



# Birchbox

Bringing you the best in beauty

**SMURFIT CONSULTING**

GEAROID O BRIAIN – MARIA BARRY – RUTH LALOR – ANDREW GEBELIN

# The Challenge

2

Who is Birchbox and  
how can they grow  
profitably?

# Recommendations

3

Rationalise product line – 34 boxes

## Niche products

- Launch platform
- Exclusivity

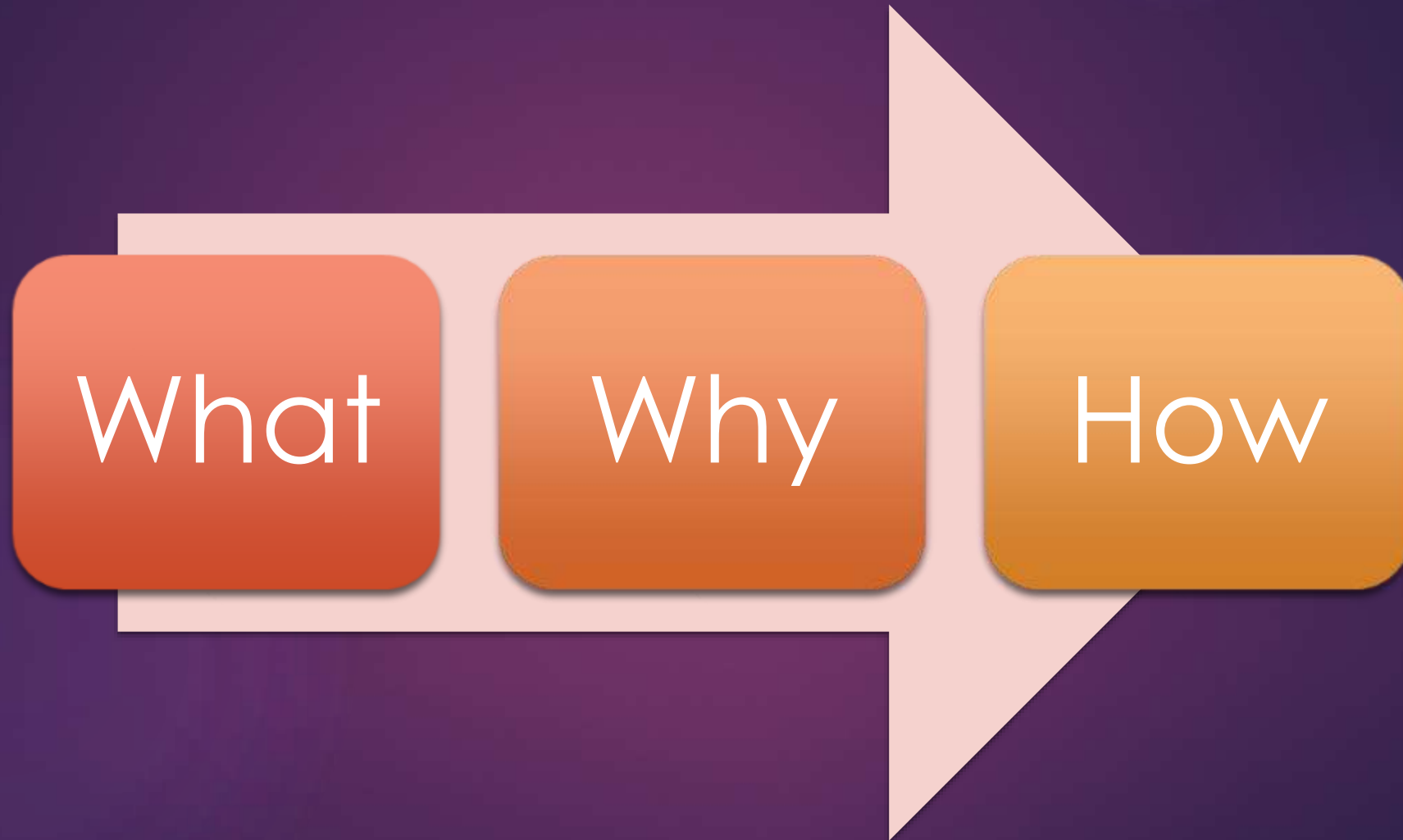
## Monetize competencies

- Data analytics
- Onboarding

Birchbox is a marketing company targeting two clients

# Agenda

4



# Analysis

MARIA BARRY

# EXTERNAL ANALYSIS – BEAUTY INDUSTRY

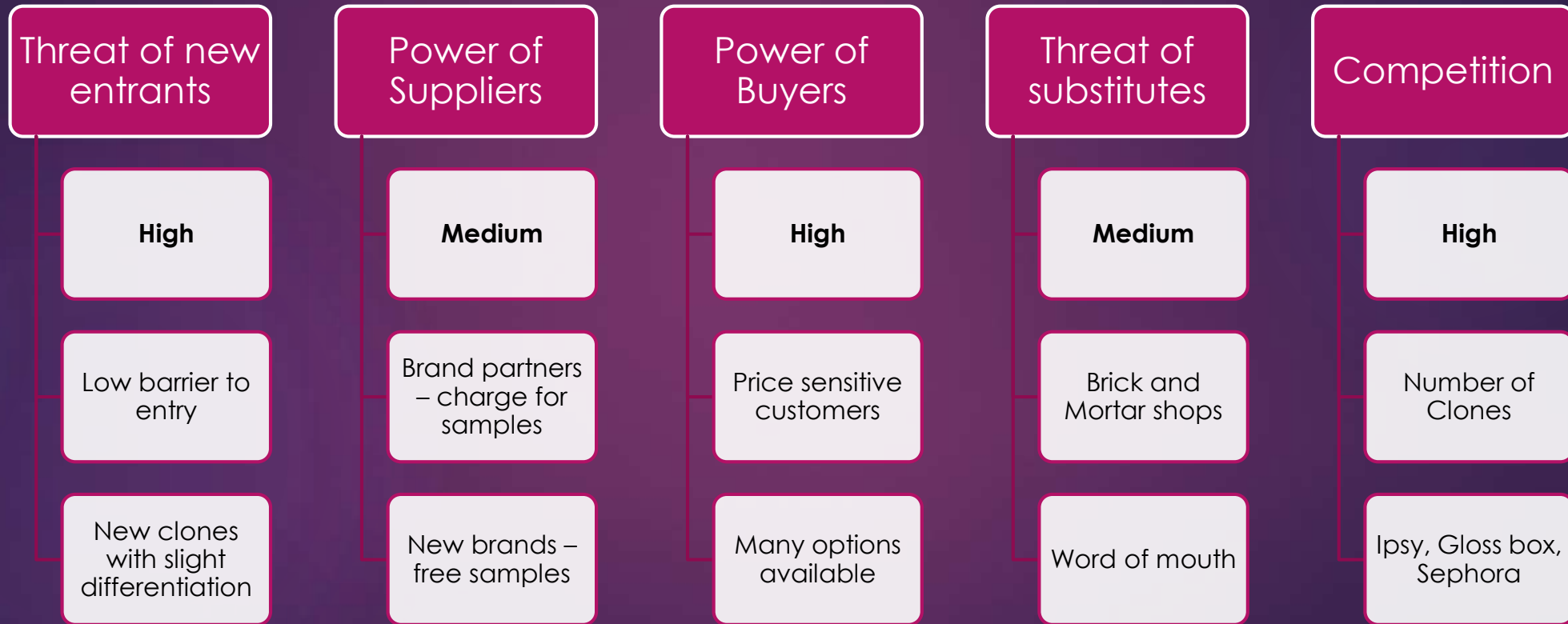
US Beauty Industry - \$90 billion (sales)

Colour Cosmetics - ~ 7.3% year on year growth in US (2015)

Increase in men's grooming – men spend 10% more than women and converted faster than women

Beauty Industry is a growing industry

# EXTERNAL ANALYSIS – INDUSTRY ATTRACTIVENESS



# EXTERNAL ANALYSIS – KEY TRENDS

## Environmental

- Drive for eco-friendly products
- Environmental protection

## Economical

- Price sensitive customers
- Customers with disposable income (average customer salary \$80k)

## Social

- Online shopping
- Time sensitive customers

Increase in online-shopping and eco-conscious customers



# EXTERNAL ANALYSIS – COMPETITIVE LANDSCAPE

	Birchbox	Ipsy	Glossybox	Sephora
Price point	\$10	\$10	\$21	\$10
Good for	Trying new skincare and hair products	Experimenting with new make up colors	Sampling high end products	Value and range of products

Highly competitive market and need for differentiation

# INTERNAL ANALYSIS - COMPETENCIES

	Analytics	Customization	Operating Efficiency	Marketing
Valuable	√	√	X	?
Rare	√	X	X	X
Costly to imitate	√	√	√	X
Organized to capture value	?	X	X	X

### Analytics

- Core Competency
- Rising competition – Amazon

### Customization

- Other companies offering customized boxes

### Operating Efficiency

- Customization - Labor intensive
- Not set up for scale

### Marketing

- To be optimized
- YouTube

Focus required on operating efficiency and marketing

# Recommendations & alternatives

RUTH LALOR

# Strategic options

	Expand in Europe/Asia-pac	Make-up only offering	Niche markets	Marketing & analytics	Rationalise offerings	Bricks and Mortar
Growth potential	Green	Green	Green	Green	Green	Green
Cost	Red	Orange	Green	Green	Green	Red
Expertise	Orange	Orange	Orange	Green	Green	Orange
Ease of implementation	Orange	Green	Green	Green	Green	Red
Customer life-time value	Orange	Orange	Green	Green	Orange	Orange



Focus on underexploited resources

# Recommendations

13

Rationalise: reduce costs – increase efficiency

Niche products: new customers, differentiation, standalone sales

Monetize: make money from analytics and marketing

3 pronged approach

# Rationalisation

14

**34  
boxes**

2x mens boxes @ \$20

1 x couples box @ \$30

Eco box @ \$15

Make-up and skin-care with 10 skin tones and 3 skin types @\$ 12

Cost reduction and process efficiency

# Implementation

ANDREW GEBELIN

# Implementation - Rationalise

16

## 0-6 months

- Plan to reduce 100 boxes to 34 standardised options
- Change delivery schedule to eliminate costly 'surprises'
- Retain LSS Consultant

## 6-12 months

- Increases prices
  - Womens boxes \$12
  - Eco boxes \$15
- Automate production

Some easy wins to reduce complexity



# Implementation – Differentiate Niche Products

17

## 0-6 months

- Customer outreach to explain new offerings
  - Guarantee 2x new products per month
  - Solicit new subscription options & EcoBox
- Refocus marketing campaign on: Mens subscription, ColourBox, Exclusive Online Products
- New product search team

## 6-12 months

- Launch EcoBox alongside rationalised offerings
  - New, niche products
  - Sustainable, small producers
- Online tutorials & YouTube

## 12 months +

- Introduce accessories as 1 of 5 box contents

Sustainable success in reach using core competencies

# Implementation – Monetizing Analytics

18

## 0-6 months

- Renegotiate with large suppliers
- Launch marketing and analytics B2B offering

## 6-12 months

- 3 year exclusivity agreements with new niche products

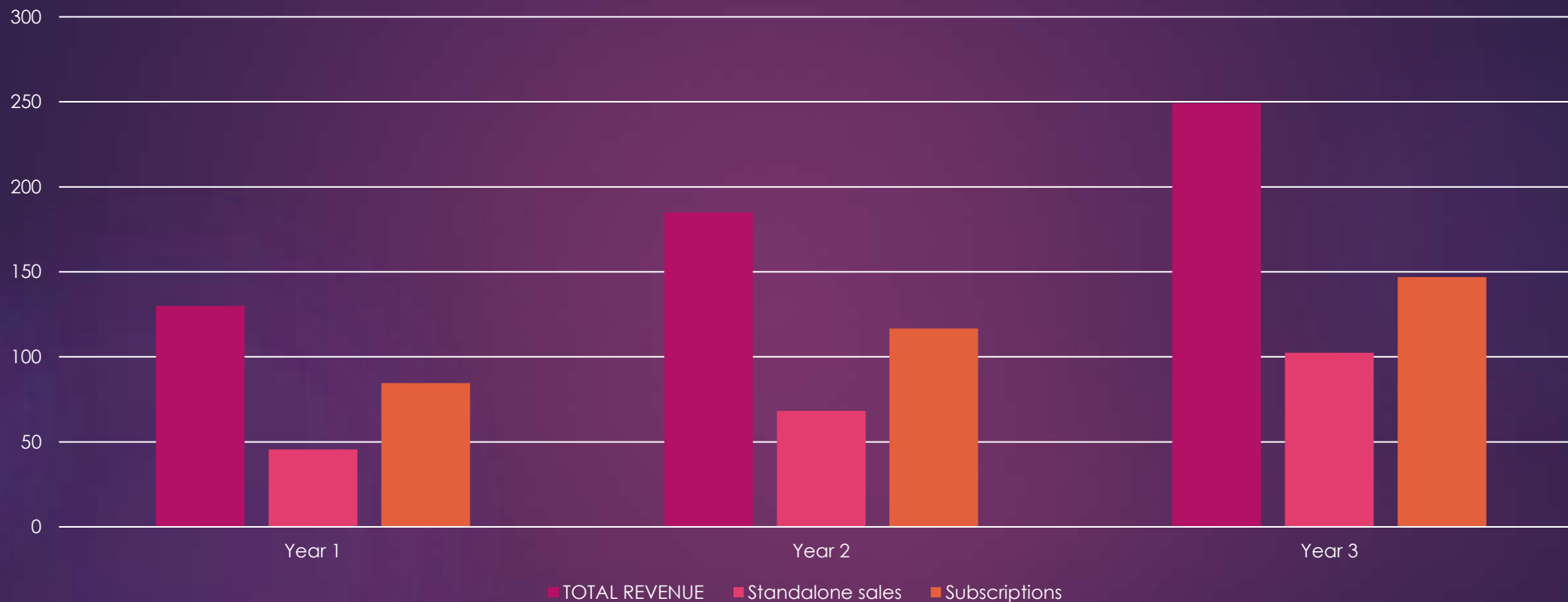
## 0-6 months

- Negotiate extension on VC funds if needed
- Begin capital raising campaign (\$20M)

# PROJECTED GROWTH

20

Projected Sales Growth (\$million)



## Assumptions:

- Total revenue: Year 1 to 3 ~ 40% increase
- 50% year on year growth in standalone sales

Drive for increasing standalone sales

# PROJECTED GROWTH

Projected Sales Growth (\$million) - Product Breakdown



## Assumptions:

- Men's products: 100% year on year growth
- Women's products: Year 1 10% growth; Year 2 and 3 – 20% growth
- Eco products: Year 1 \$10 million sales; Year 2 and 3 – 20% growth
- Marketing and analytics not included (10% commissions)

Increased growth in Men's and Eco products

# Risks and Mitigants



# Risks and Mitigants

23



Mitigants

Differentiation with emerging, exclusive products

Ability to sell company

Refocus marketing on new/ exclusive brands

Monetize data analytics and marketing

Valuable resources monetised or sold

# The way forward



# Recommendations

25

Rationalise product line – 34 boxes

## Niche products

- Launch platform
- Exclusivity

## Monetize competencies

- Data analytics
- Onboarding

The future is bright!

# Questions

SMURFIT CONSULTING