BIRCHBOX

BARNA CONSULTING GROUP

How can BIRCHBOX achieve sustained growth and profits?

OVERVIEW

BIRCHBOX BORN OFF THE IDEA TO ENABLE CONSUMERS TO DISCOVER GREAT PRODUCTS AT THEIR CONVENIENCE

ACTUAL 1MM SUBSCRIPTIONS (2017 CHURN RATE -7%)

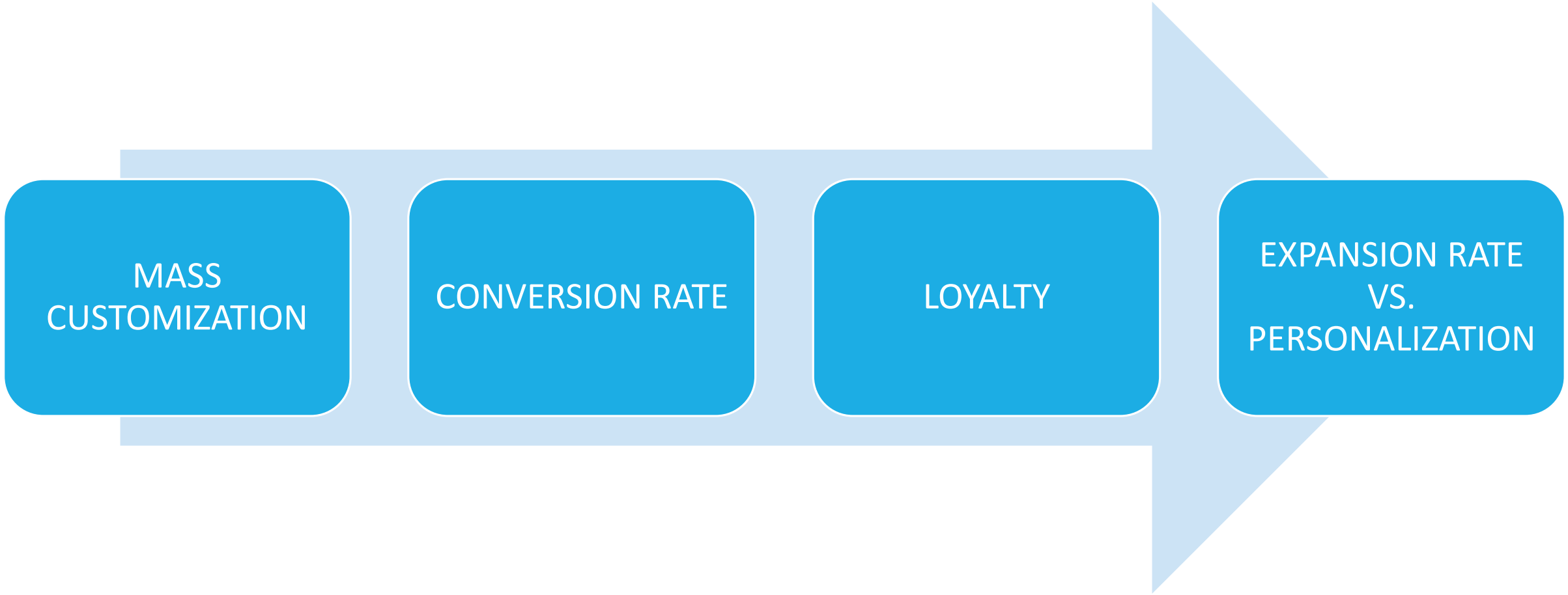
HANDLES 800+ BRANDS

DELIVERS 100 DIFFERENT SKU'S MONTHLY

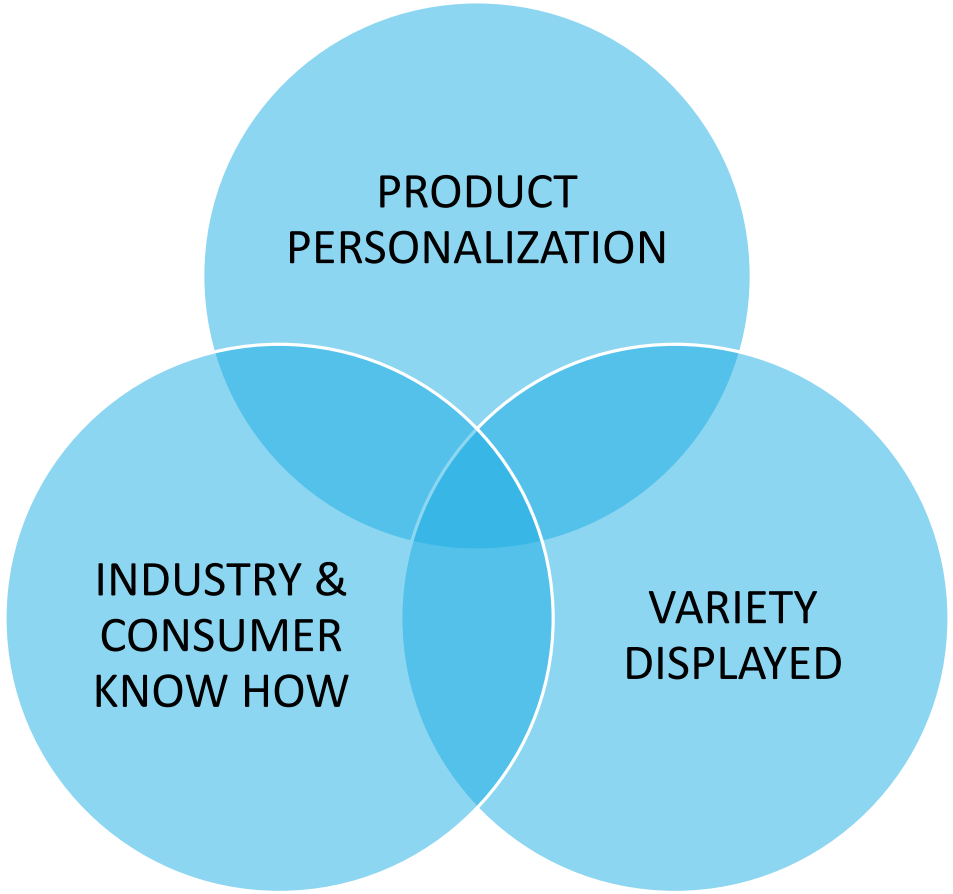
KEY ISSUES

LABOR COSTS
CLONES
HIGH VOLUME SHIPPING
OPERATION VARIABILITY

KEY CHALLENGES



COMPETITIVE ADVANTAGES



CONSUMER PREFERENCE

TOP PRIORITIES

BEST PRICE

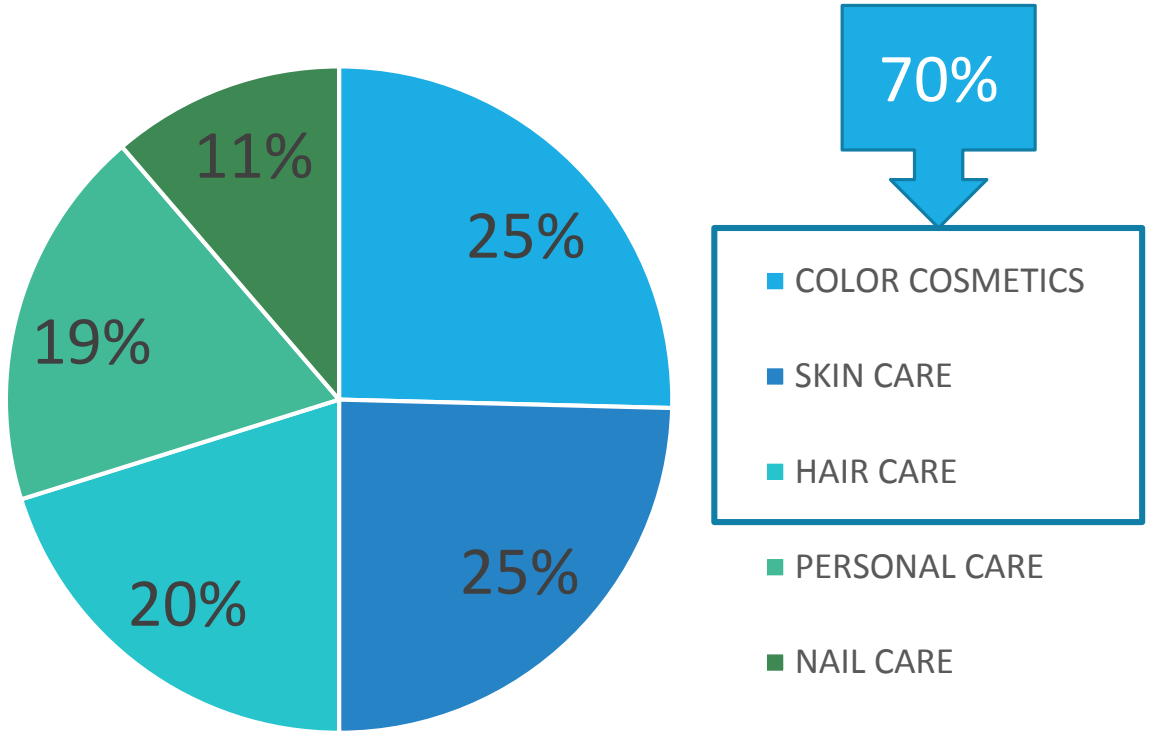
FREE SHIPPING

SITE SECURITY

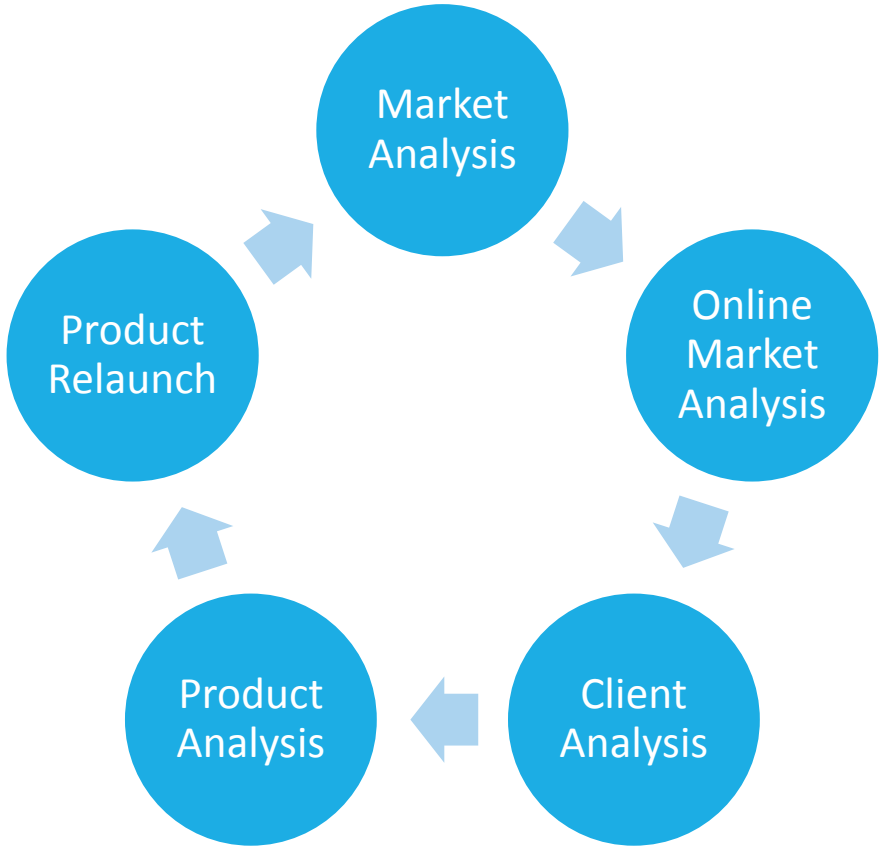
BOTTOM PRIORITIES

- MONTHLY REPLENISHMENT
- INTERESTING CONTENT
- NEW PRODUCTS

WHTAT DO THEY PURCHASE?



Marketing


Market Analysis
Online Market Analysis
Client Analysis
Product Analysis
Product Relaunch

Market Analysis

Market Analysis

Market: Beauty

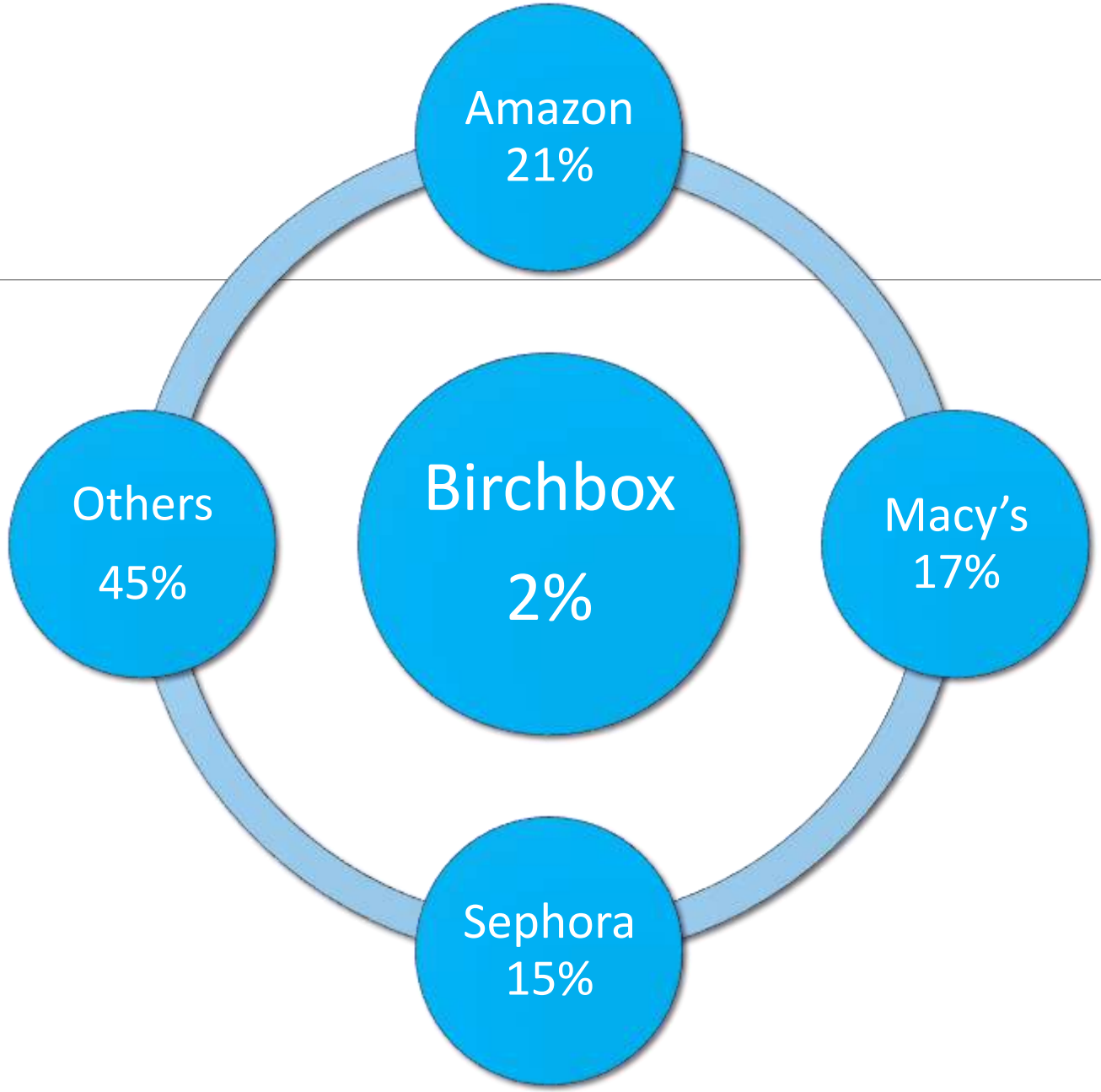
Sales: 90 Billion Dollars

Top Multinational Players

- L'Oreal
- Unilever
- Procter & Gamble

Online Sales: 8% - 7.2 Billions

Online Market Share

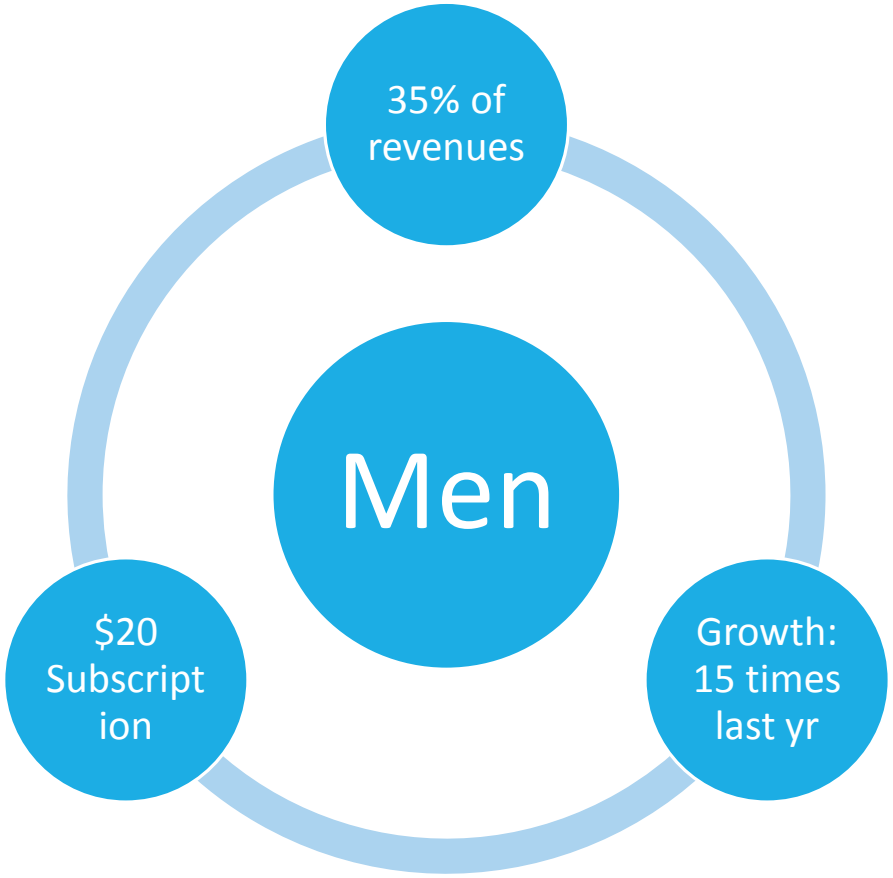


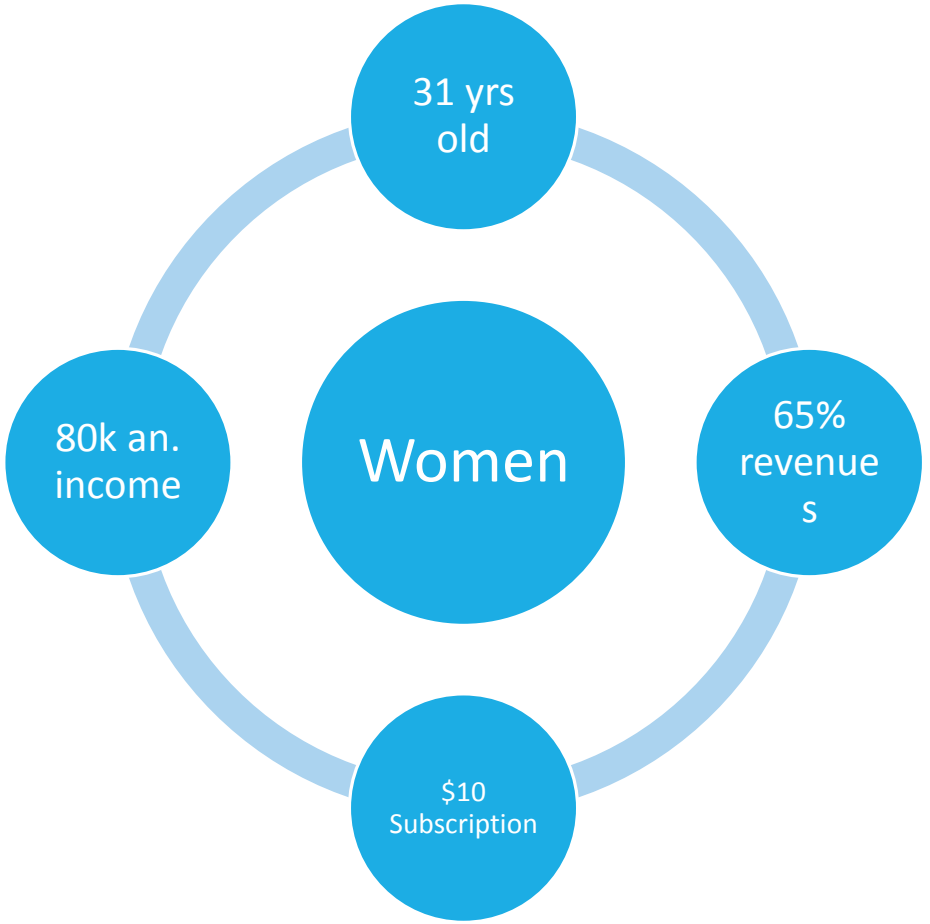
Birchbox Marketing Analysis

Birchbox Brand Partner Relationship

Birchbox Customer Analysis

Customer Analysis





Alternatives

Sell

- Sell the company to highest bidder.

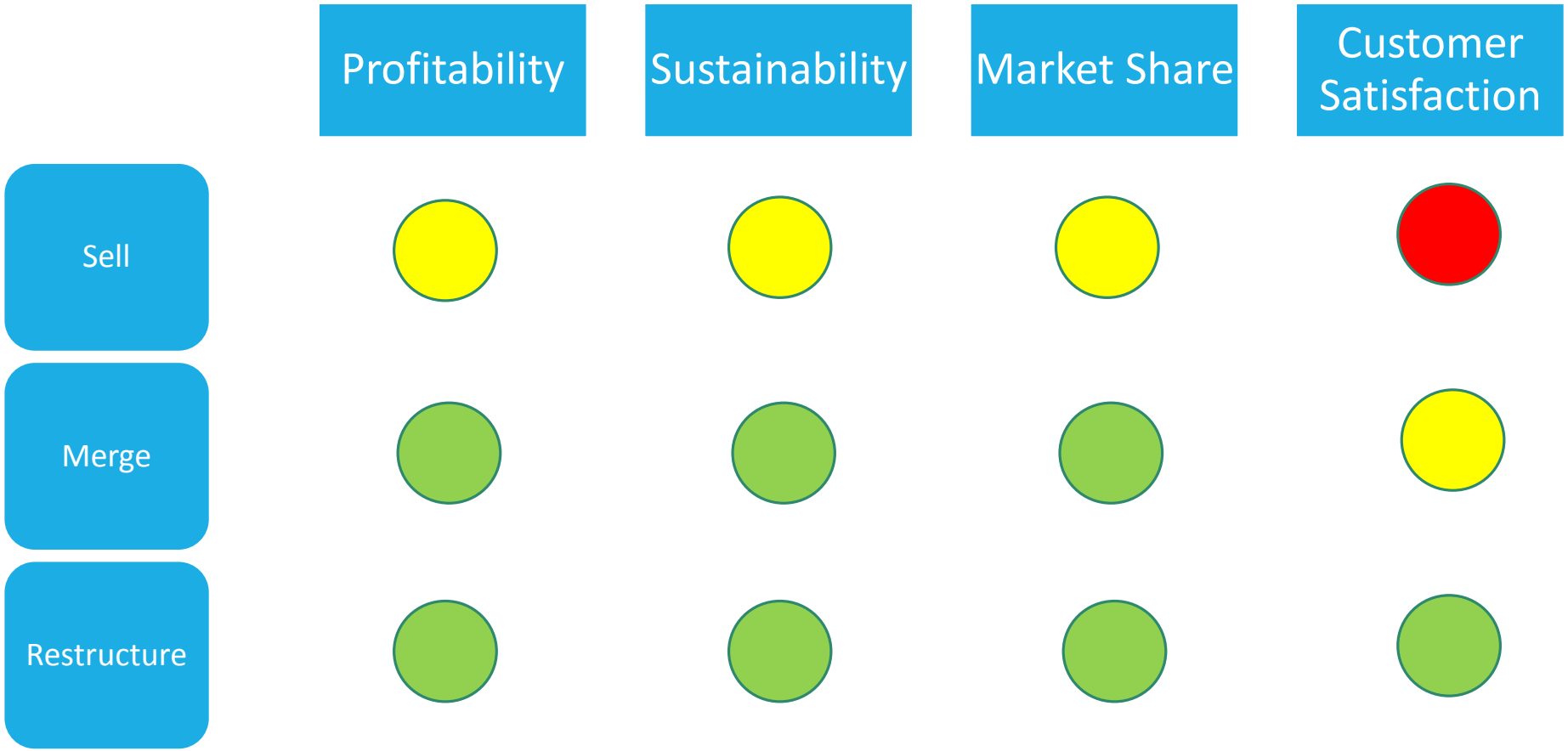
Merge

- Strategic alliances with young brands to acquire exclusivity.

Restructure

- Restructure Business Model and Strategy.

Alternative Analysis



Recommendation

- CLOSE STORES
- CLOSE PRIVATE LABEL DIVISION
- SUBSCRIPTION PLANS
- SKU'S COMBINATIONS MODIFICATION
- PROGRAM SHIPPING

OBJECTIVE:

- TERMINATE FIXED COSTS THAT DOESN'T CONTRIBUTE ON GROWTH
- CONCENTRATE ON EMPOWER OUR BUSINESS PARTNERS & CORE BUSINESS STRATEGY
- TRANSFER VARIABILTY TO OUR CONSUMERS AS A MEAN TO CLOSE POSSIBLE MISLEADING PROFILE ANALYISIS
- PRICE COMPETITION DUE TO MARKET ABILITY TO CLONE.
- STABILIZE & OPTIMIZE OUR SHIPPING METHODS BY ESTABLISHING A PROGRAM CONTINUITY

Product Analysis & Re-Launch

Current Products

Products	Current
Avg. Box Contains	Skincare Haircare
Plans	Regular Subscription
Full Size Purchase	Full Prize
Birchbox Points	- $10 purchase 10 points - 50 points per referral - 50 points first 5 reviews - Year subscription payment bonus

Current Products + Products Relaunch

Products	Current	Relaunch
Avg. Box Contains	Skincare Haircare	- Skincare - Haircare - Make Up
Plans	Regular Subscription	- Perfect Plan - Premium Plan - Exclusive Plan
Full Size Purchase	Full Prize	- 5% Discount Premium Plan - 8% Discount Exclusive Plan
Birchbox Points	- $10 purchase 10 points - 50 points per referral - 50 points first 5 reviews - Year subscription payment bonus	- $10 purchase 10 points - 50 points per referral - 50 points first 5 reviews - Year subscription payment bonus - 30 points bonus every 6 months of subscription - Use only in Full Size Purchase

Subscription Plans

Perfect Plan

- $7 Monthly Payment
- Products: 80% Drugstore 20% Midrange

Premium Plan

- $10 Monthly payments
- Product: 100% Midrange

Exclusive Plan

- $15 Monthly payments
- Products: 60% Mid Range 40% High end

Implementation
Redefine Business Model

Logistics

Less SKU's
Lower the number of combinations will lower labor costs and it more efficient.

Shipping
Stable and efficient shipping programming.

Risks and Mitigation

Customer Satisfaction & Confidence

- New Subscription Plans according to online customer needs.
- Innovative Content inside box.
- Favorite Product Full Size discount

Brand Value

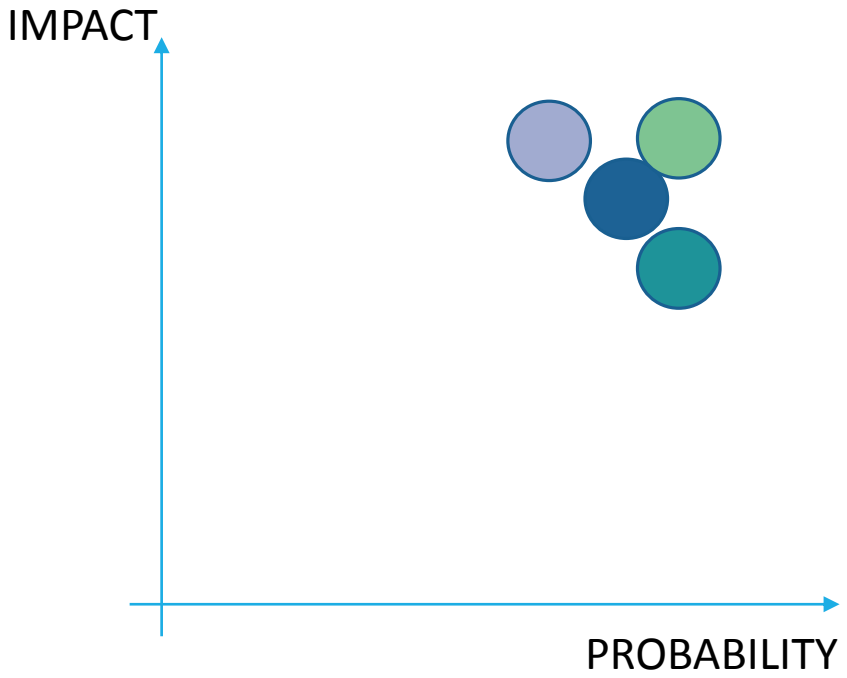
- New Marketing Branding Strategy

Profitability

- If required profitability is not achieve implement exit plan.

Competitive Advantage

- Implement exit plan



CONTINGENCY PLAN

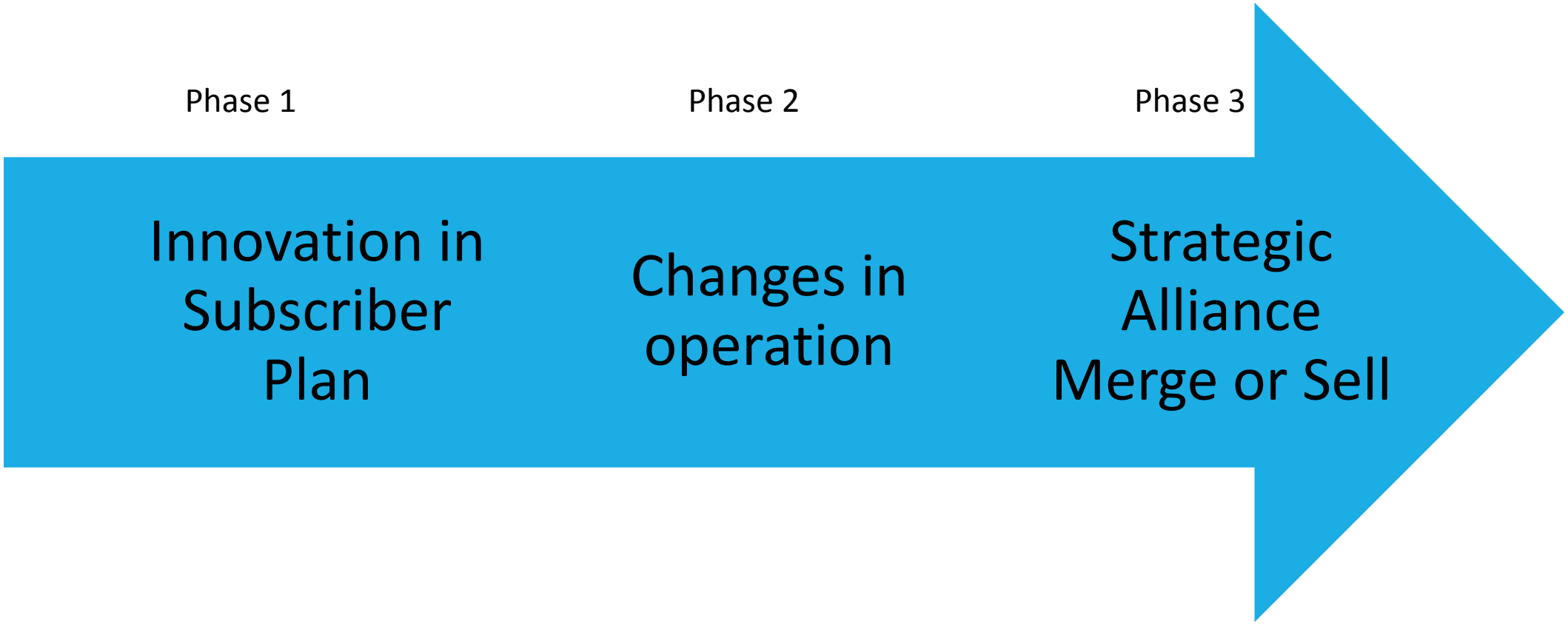
MERGE STRATEGY

- Promising Restructuring opens up to possible merger opportunities.
- We look forward to consolidate our growth with a potential company.

EXIT STRATEGY

- Sell the company to highest bidder.

Implementation
Timeline



Conclusion

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- SUBSCRIPTION PLANS
- SKU’S COMBINATIONS MODIFICATION
- PROGRAM SHIPPING