact and unbiased calculation of terminal value is essential. Since it is very difficult to estimate precise figures showing how a company will

develop over a long period of time, the terminal value is based on average growth expectations, which are easier to predict. On the DCF approaches, the terminal value will be calculated using the Gordon Growth Mode, the formula to calculate the terminal value is shown below:

$$\text{Terminal Value} = \frac{\text{final project year cash flow} \times (1 + \text{growth})}{\text{discount rate} - \text{growth}} \quad (3)$$

2.7 Analysis of Business Situation

The first interview was conducted with three shoe industry players. It aims to find out the opinions of shoe industry players regarding the condition of the shoe market in Indonesia. In addition, in this interview also find out the factors that influence customer preferences in decision making when buying sneakers from the point of view of shoe industry players and how shoe industry players think about consignment and official stores. The results of the interview show that all respondents have a different point of views regarding to the current condition of the shoe market in Indonesia, where 2 out of 3 respondents feel the growth in the shoe market in Indonesia. However, the measurement of growth in the shoe market is only based on the respondent level of sales, this cannot help in describing the state of the shoe market in Indonesia. This shows that there is still a lack of awareness from industry players regarding to the current condition of the shoe market in Indonesia. The competition in the shoe market was also quite strict where the respondents felt difficulty in marketing their products because of many other brands including foreign brands that sell similar products at lower prices. This makes industry players have to make better strategies in dealing with the global market. The respondents also realized that there were several factors that influenced customer preferences in buying sneakers, including factors that influence customer preferences from place variables. The respondents also agreed that the absence of a store or consignment made them unable to take the entire existing shoe market. In addition, the presence of a store or consignment can make it easier for customers to get the shoes they want, because they can see products such as anything and product variants that are directly related to customer preferences to see and hold shoes directly when buying shoes. The respondents also argued that the presence of an official store or consignment could make customers feel more confident or believe in shoes sold by respondents. This can be relating to the trustworthiness toward the brand and the product.

Furthermore, the second interview focused more on sneakers users who acted as the customers for sneakers product. The interviews were conducted with 11 respondents randomly, with the aim of getting more varied results with the purpose of this second interview is to find out whether the factors that influence customer preferences for sneakers have been found by the author and those that have been obtained from the first interview are relevant to sneakers users when they want to buy sneakers. From the interview results with the sneakers users show that 9 out of 11 respondents felt that place factors could influence their decision to buy sneakers. But there are 2 respondents who feel that the place factor is not so important because of the catalogue that explains the products to be purchased and the opinions of other buyers to see reviews of the same product, besides that the items purchased can be deposited to people who trusted by the respondents. From the factor of holding or seeing the sneaker directly, there are 10 out of 11 respondents who agree that holding and seeing sneaker can directly influence their decision in buying sneakers. There is 1 respondent who disagrees, because there is a product warranty that offered when buying the product through the online method. The product warranty is a guarantee of exchanging products if there is a mismatch. However, the overall responses of respondents indicated that respondents agreed that the factor of holding and seeing sneakers directly influenced their decision in buying sneakers.

This research also conducted a market survey using a questionnaire in order to find out the customers' preferences toward the sneakers. From the questionnaire results of this research indicate that the overall respondents are dominated by ages 15-25 years and students who are domiciled in Bandung. For the factors that affects the customer preferences in buying sneakers can be seen in Table 1. There are 6 factor that greatly influences the customer preferences in buying sneakers, namely comfort and support, product quality, product design, fit, promotion, and price. From these results, it can be concluded that customers are sensitive and aware of the factors of comfort and support, product quality, and product design, since sneakers can be categorized into fashion products and these three factors are very important in fashion products. The fit factor means the compatibility felt by the customers of the products they buy, for example, such as the size of sneakers. This is different from the comfort and support factor, which focuses on comfort and whether the product helps and supports daily customer activities. The promotion and fit also the factor that most influences customer preferences on sneakers purchasing decisions. Consumer buying behaviour and sales promotion can be motivated through various types of elements, one of which is the price discounts

(Ghafran, M., 2014). In addition to promotion, prices also influence consumer purchasing decisions. Prices have a significant influence on communication factors regarding the benefits of buying a product. Prices accompanied by "discounts," can increase the perceived value of the product for the buyer, so that it can increase the percentage of consumer purchasing decisions (Giuliani et al., 2012). But from the result of the questionnaire also shows that there are 3 factors that customers do not really consider, namely the opinions of others, customer service and after-sales services, and the advertisement. There are also two more factors about the need to hold and see sneakers directly that can be seen in Table 2. The result shows that the factors of the need to hold and see sneakers directly really affect the customer's decision in purchasing. It can be concluded that the customers feel more confident with the sneakers they will buy, because they can see immediately and can try the sneakers directly.

Next, the factors that influence customer preferences in making decisions in buying sneakers from the place variable. There are seven factors that influence the customer preferences from the place variable, namely convenience to the customer, location of the store, employees, display, layout, light, and music (see Table 3). The most influence factors are the convenience to the customer, location of the store, employees, and display. The convenience to the customer factor is a combination of all the factors that have been mentioned, but in this research want to find out more in detail about what factors are most influential to those that are not too influential. According to research conducted by Mohan (2014), customers who prefer location and convenience usually buy shoes more often. The more customers feel comfortable in the store, the more influential it will be on customer preferences in buying sneakers. An easy-to-reach location will help improve customer decisions in purchasing sneakers. On the employee factors, the speed of employees in welcoming customers, the accuracy of employees in serving customers, and employee politeness will also influence customer decisions in purchasing. Next is the display factor. Display represents the appearance of stores such as themes, shelves, paint colors, etc. The more attractive the display from the store will attract the attention of customers to visit the store. The remaining three factors are the factors that less influence customer preferences in making decisions when buying sneakers, namely layout, light, and music. The factor of layout which is the management in terms of determining the location and shop facilities that aim to make use of the store space as effectively as possible. Location in this case is the position placement for each product or facility that supports store activities. Examples included in layout

factors are traffic flow (store traffic flow) and division between employee space and customer space. The simpler the layout of the store will make it easier for customers to find or find sneakers they want. This makes the layout factor less influential. The factor of light is related to lighting that is used to highlight the products that are sold to make them look clearer and better. Consumers will tend to touch and assess the quality of the product when the lighting provided uses good colour. This shows that lighting only affects touching interest and assesses the quality of sneakers on display. The last factor is the music. According to Smith and Curnow (1966), customers will spend less time in stores when music is played harder than softly played music. This shows that music is not too influential on customer preferences, because music will only affect the duration of people in the store.

From the questionnaire results also find out that most respondents use social media as one of their sources of information to obtain information about the sneakers trends which are then followed by information or recommendations obtained from their family, friends, or colleagues. Furthermore, from the questionnaire results also find out that the most. In addition, the questionnaire also obtained results regarding the method most used by respondents to buy sneakers. 88.70% of the total respondents preferred to buy sneakers in the store rather than online.

Table 1: Customer Preferences toward Sneakers Product.

Factor Affect Customer Preferences	Effect Levels
Comfort and Support	Very Affecting
Product Quality	
Product Design	
Fit	
Promotion	
Price	
Ease of Ordering	Affecting
Product Knowledge	
Ease of Payments	
Brand Image	
Variety of Product	
Location	
Product Warranty	Less Affecting
Opinions of Others	
Customer Service & After-Sales Service	
Advertisement	

Table 2: Customer Preferences from The Factors of Holding and Seeing the Product.

Factor Affect Customer Preferences	Effect Levels
Seeing	Very
Touching	Affecting

Table 3: Customer Preferences toward Sneakers Product from Place Variable.

Factor from Place Variable	Effect Levels
Convenience to the Customer	Very Affecting
Location of the Store	
Employees	
Display	
Layout	Less Affecting
Light	
Music	

Based on the results of business situation analysis, it was found that NAH Project's desire to scale up their business by opening stores was in line with the findings that had been obtained. First is from the interviews with shoe industry players saying that without a store, the company has not been able to fully capture the overall shoe market. In addition, from the sneakers user point of view, they prefer to buy sneakers at the store rather than using online methods. Furthermore, the factors that greatly influence customer preferences in buying sneakers are comfort and support, product quality, product design, fit, promotion, and price. Comfort and support and fit factors can be obtained in a way where customers must be able to hold, see, and try sneakers directly. Since sneakers can be categorized into fashion products, so the factors of comfort and support, product quality, and product design are very important in fashion products.

3 RESULTS AND DISCUSSION

3.1 Alternative of Business Solution

Company valuation or often referred to as business valuation is a process to determine the economic value of a business or company on the investor's side. Company valuation is also often used to provide an assessment of the strategy and the company's ability to generate value to maximize investor wealth.

According to research conducted by Beld (2017), the methods used for company valuation can be divided into income approaches, market approaches, and asset approaches. But according to de Souza et.al (2017), there are two extreme perspectives on company valuation. The first point of view says that there are people who believe as an exact science which if done correctly, will only give a little chance for human error. The second point of view is that company valuation is an art in which analysts can manipulate numbers to get the desired results for investors and management. In this research, several scenarios were prepared to conduct a company valuation of NAH Project. The scenarios used in this research are built on assumptions that have been used by the author whose purpose is to examine the effect of changes in the underlying assumptions. These assumptions are based on the results of the questionnaire findings that have been done previously. The price of sneakers for consignment and official store determined by the market survey.

The number of sales of sneakers obtained from the previous data and the sales forecasted to be increased for the next four years using the value of growth by 5% from the company.

The number of sneakers sold on consignments and official stores determined based on the findings of the questionnaire about the average number of sneakers purchased by customers each year in consignment and official stores. The average number of purchases of sneakers used is one time each year.

The number of sneakers stock provided for consignment and official stores. The amount of stock used is divided into five parts, where each part has a maximum amount of 100% for consignment and official store.

All these assumptions are used for company valuation which will be divided into five scenarios. The aim is to obtain the most optimal value based on customer preferences that have been obtained from the market survey by comparing the five scenarios. The five scenarios can be seen in Table 5. Each scenario is distinguished by the amount of stock provided for consignment and official store and the price set for consignment and official store, which are both based on the findings of the questionnaire that has been done previously. In addition, the annual inflation each year equals to 3.5%. However, in calculating the company valuation of NAH Project, an additional number are still needed. In this case, the fee required for consignment is 30% obtained from the interview with the shoe industry players. Whereas for the official store based on the results of the interview, it shows that the fee needed is 5%, but in this calculation the fee is increased to 10% due to costs added for the rental costs.

Table 4: All of the Scenarios used in this Research.

Category	Scenario				
	1 st	2 nd	3 rd	4 th	5 th
Stock for Consignment	0%	25%	50%	75%	100%
Stock for Official Store	100%	75%	50%	25%	0%
Price for Consignment (IDR 000)	-	300	400	400	500
Price for Official Store (IDR 000)	500	400	400	300	-

Table 5: The Company Valuation Results based on All Scenarios (in IDR).

Method	DCF	APV
1st Scenario	6,381,291,885.41	6,381,291,885.41
2nd Scenario	5,253,537,731.03	5,253,537,731.03
3rd Scenario	5,170,236,437.73	5,170,236,437.73
4th Scenario	4,755,734,711.08	4,755,734,711.08
5th Scenario	5,276,078,097.99	5,276,078,097.99

3.2 Analysis of Business Solution

The results of the NAH Project company valuation can be seen in Table 6. From the result, the value of DCF and APV is the same due to NAH Project has no debt, so the most optimal value obtained is 1st Scenario, where the DCF and APV method produces a value of Rp. 6,381,291,885.41. 1st Scenario is made based on the amount of stock provided only for official stores. By utilizing these results, it can be said that the NAH Project only needs to consider opening an official store, so that the choice for consignment can be removed.

The price set for the official store in the first scenario is the price most chosen by the respondent. Therefore, the customer's preference for sneakers and customer price expectations for sneakers affect the company valuation on NAH Project where customer preferences and customer price expectations for sneakers can affect the company's sales level, which will be a turmoil in the company's sales. According to Rahmawati (2019), the assessment of companies using DCF and APV can provide insight into cash flows, income or results, and how these values are determined and how much the company values investment funding from future investors. Sales and cash flow projections can be used as a standard for managing funds provided by investors in developing products and services performed by the company. By utilizing the findings of the questionnaire that has

been conducted and the results of interviews with industry players and sneakers users, NAH Project can find out about customer preferences and information about market conditions that can be used to develop the strategies needed by NAH Project. In addition, NAH Project can determine the exact proportion of the ownership of future investors.

4 CONCLUSION

This research shows that customer preferences in buying sneakers including customer preferences from place variables can influence company valuation. The company's valuation of the NAH Project was carried out on 5 scenarios, which obtained that the first scenario could provide the most optimal value. The first scenario produces a DCF and APV value of Rp. 6,381,291,885.41. 1st Scenario is made based on the amount of stock provided only for official stores. By being able to open its own official store, the NAH Project can increase the level of customer trust in the brand and products produced by NAH Project. Another advantage obtained from the official store is the NAH Project can interact directly with their customers to get feedback that can be used for their product development. Furthermore, the assessment of companies using DCF and APV can provide insight into cash flows, income or results, and how these values are determined and how much the company values investment funding from future investors. Sales and cash flow projections can be used as a standard for managing funds provided by investors in developing products and services performed by the company. In addition, these funds can also be used for NAH Project in developing their products so they can continue to innovate and can continue to compete in the shoe market. By innovating, NAH Project can develop their products so they can meet customer preferences for sneakers, which are comfort and support, product quality, and product design. that the factors that influence customer preferences in making decisions when buying sneakers from place variables are a convenience to the customer, location of the store, employees, and display. While the factors that less influence the customer preferences from place variables are layout, light, and music.

5 IMPLICATION

5.1 Theoretical Implication

The factors that influence customer preferences in making decisions when buying sneakers have been

analysed in this research. These factors are price, promotion, brand image, product quality, customer service and after-sale service, product design, location, comfort and support, opinions of others, fit, ease of payment, ease of ordering, variety of products, advertisement, product warranty, and product knowledge. The results of this research indicate that comfort and support factors, product quality, product design, fit, promotion, and price are very affecting the customer preferences in making decisions when buying sneakers. Furthermore, the ease of ordering factors, product knowledge, ease of payments, brand image, variety of products, location, and product warranty is also affecting the customer preferences in making decisions to buy sneakers. The latter are factors that are not taken into consideration by customers when buying sneakers, namely opinions of others, customer service and after-sales service, and advertisement. In addition to these factors, this research also analysed two factors related to the need to hold and see the product directly. The results show that the need to hold and see sneakers directly are very affecting the customers' decisions in purchasing. It can be concluded that the customers feel more confident with the sneakers they will buy, because they can see immediately and can try the sneakers directly.

In this research also analysed the factors that influence customer preferences in decision making when buying sneakers from a place variable. These factors are a convenience to the customer, location of the store, employees, display, layout, light, and music. From the results of this research it was found

5.2 Practical Implication

The five scenarios have been conducted in order to determine the company valuations for NAH Projects. From the five scenarios, it can be concluded that the first scenario is the best scenario with the most optimal value compared to the other four scenarios (see Table 6). This first scenario focuses on the overall stock given to the official store with the number of sales projected to grow by 5% over the next four years, where the price set for the official store is obtained from the price most chosen by the respondents. Using these findings, NAH Project can determine the strategies they can use to develop their income.

All the funds obtained by NAH Projects will be focused on developing official stores and also marketing their sneakers. The results obtained indicate that the NAH Project's should focus on developing their official stores is in line with the results of interviews that have been conducted with industry players. The interview results show that the industry players prefer to open the official store rather

than do a consignment. This is because the fees needed for consignment are very large. By

Table 6: The Company Valuation Results based on All Scenarios (in IDR).

Method	DCF	APV
1st Scenario	6,381,291,885.41	6,381,291,885.41
2nd Scenario	5,253,537,731.03	5,253,537,731.03
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4th Scenario	4,755,734,711.08	4,755,734,711.08
5th Scenario	5,276,078,097.99	5,276,078,097.99

being able to open its own official store, the NAH Project can increase the level of customer trust in the brand and products produced by NAH Project. Another advantage obtained from the official store is the NAH.

The project can interact directly with their customers to get feedback that can be used for their product development.

With the official store, NAH Project can take on the entire shoe market and can take opportunities related to customer preferences that influence the decision making in buying sneakers. The customer's preference is the need for touch and sees the product. This is related to the results of the questionnaire which shows that these factors greatly influence customer preferences in buying sneakers. It can be concluded that touching and seeing products can increase customers' trust and desire to buy sneakers. In addition, majority of the respondents prefer to buy sneakers through the "In Store" method rather than using the "Online" method. This is in line with NAH Project's desire to open an official store which is then supported by the preference of customers who need to directly touch and see products in buying sneakers.

Furthermore, in the research conducted by Razdan (2004) said that the Indonesians have started to trust Indonesian companies, have pride in using local brands, and have confidence that local companies really understand the preferences of Indonesian consumers. This can be an opportunity for NAH Project which is one of the local brands that focuses on sneakers in Bandung. But there are several things that must still be considered by NAH Project, where the customers consider that local fashion brands are only superior in terms of price. Local fashion brands are considered to only have more affordable prices compared to foreign fashion brands, so it can be concluded that customers choose local fashion brands simply because they offer better value for money than the foreign fashion brands. While in terms of design and quality, local fashion brands are still under the foreign fashion brand. In order to overcome this

situation, NAH Project must continue to innovate in order to develop products with better designs and quality than foreign fashion brands. This will be in line with the vision of NAH Project who wants to make NAH Project become the "Indonesian cultist sneakers who dominate sneakers market through innovation and breakthrough", where NAH Project wants to change the stigma that Indonesian sneakers have competitive quality & design and can be competed in the way of branding & marketing. By utilizing this, it can help improve the ability of the NAH to not only compete with foreign brands but also with other local brands.

In the term of sneakers user, most of the respondents are the young-age (15 – 25 years), so the respondents can be categorized into generation Z or formerly known as the Post-Millennials generation and Millennials generation, also known as generation Y. According to Dimock, M. (2019), the generation Z category is people aged between 7 - 22 years, while the Millennials generation category is people aged between 23 - 38 years. Millennials generation can be chosen because of their high population and their potential purchasing power; besides that, they have become the decision makers in large companies that allow them to control their purse that affecting the success or the failure of the market (Solomon, 2016). Based on this information, the NAH Project can make the millennials generation become their target market and NAH Project should prepare the strategy that can be used to capture the target market.

The brand has also become the power for the NAH Project. This is due to the role of the President of the Republic of Indonesia Joko Widodo who uses NAH Project sneakers at the Asian Games event. NAH Project used the event to produce special edition sneakers for the Asian Games event. In addition, the strategy used by NAH Project by collaborating with one of the influencers in Indonesia. An influencer who collaborate with NAH Project is Yoga Arizona, which is also one of the right strategies to market their products. The strategy that has been implemented by NAH Project by producing special edition sneakers and collaborating with influencers is the right thing to do.

NAH Project uses Instagram social media as one of the medias to market their sneakers, this is in line with the results of the questionnaire where all respondents use the social media as the media to find information about sneakers trends. NAH Project must also continue to maintain relationships with their customers. In addition, NAH Project needs to consider doing the market research with the aim of knowing who their customers are, the trends in sneakers both in terms of design and colour, as well as customer opinions about NAH Project sneakers

and feedback that can be used for improvements and development of NAH Project.

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