

The turnover plan for Birchbox

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presented by

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Mandate

Achieve sustainable growth by enhancing the attractiveness of your product portfolio, improving customer satisfaction and loyalty and having cost efficient operations

Agenda



Key Issues

1

Subscription rate is falling due to unsatisfied customers and upcoming competition

2

Customer use our sample subscription but buy full-sized products elsewhere

3

Low profitability due to cost intensive operations

Recommendation

1

Increase customer satisfaction by offering customized products and enhancing the attractiveness of product portfolio

2

Enhance customer loyalty by improving the reward program

3

Optimize logistics by aligning product portfolio with customer preferences

Business Model

Key Resources

- Brand
- Partners
- Customer base

Customer Relationship

- Close relationship due to personalized offerings

Value Proposition

Find, don't seek
Discover beauty products that fit to your needs

Cost Structure

- Value Proposition

Revenues

- Subscription sale
- Full sized products
- Brick and mortar stores

Customer Situation

Low customer satisfaction

- Missing fit between the preferences and the content
- Too little interesting products

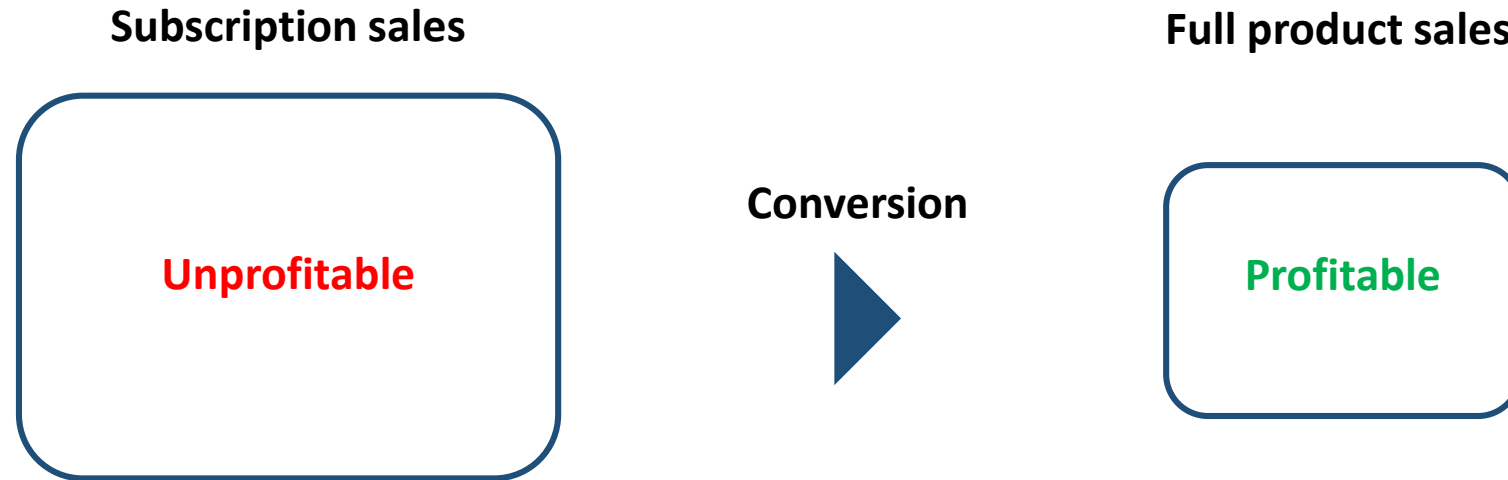
Competencies

- Existing customer base with preference data
- High knowledge about the industry



Use your core competencies to rise the customer loyalty

Conversion



The conversion from subscription to full product sales is very important

Conversion

Low conversion rate

- Low customer loyalty
- High prices and slow delivery

Competencies

- Existing customer base with preference data
- High knowledge about the industry

Cost Structure

Labor intensive
subscription service

- Mass customization
- Little economies of scale

Technology

- Big data trend
- Algorithms to predict customer needs



Use technologies to reduce the high costs of customization

Revenue

Assumptions:

Revenue 2016: 125 Million USD (20% reorders, 75% subscription, 5 other)

- 95% Women with average price of 10 USD per box
- 5% Men with average price of 20 USD per box
- Average price of 121 USD per Year for men and women

Subscription

- 1 Million subscribers
- 23% less through loyalty programm


Reorders

- 2.29 Million customers

Evaluation

	Growth potential	Profitability	Customer preferences	Financially affordable	Company fit
Product customization	+	0	+	0	+
Portfolio attractiveness	+	+	+	+	+
Intensive Promotion	0	-	0	-	+
Reward program	+	0	+	+	+
Exclusive products	0	+	+	-	-
Product alignment	+	+	+	+	+

Evaluation

	Growth potential	Profitability	Customer preferences	Financially affordable	Company fit
 Product customization	+	0	+	0	+
 Portfolio attractiveness	+	+	+	+	+
Intensive Promotion	0	-	0	-	+
 Reward program	+	0	+	+	+
Exclusive products	0	+	+	-	-
 Product alignment	+	+	+	+	+

Recommendation

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1 Offer customized products

1. Customized products

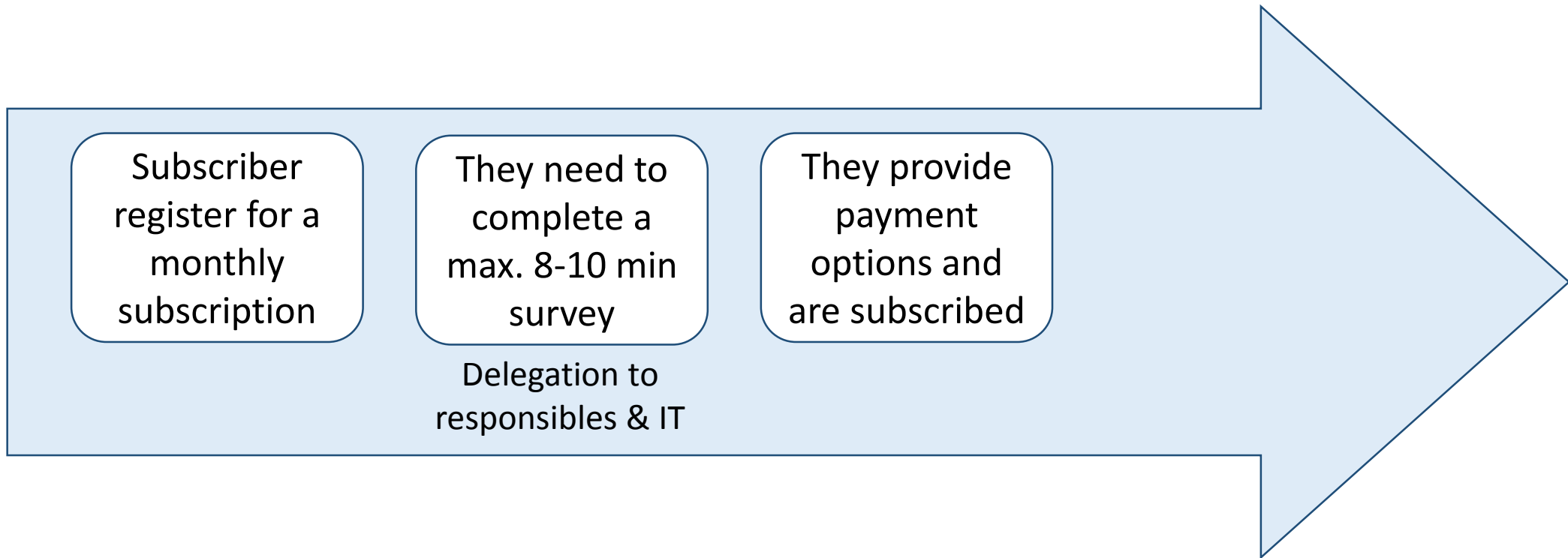
Begin every subscription with a customer survey

2. Product Portfolio

Add color cosmetics to your product portfolio

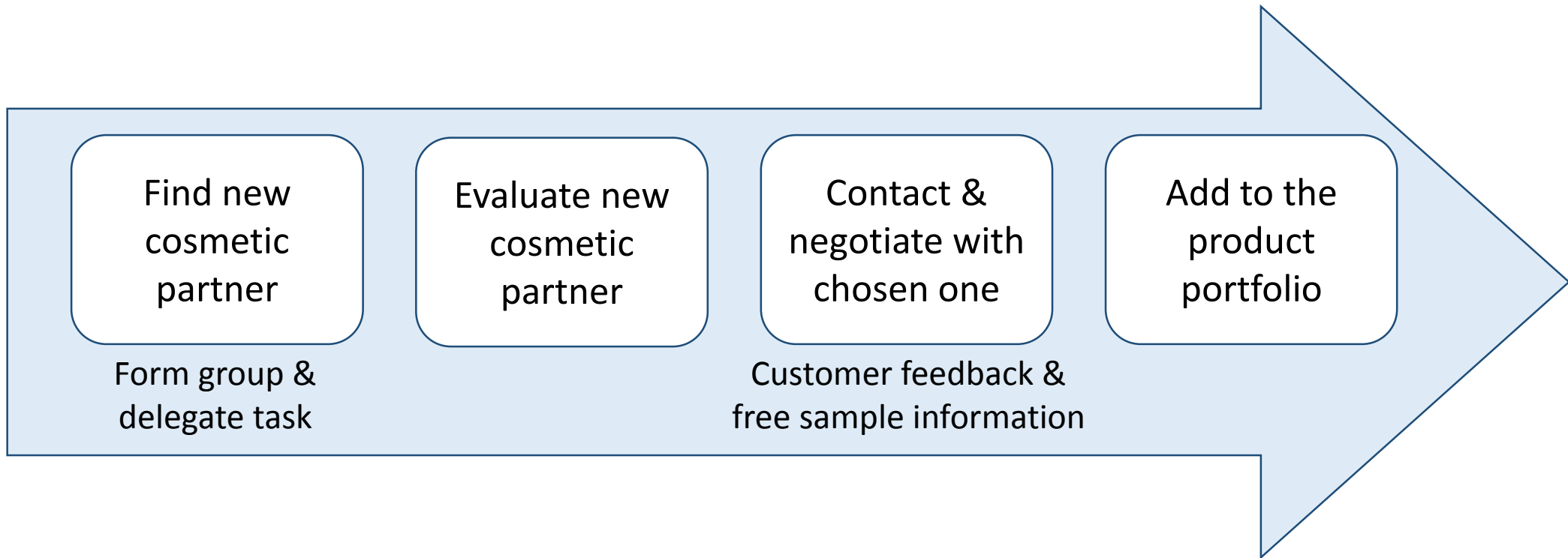
Adapt subscription fees

1 Offer customized products



Get to know your customer in order to improve satisfaction!

1 Offer attractive product portfolio



Attracting new subscriber & enhancing customer satisfaction!

1 Adapt subscription fees

	Female		Male	
<i>in USD</i>	Before	Now	Before	Now
monthly	10	12	20	22
yearly	110	130	240	250



Raise subscription fee by promoting improved customer service and create room to move for a better loyalty program!

2 Loyalty program

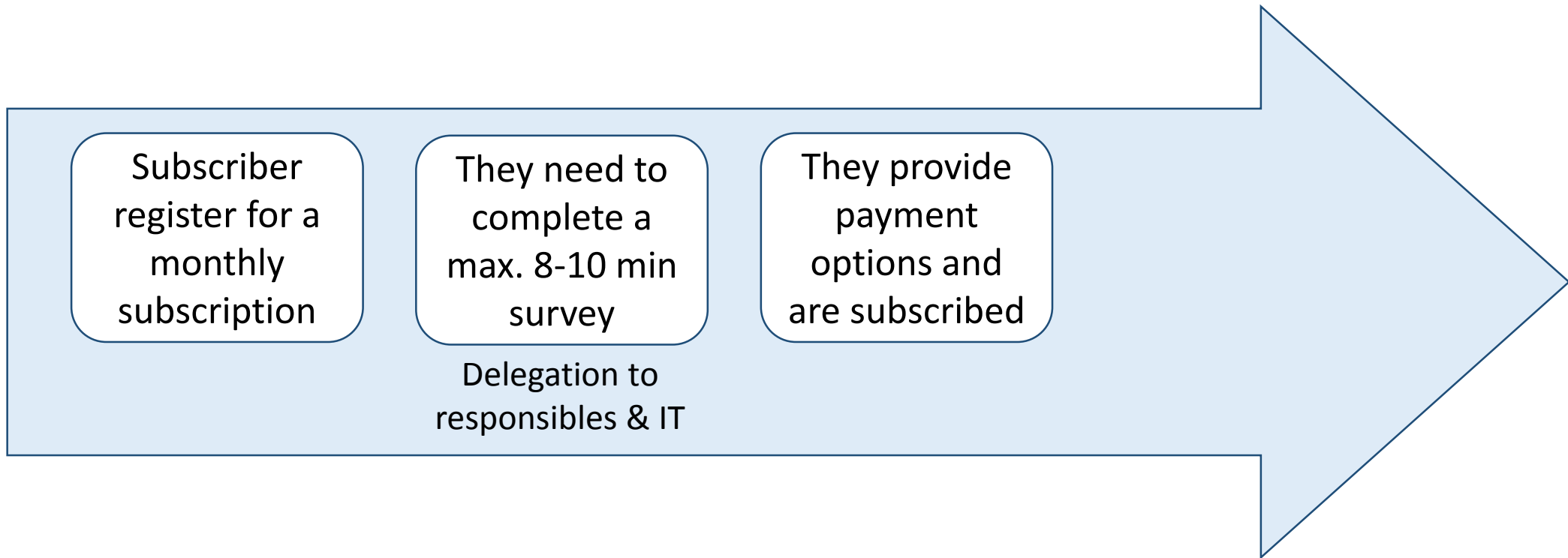
Before	Now
10 points equals 1 USD	10 points equals 1,5 USD
Monthly subscription 10 points	Monthly subscription 12 points
Yearly subscription 110 or 195 points	Yearly subscription 130 or 250 points

2 Loyalty program

Tell your friend

recommendation reward: 100 points for you if your friend subscribes

2 Loyalty program



Get to know your customer in order to improve satisfaction!

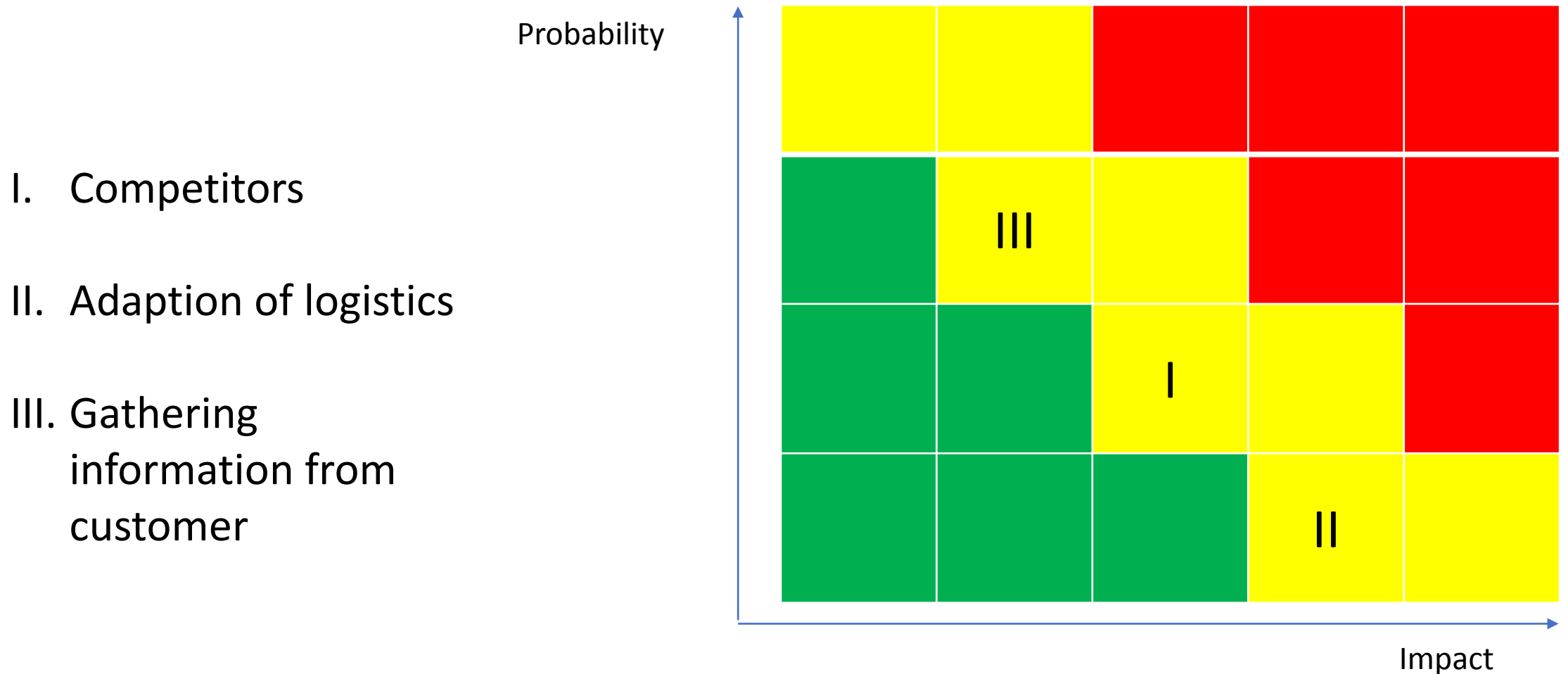
Revenue

	2016	2017	2018	2019
price in average per year	121	123	127	130
Subscribers in Mio.	1	1.1	1.3	1.5
Rev subscribers in Mio. USD	121	135.3	165.1	195
Average price per Unit	11	13	14	16
Reorders in Mio.	2.29	2.36	2.68	2.93
Rev reorders in Mio. USD	25.19	30.68	37.52	46.88
Total Rev	146.19	165.98	202.62	241.88

Survey Project

4 hired employees → 100% involvement:	500,000 per year
Travel costs:	80,000 per year
Trainings and workshops (10):	100,000 in Total
Incentives if platform is over performing	40,000
In total	1,720,000

Risks



Recommendation

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Thank you for your attention!
