

Thinking inside the box

A GROWTH PLAN FOR BIRCHBOX

SABRA CONSULTING TEAM - GGFBM

How can BirchBox
recover from the loss of
subscribers and grow?

Think *Inside* the Box

More segments

Better logistics

**New Value
Proposition: Make
your own, enjoy a gift**

New Channels

Analysis

The current situation

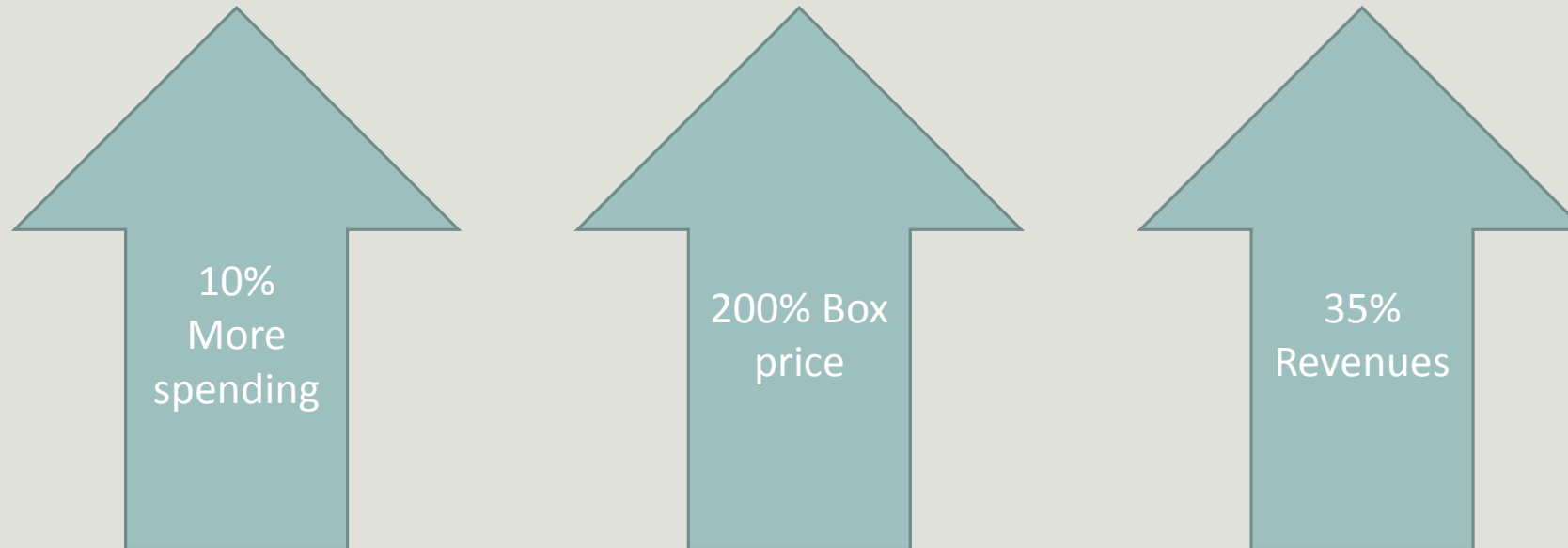
7% Decrease in
subscribers

Decrease in interest

Competition

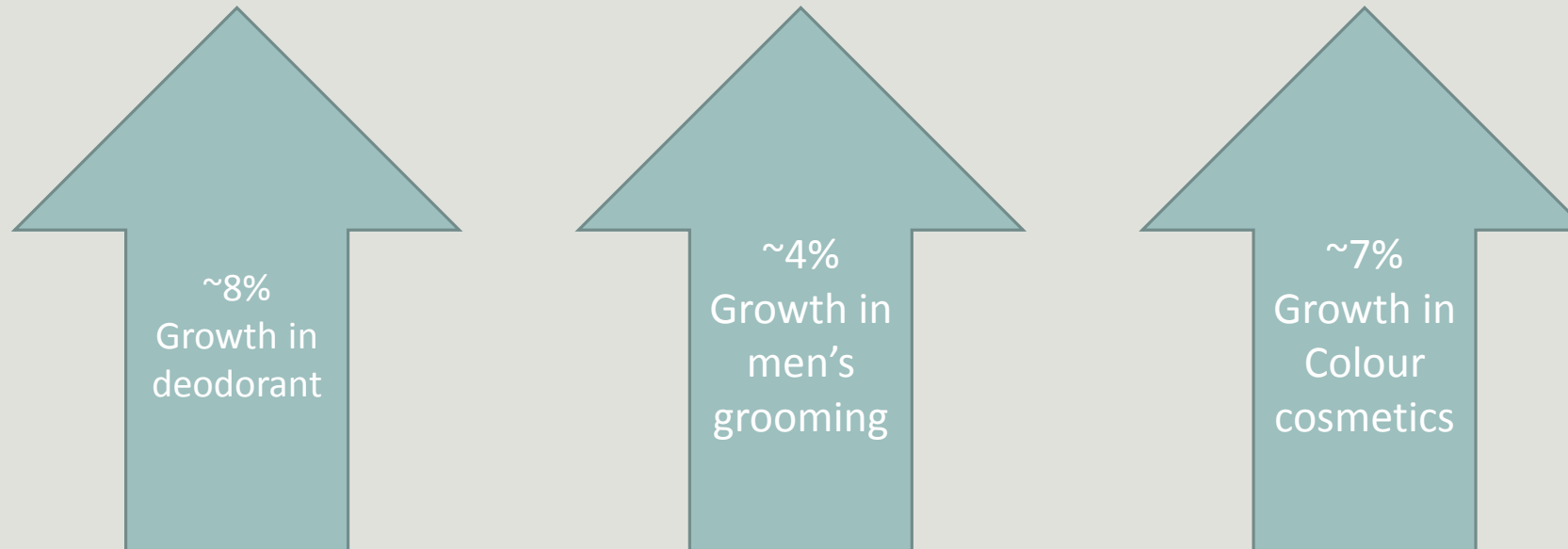
There is need for a change

Opportunities - Men



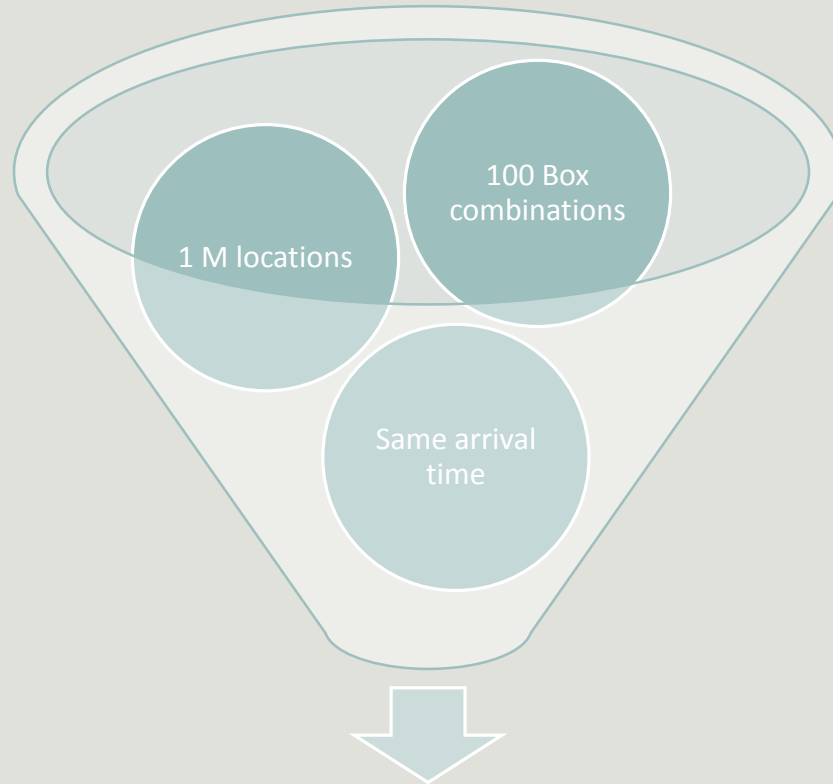
The male segment proves other segments should be penetrated

Opportunities - Products



The male segment proves other segments should be penetrated

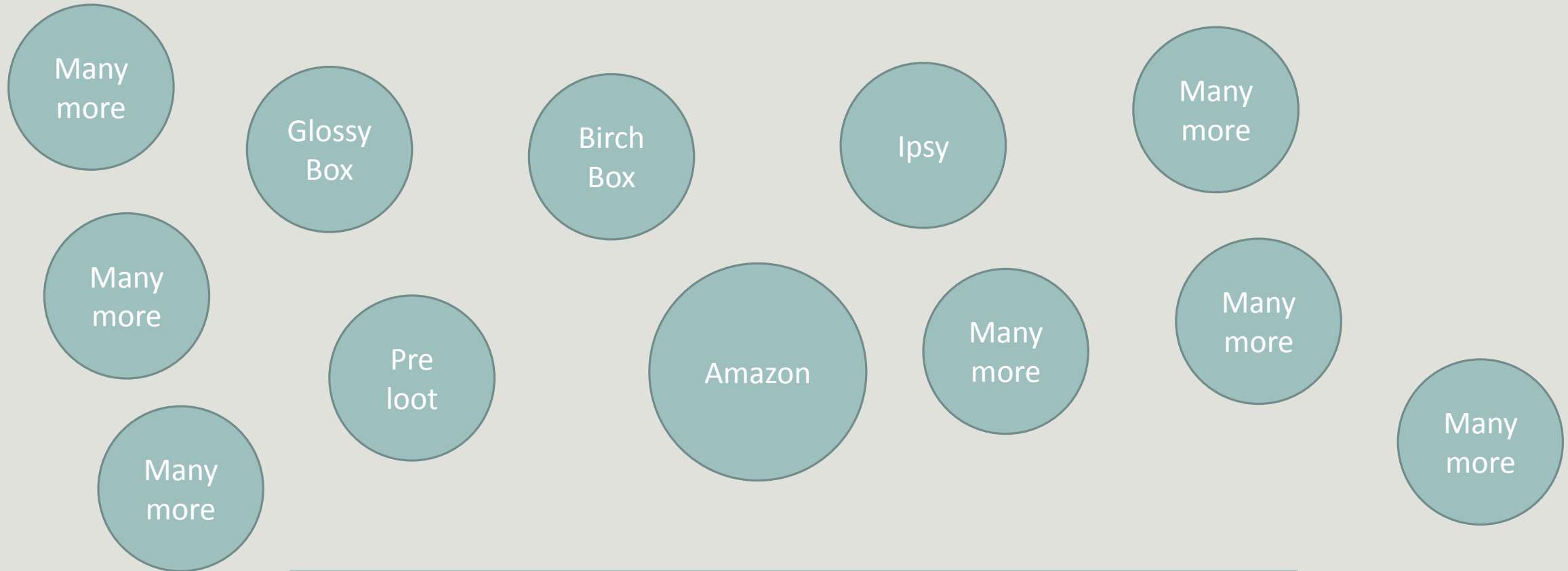
Pains - Logistics



Logistics are an extremely expensive in this model

Labor and price intensive

Pains - Competition



The competition is intense and hard to differentiate

Challenges

- Once sampled – the product can be purchased anywhere
 - Aggressive cost cutting in the company

The competition is intense and hard to differentiate

Challenges



The solution must solve these outside and inside pains

Alternatives

Loyal company for everyone

product

Customer loyalty

Cutting costs

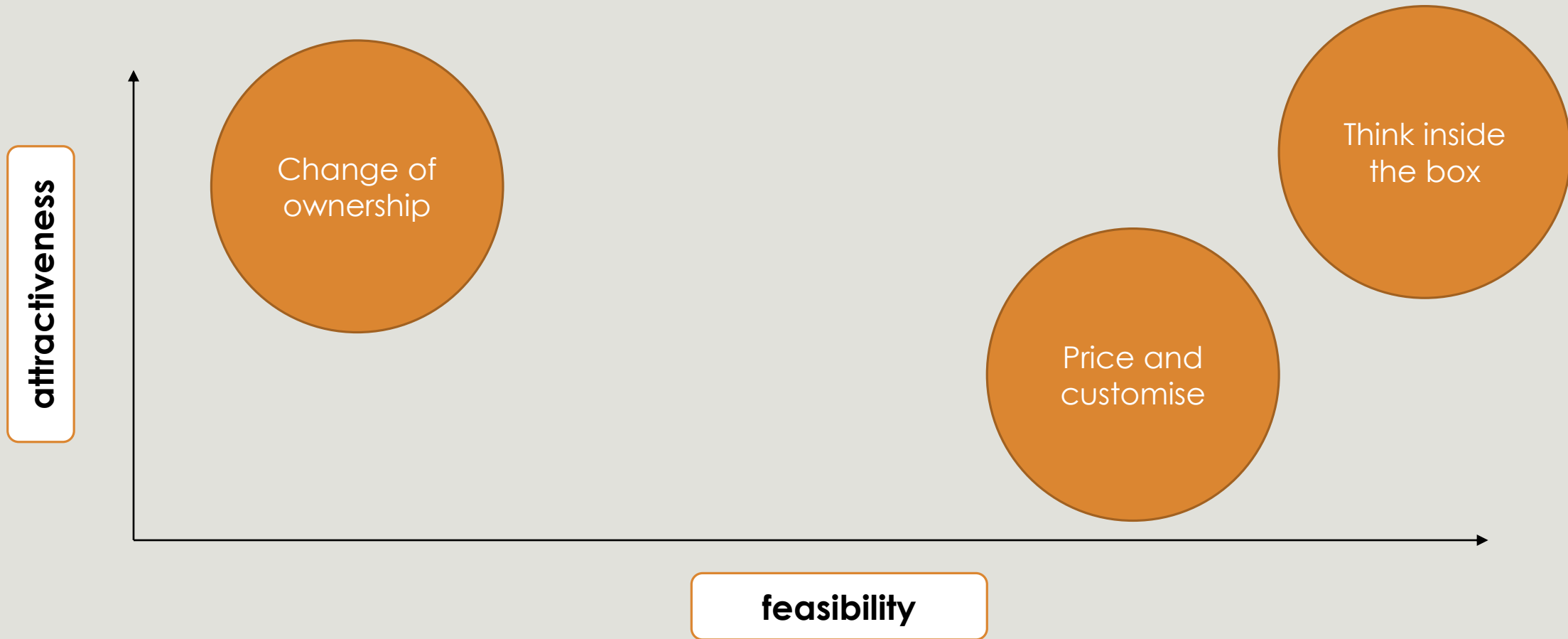
Price and
customise

Change of
ownership

Think inside
the box

Differentiate product & logistical efficient

Loyal company for everyone



Choosing the right growth plan

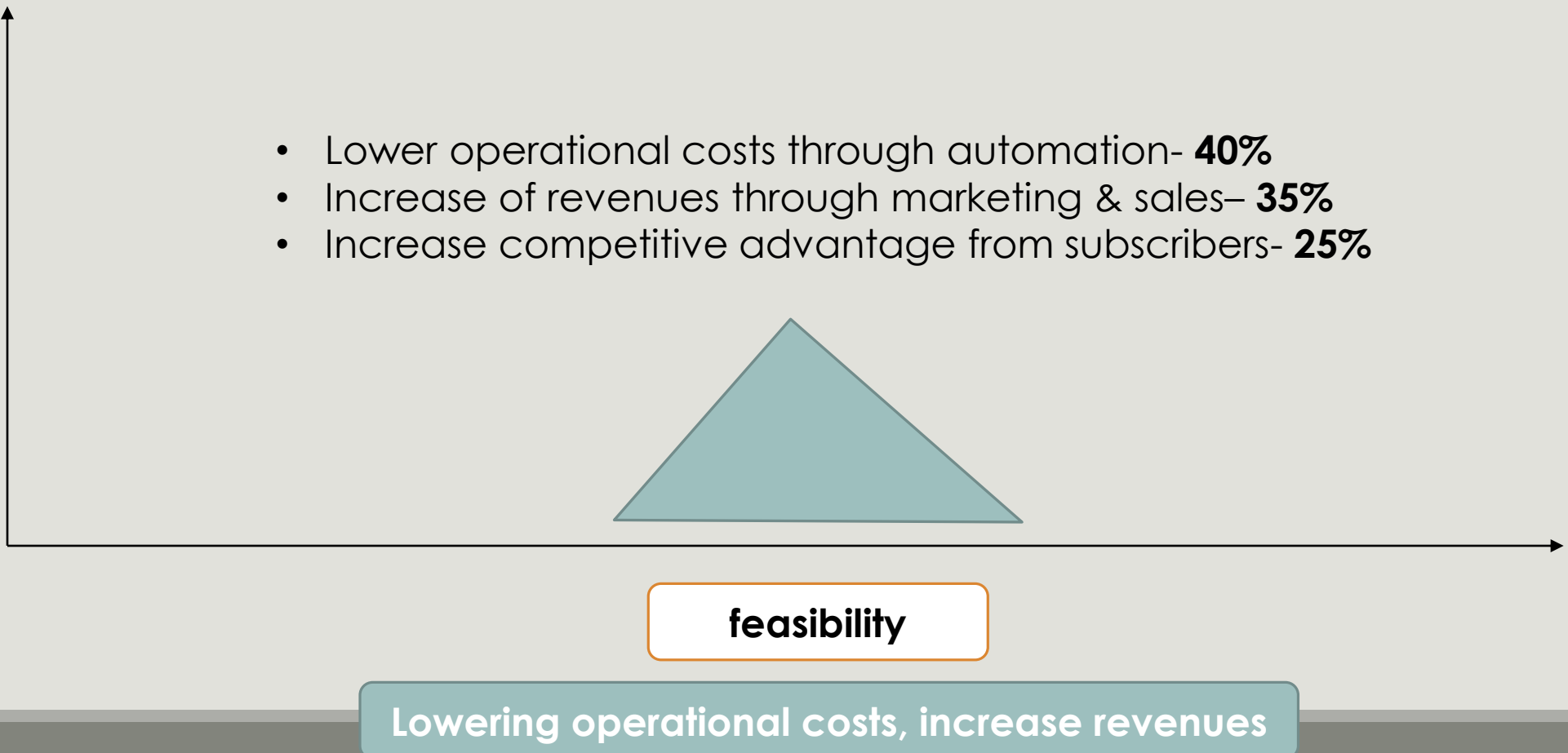
Loyal company for everyone

attractiveness



Diversify products creates ongoing loyalty

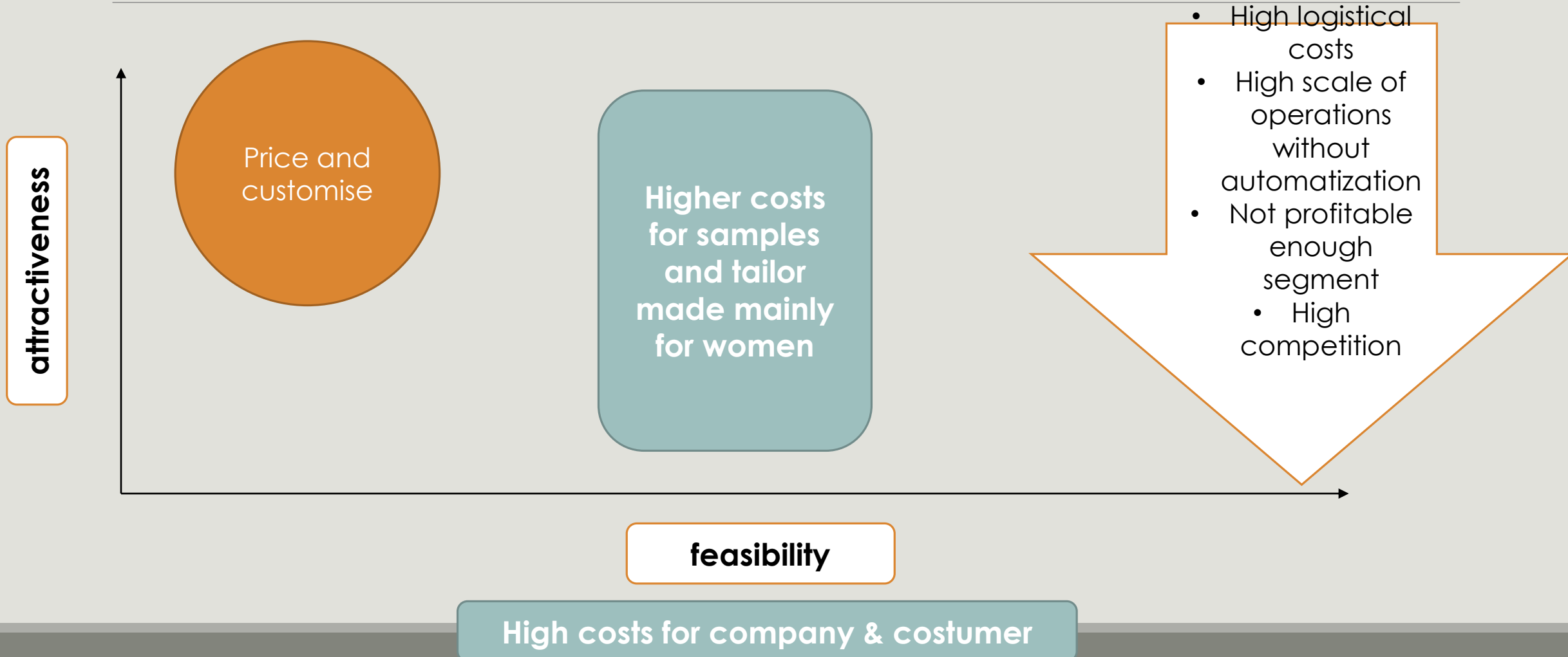
Loyal company for everyone

- 
- Lower operational costs through automation- **40%**
 - Increase of revenues through marketing & sales- **35%**
 - Increase competitive advantage from subscribers- **25%**

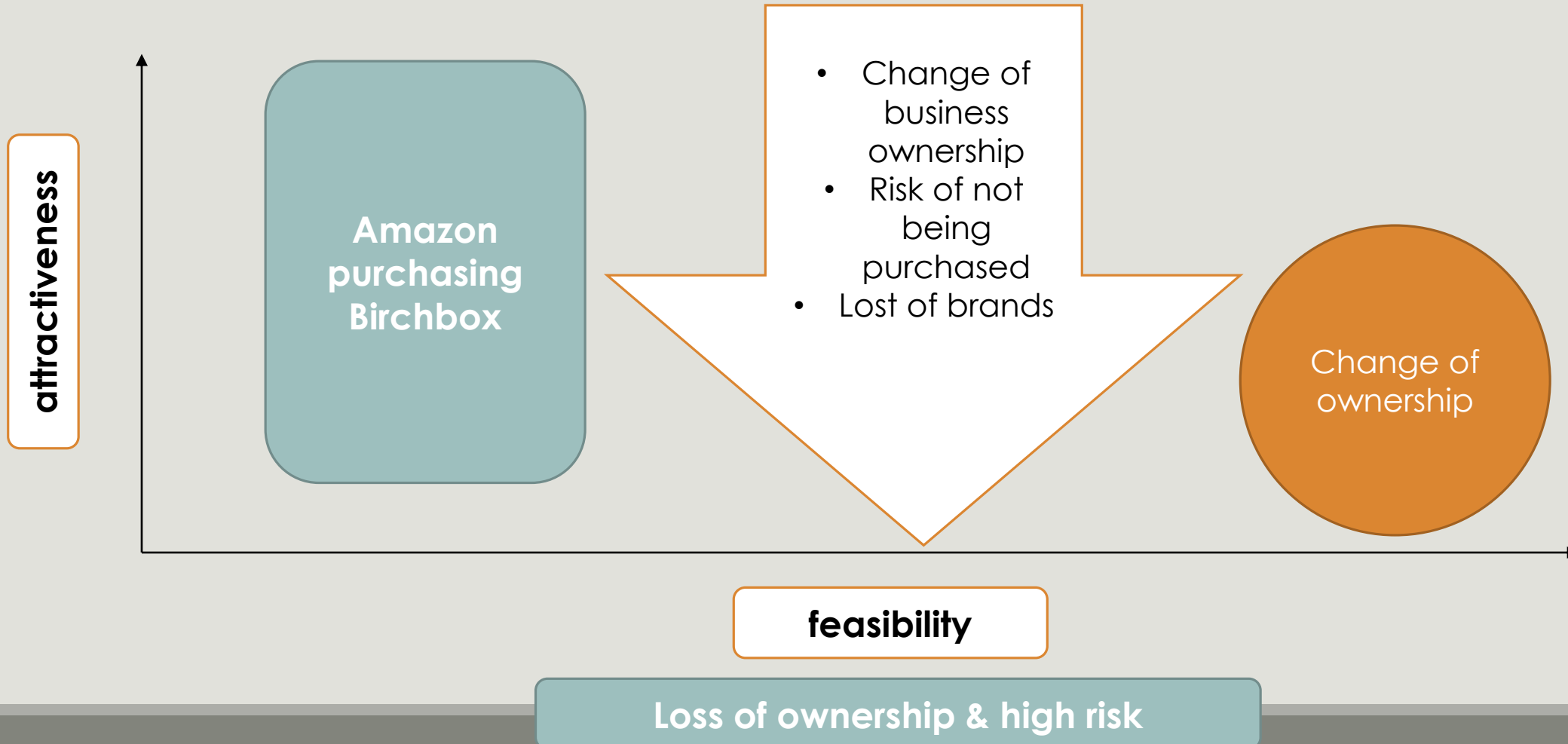
feasibility

Lowering operational costs, increase revenues

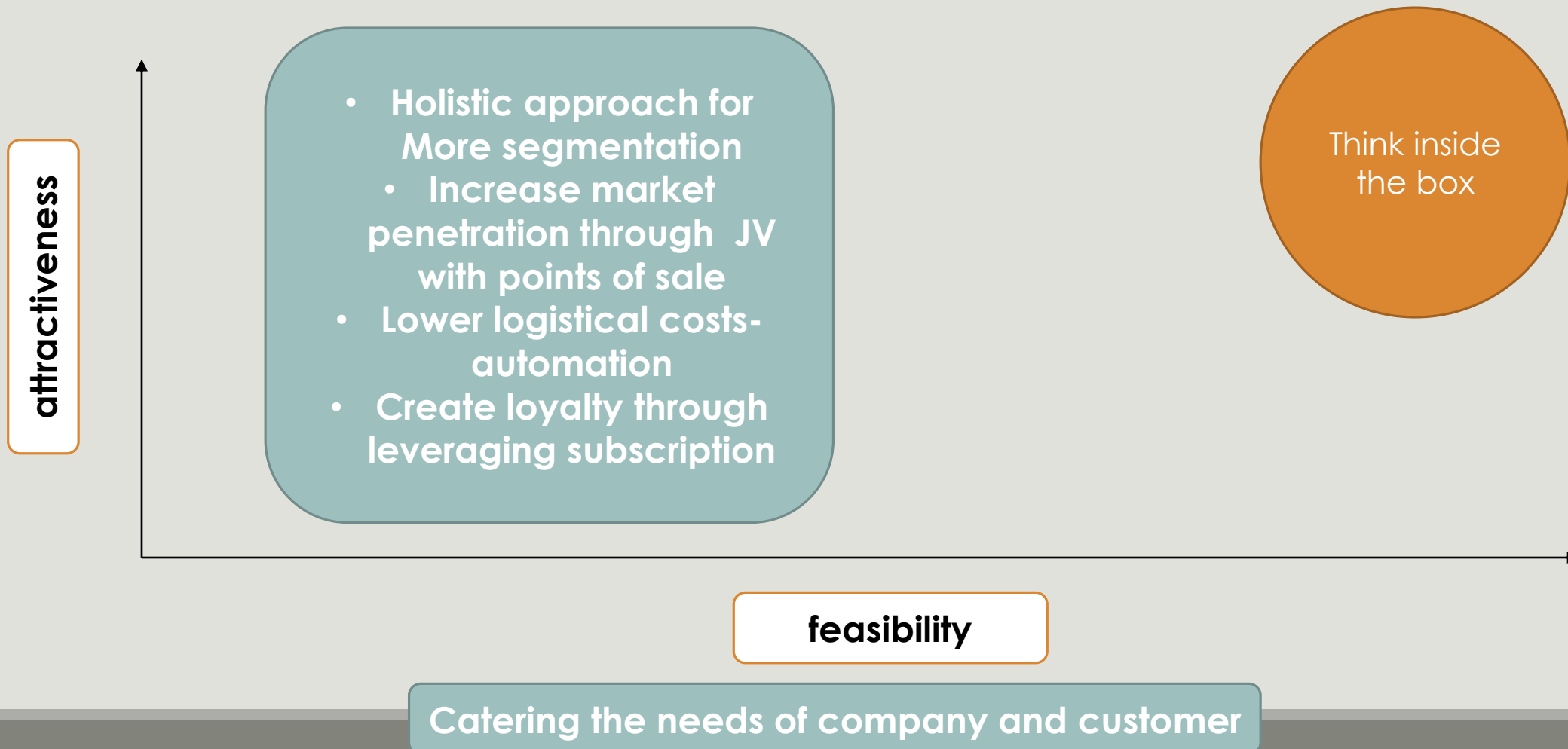
Loyal company for everyone



Loyal company for everyone



Think inside the box



Recommendation

Think *Inside* the Box

More segments

Better logistics

**New Value
Proposition: Make
your own, enjoy a gift**

New Channels

Implementation

Think *Inside* the Box

More segments

Better logistics

**New Value
Proposition: Make
your own, enjoy a gift**

New Channels

More segments

Better logistics

New Value Proposition: Make your own, enjoy a gift.

New Channels

More Segments

Family

Men

Baby and kids

Women

More segments

Better logistics

New Value
Proposition: Make
your own, enjoy a gift.

New Channels

More Segments

Family

Box 1

Box 2

Box 5

Men

Box 1

Box 2

Box 5

Baby
and kids

Box 1

Box 2

Box 5

Women

Box 1

Box 2

Box 5

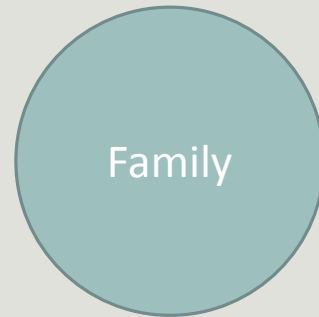
More segments

Better logistics

New Value
Proposition: Make
your own, enjoy a gift.

New Channels

More Segments



New arrivals

Trending /
celebritySeasonal
picksGood old
brands

Going green

More segments

Better logistics

New Value
Proposition: Make
your own, enjoy a gift.

New Channels

More Segments



Family



Going green

Loreal natural sunscreen
Baby powder natural
Etc.

+ surprize

Better Logistics

More segments

Better logistics

New Value Proposition: Make your own, enjoy a gift

New Channels

Box 1

Box 2

Box 3

Box 4

Box 5



Full size surprize
For each

Change every 3 months, 4 times a year

Allows many different products, keeping with trends and cost effective logistics

New Channels

More segments

Better logistics

New Value
Proposition: Make
your own, enjoy a gift.

New Channels

Collaboration with clothing –
Ecommerce and brands

Men and
women -
Asus

Baby and
kids -
Carters

Etc.

New Value Proposition

More segments

Better logistics

New Value
Proposition: Make
your own, enjoy a gift

New Channels

Membership Model

Special promotion offer

First sample 5\$ - One month to purchase membership for just
100\$ a year

Getting a significant new client base

New Value Proposition

More segments

Better logistics

New Value
Proposition: Make
your own, enjoy a gift

New Channels

Sample box

One month

to receive full product for the lowest price available
online

New Value Proposition

More segments

Better logistics

New Value
Proposition: Make
your own, enjoy a gift

New Channels

Sample box

One month

More one
timers shifting
to full product
purchases

to receive full product for the lowest price available
online

New Value Proposition

More segments

Better logistics

New Value
Proposition: Make
your own, enjoy a gift

New Channels

Prime members

Get monthly chosen sample box +

Purchase one more for half price

Incentive for prime members

Financials



Expenses plan & timeline

What?	Yearly amount	2018	2019	2020
Membership discounts for full-size	120,000			
HR for new channels of sales	100,000			
New design and boxes	500,000			
JV with new point of sales	660,000			
Marketing	500,000			
total	1,880,000\$			

Cost structure

Pricing strategy

pricing	month	yearly
	\$	\$
women	10	110
men	20	120
family	25	125
baby and kids	20	120

Memberships projections



Cost structure

Revenue stream

pricing	2018	2019	2020
revenues	\$	\$	\$
women	385,000	506,000	711,562
men	385,000	442,750	474,375
family	55,000	126,500	189,750
baby and kids	275,000	189,750	205,563
total	1,100,000	1,265,000	1,581,250

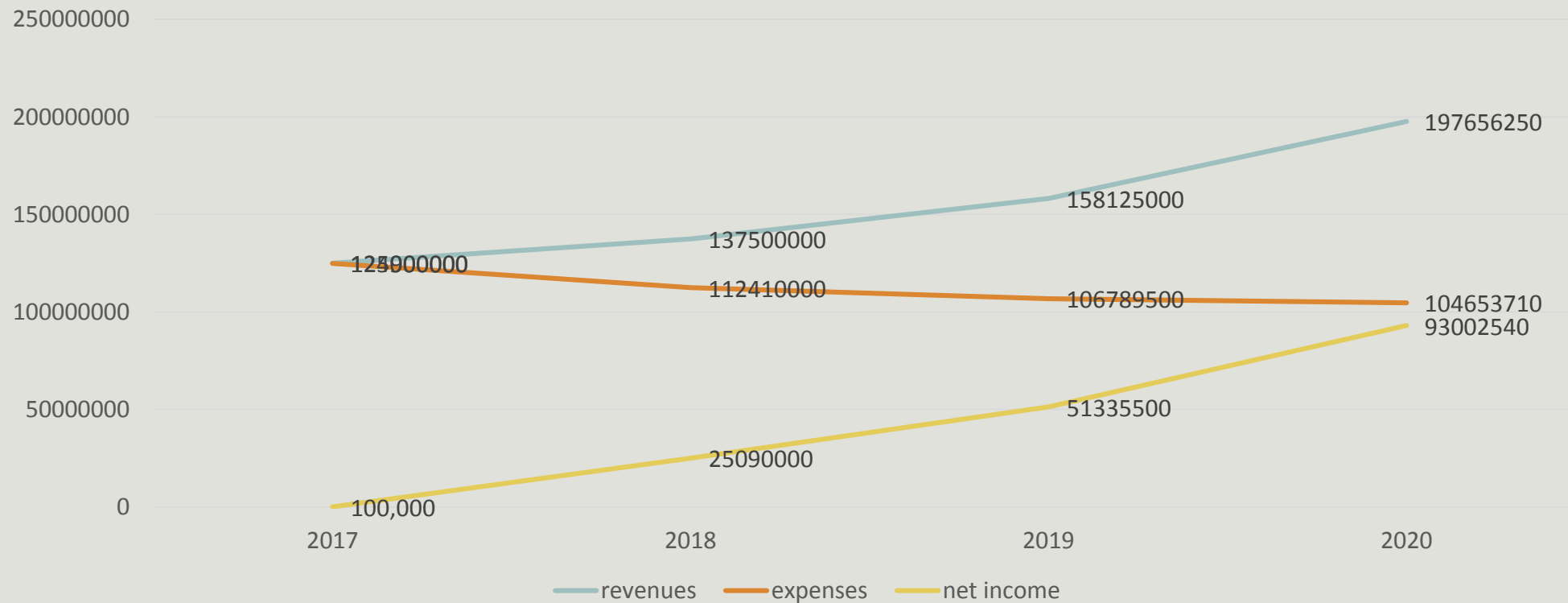
Cost reduction in manufacturing

Increasing point of sale for 0.02%

Membership discount 10%

Financial projections

Revenues, expenses and net income in PV (2017-2020)



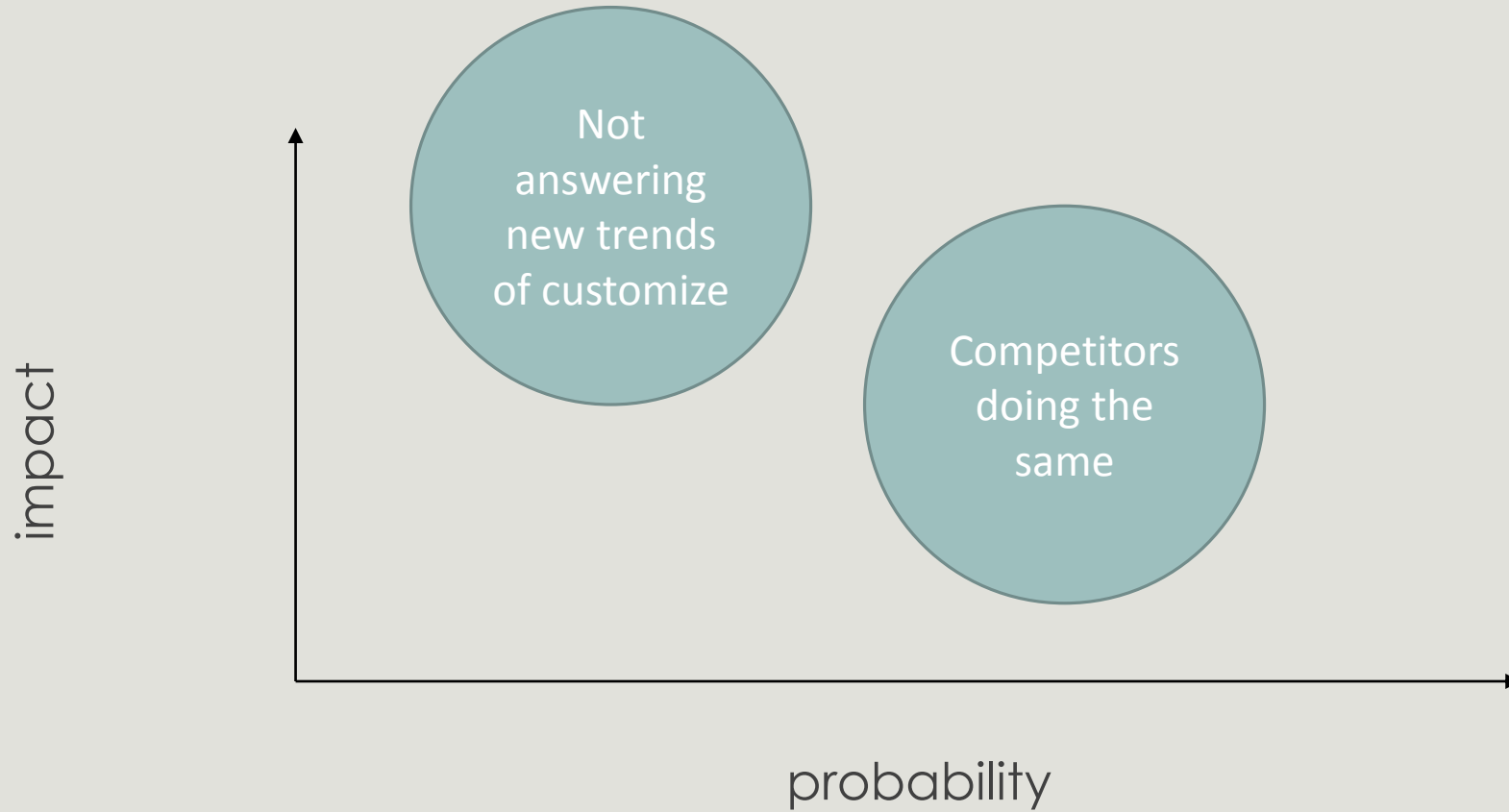
Financial projections

Value of investment-
169,128,040 \$

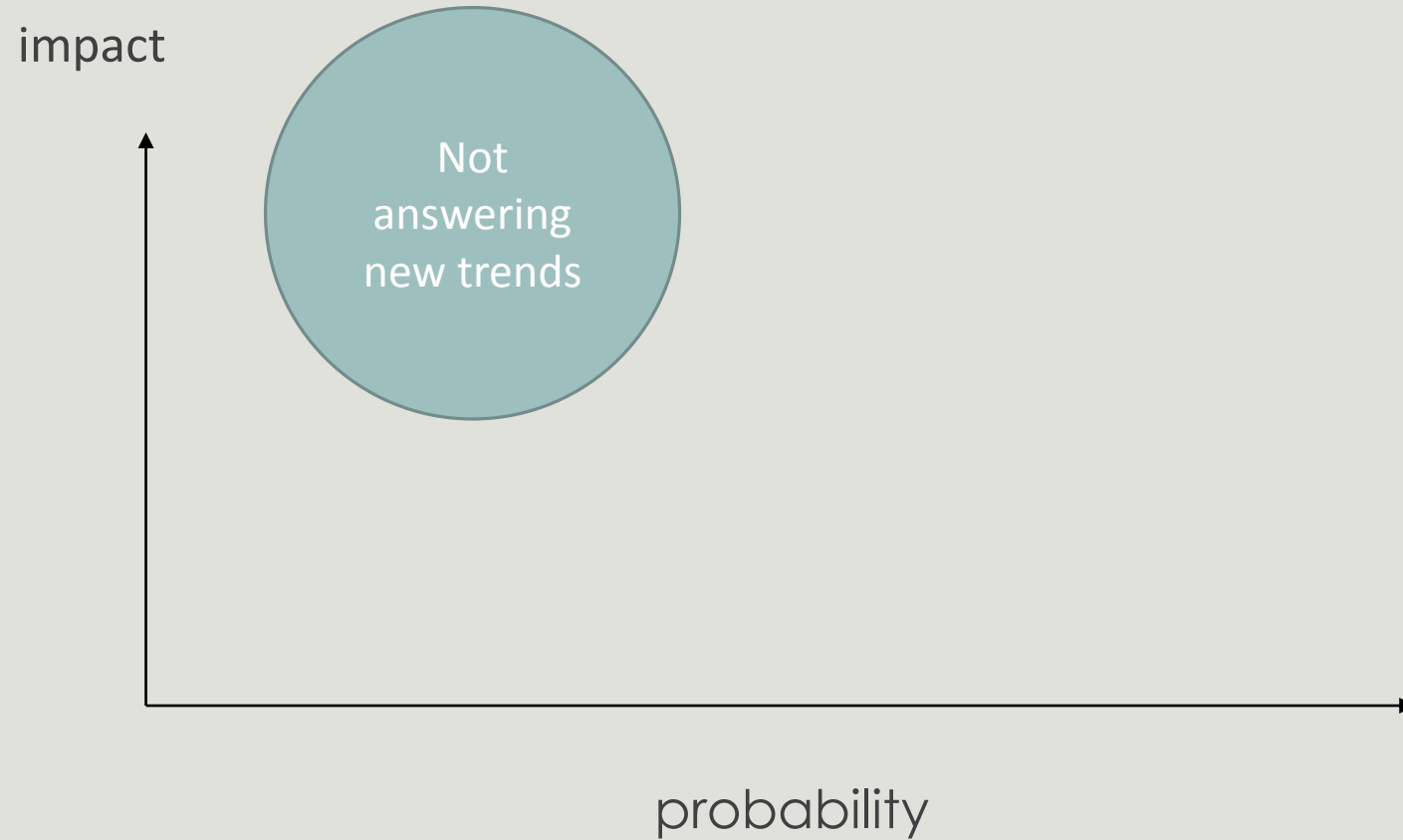
CAGR-
55%

Risk Mitigation

RISK MITIGATION



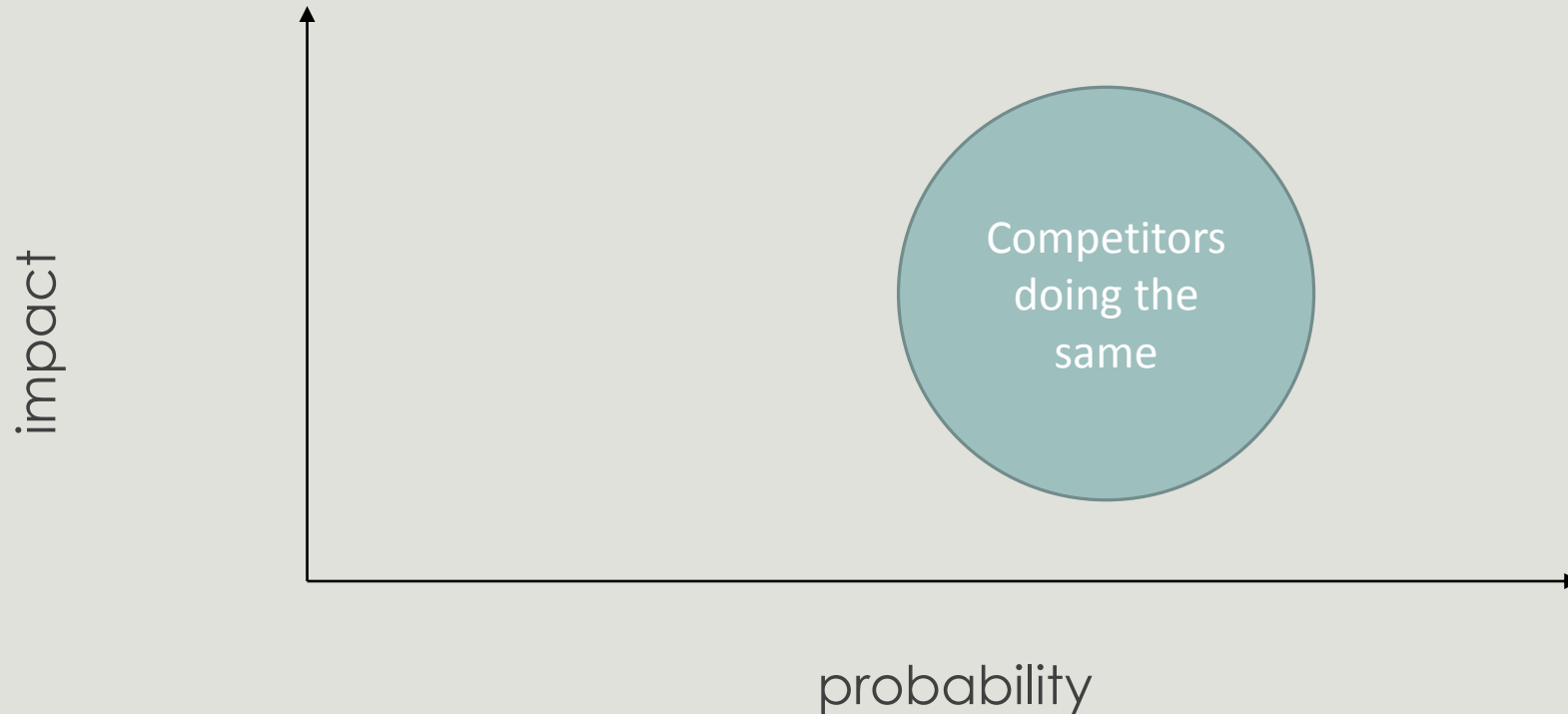
RISK MITIGATION



- Finding more products for boxes according to trends

- Using trend setters to market the boxes

RISK MITIGATION



- Creating more JV with credit card companies for points

Putting more emphasis on celebrity marketing and selling points channels

Q&A



appendix

	2017	2018	2019	2020	
revenues	125,000,000	137,500,000	158,125,000	197,656,250	
		0.10	0.15	0.25	
expenses	124,900,000	112,410,000	106,789,500	104,653,710	
	-	0.10	- 0.05	- 0.02	
net income	100,000	25,090,000	51,335,500	93,002,540	
value of investment		24,990,000	51,235,500	92,902,540	169,128,040