

BIRCHBOX Inc.

Presented to Hayley Barna and Katia Beauchamp

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Mandate

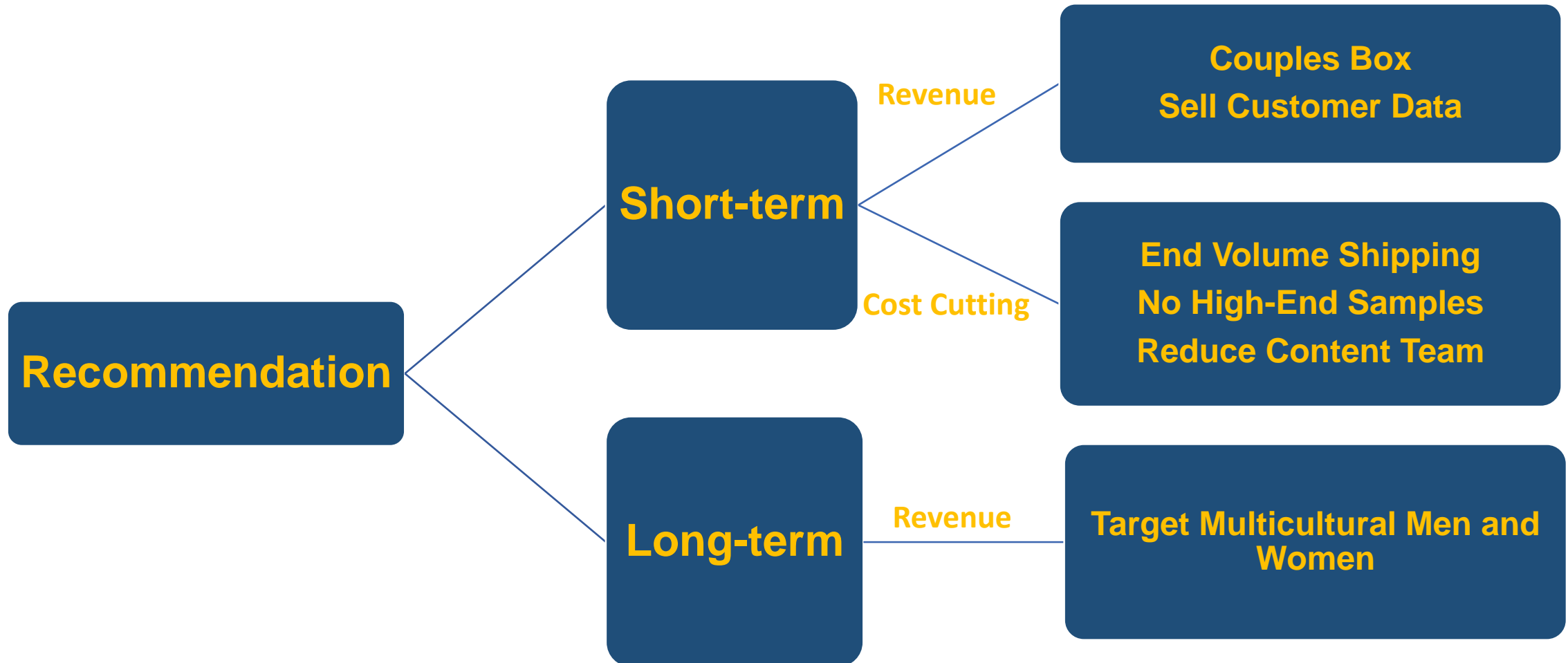
**Problem: Achieve sustainable growth
and profitability**

Profitability

**Huge
Competition**

**Long-term
Growth**

Driving profitability and segmenting customers will grow Birchbox



Alternative Solutions

- More Customization for Existing Customers
- Increase Subscription Costs
- Eliminate Physical Stores

Executive Summary

Issues	Recommendations
Profitability is declining	Focus on costs, revenue streams and growth
Extremely high costs	Reduce logistics costs, high-end samples, and content team
Revenue streams are declining; Current subscriptions are falling	Introduce couples box, develop customer analytics, and market products for multicultural segments
Convert people from samples to full-size products	Expand and customize the Birchbark line of products, for both women and men

Analysis

Challenges

Huge Competition

Ever-increasing number of niche Start-ups

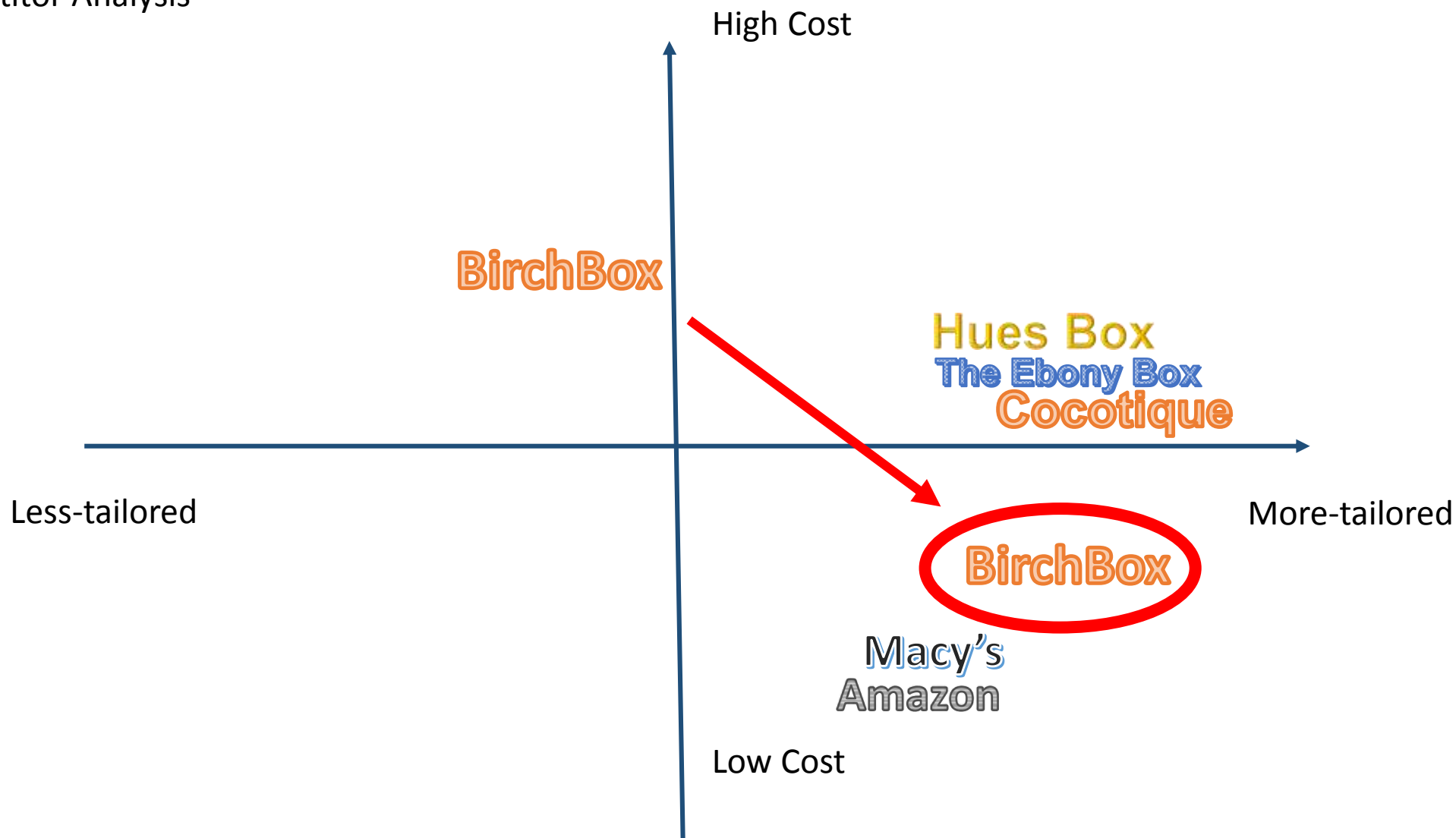
Profitability

Overspending on marketing activities, high hiring & logistics cost

Losing the growth

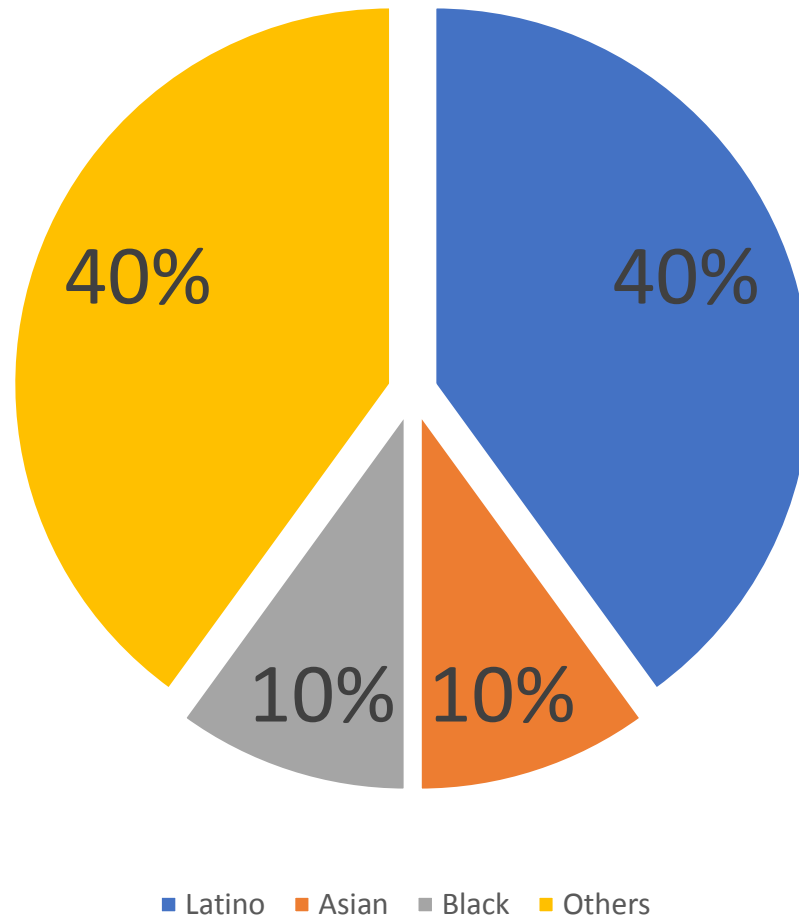
The industry as a whole is good
Subscription sales witness a drop, mainly in physical stores

Competitor Analysis



By 2050, the US will be a majority minority country

Estimated Population of Majority minority by 2050



Online would be the better choice

	Easy Access	Growing Market	Experience
Online	Green	Green	Yellow
Offline	Yellow	Red	Yellow

Financials

This Year: Cut costs

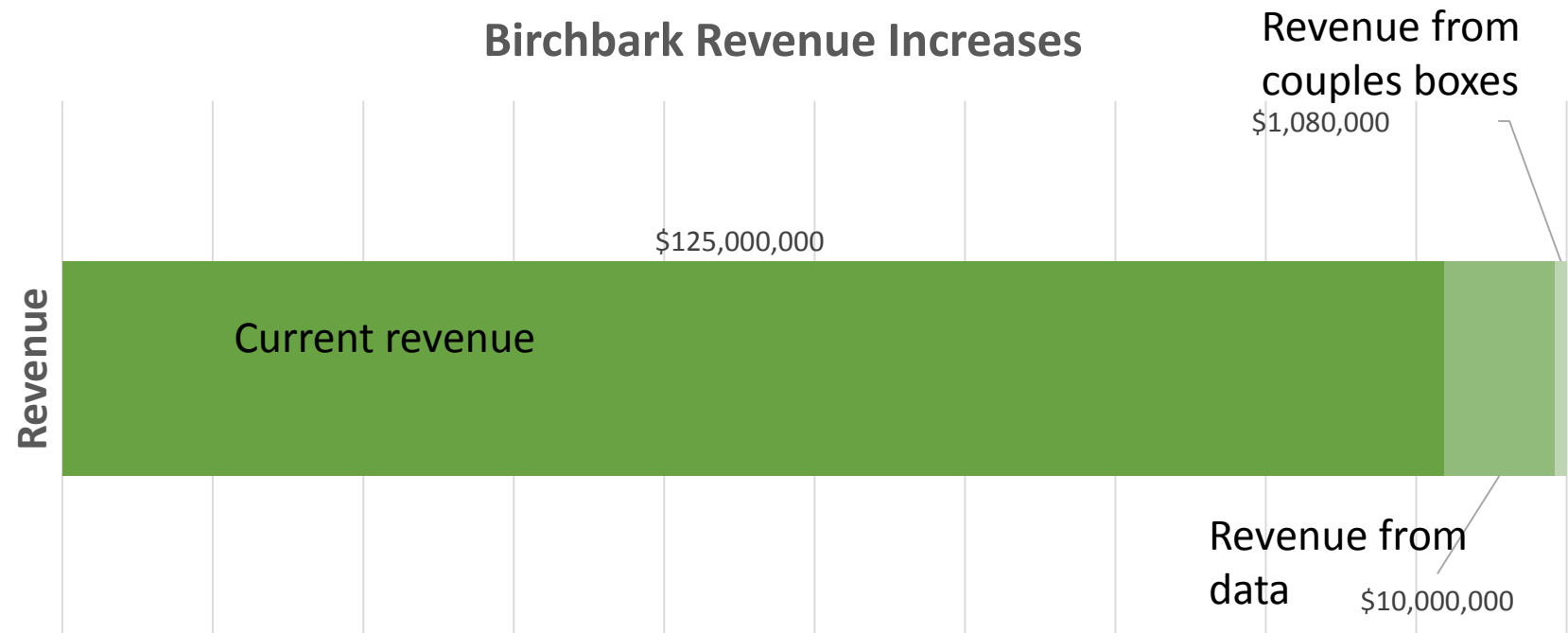
- Save \$2.5 million by ending volume shipping
- Stop paying for high end samples
- Reduce the content management team.
 - Assuming each makes \$50,000, we could let go of 7 content managers and save \$350,000
 - Continue offering loyalty points to customers who write reviews

These cuts will decrease costs by about \$3.9 million

This Year: Raise Revenue

- Sell a couples box for \$30
 - Couples market size about 72 million couples in the U.S.
 - Focus on men: their box is twice the price of the women's box
- Sell the data analytics on customers to brand partners
 - Sephora's revenue increased 5% or \$675 million
 - If Sephora and 9 mid-size companies purchase it, our data is benefiting them by about \$1.1 billion,
 - Thus we can charge them 10 million for the data
 - We can charge them 1/3 or their revenue, or \$202 million

Proposed Revenue Increases total revenue about 12%

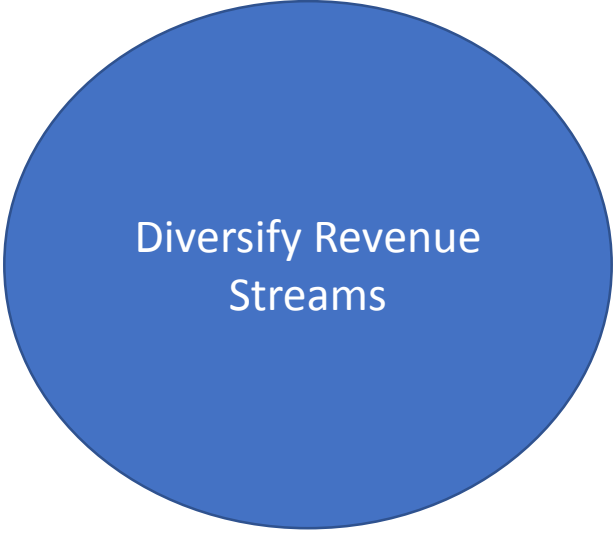


Implementations


What we will achieve



Grow Profitability
Immediately.



Diversify Revenue
Streams



Segment target
market further

Short-term Implementation

Profitability

Cost cutting:

- Layoff 7 content managers.
- End Volume Shipping.
- End paying for samples

Revenue Streams

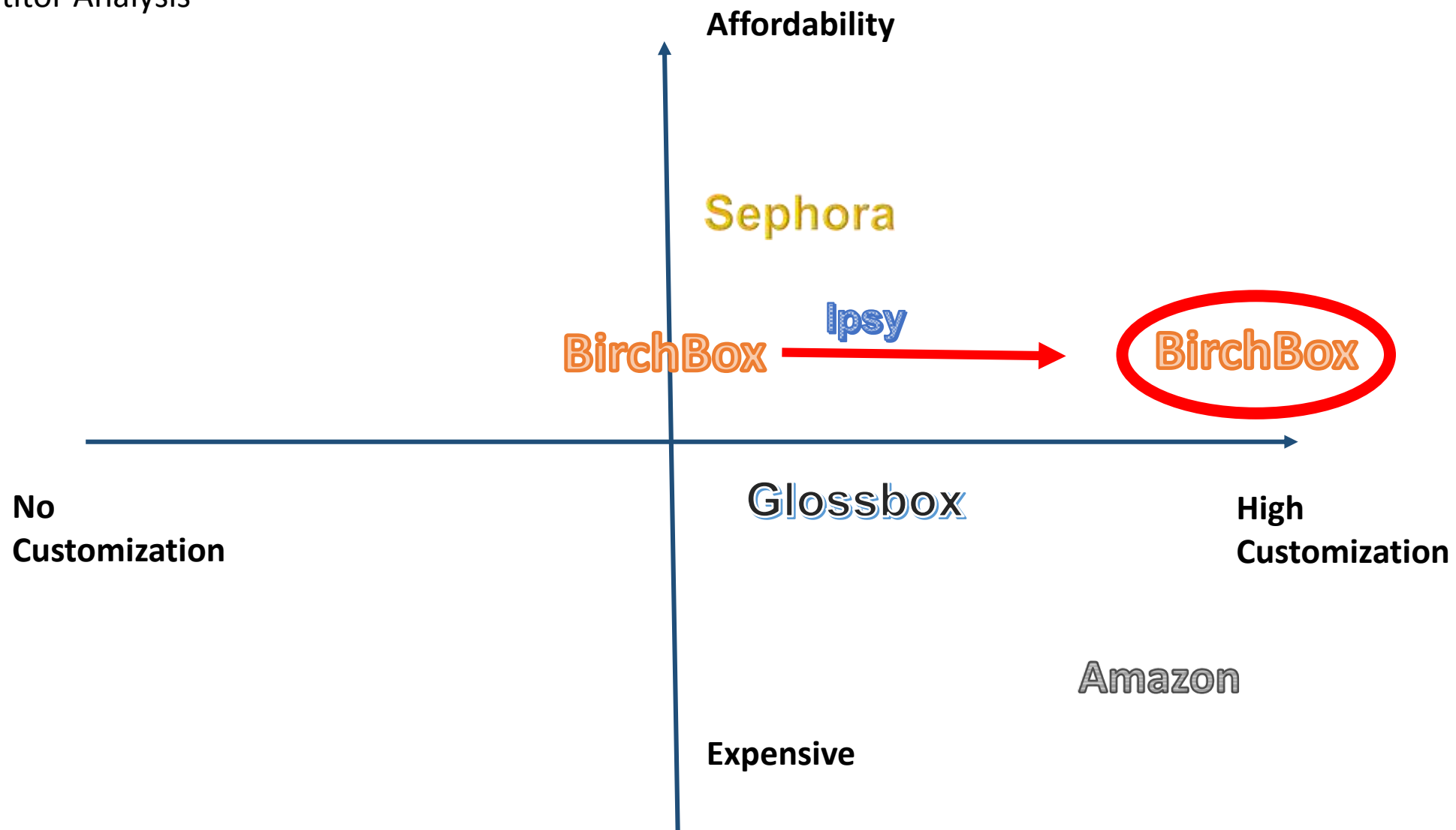
- Couples Box.
- Sell data we collect on customers to vendors.

Long-term Implementation

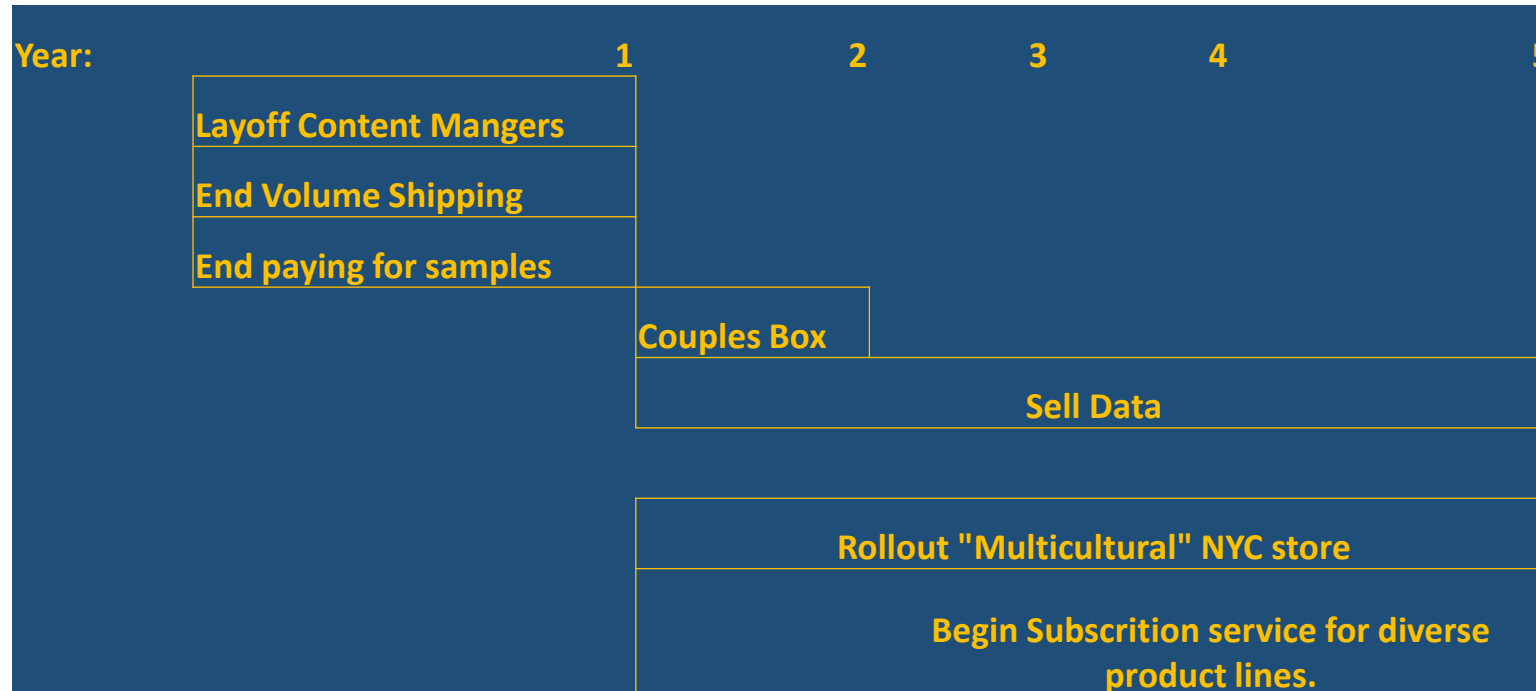
Segmenting Target market

- Use NYC store as a “multicultural” beauty line store.
- With data gathered from store, rollout subscription line for multicultural men and women.
- Begin to sell that data.

Competitor Analysis



5-year Timeline



Risk on & Mitigation

Risk	Mitigation
Shrinking Subscription market	Moving toward men and more ethnically diverse customers.
Loss of high end vendors.	Price is number 1 for customers, don't predict losing any customers.
Lack of interest in Data	Data is highly sought after in all companies.
Customer segmentation too narrow	We will have multiple offers so we can drop and start new product offerings quickly
Still have high labor costs.	As we become international, can begin looking at possible outsourcing.

Thank you. Meliora!

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