

University of Muenster

# Strategic proposal for Eyewear

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# Agenda

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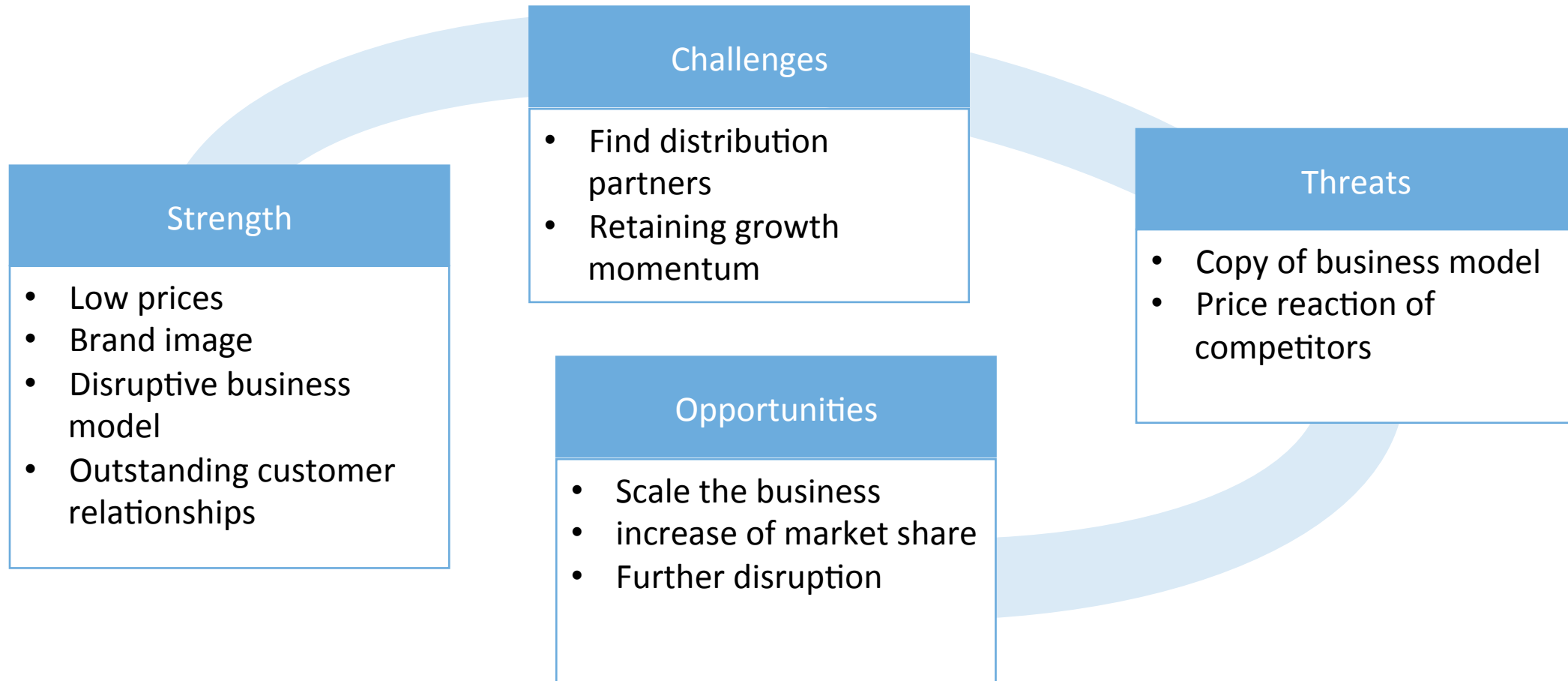
- Management Summary
- Warby's current situation
- Set sails for further growth
  - Product portfolio management
  - Innovation management
  - Corporate social responsibility
- Financial projections
- Outlook

# Management Summary

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# Situational Analysis



# Product portfolio management

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## Diversification

- Books are offered in a few stores
- Very risky because of lack of experience
- Market share for eyewear approx. 0.03%

## Specialization

- Know-How in eyewear
- Big growth potential
- 2 alternatives (just glasses vs. glasses and equipment)

# Product portfolio management

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## Specialization

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- 2 alternatives (just glasses vs. glasses and equipment)

Specialize in eyewear instead of diversification into other segments.

# Product portfolio management: Specialization

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## Eyewear and equipment

- Contact lenses, Cleaning equipment, etc.
- Competitive markets (→ no USP)

## Just eyewear

- Competitors' market price for glasses is way too high compared to COGS
- Opportunity to penetrate the market

# Product portfolio management: Specialization

## Eyewear and equipment

- Contact linses, Cleaning equipment, etc.
- Competitive markets (→ no USP)

## Just eyewear

- Competitors' market price for glasses is way too high compared to COGS
- Opportunity to penetrate the market

Elimination of book offering from your product portfolio

Offering equipment does not fit to business model and therefore you should focus on exclusively selling eyewear



# Expansion

## Expansion of showrooms

- Just presentation of glasses, no consultation or sale
- At strategically important places such as shopping malls or central stations
- Set of models presented in glass cases with barcode to scan it with a smartphone
- Bigger showrooms in malls

## Expansion of shops

- Shops just in metropolitan cities all over the world and one per city (focus on online sales)
- Customer experience (photo booth, individual donation)
- Builds brand awareness and exclusivity

# Marketing Campaign

## Social Media

- Instagram: Post pictures of happy customers in our flagship stores when buying new glasses
- Youtube: Upload videos with stories about people in need getting donated glasses (additional post on Facebook)
- LinkedIn: Attract young employees on social media networks

## Traditional Marketing

- TV: Commercials that compare Warby and Luxottica and present yourself as underdog, because of monopoly  
Also commercials that show our positive impact in the world (esp. distribution of glasses in developing countries donated by the customers)

# Innovation Management: Creating new ideas

Aim

Maintain the innovative spirit in your company and create sustainable ideas

Idea

For sustainable growth and further disruption of the market, you need:

- Entrepreneurial business culture
- Promote risk taking to develop sustainable ideas
- Employees who are willing to take responsibilities

→ Innovation Management Process: Intrapreneurship

# Innovation Management: Intrapreneurship

## Intrapreneurship concept

- Implement an innovation management process in your company
  - “Innovative Friday morning” for brainstorming and new ideas
- Best Idea of every quarter is awarded and employee can implement innovation with an own project team
- Flexible payment
- Invite entrepreneurs to company and grand them a project team to realize their Business Idea
- Creation of new products promoted by Senior Management

Annual Costs

\$ 4m per year

Get new ideas to keep the competitive advantage in your field of expertise

# Innovation Management: An example of design intrapreneurship

Aim

Maintain the innovative spirit in your company and create sustainable ideas

## Actions

- Two Public Design Competitions in New York per year:
  - Best designers are offered a job interview and can start a new product line, if they fit to Warby Parker









Annual Costs: \$ 500.000 (Events)  
\$ 200.000 (Personnel)
- Effective Marketing of Contest:
  - Social Media Marketing
  - Local radio and TV commercials

Annual Costs: \$ 1.300.000

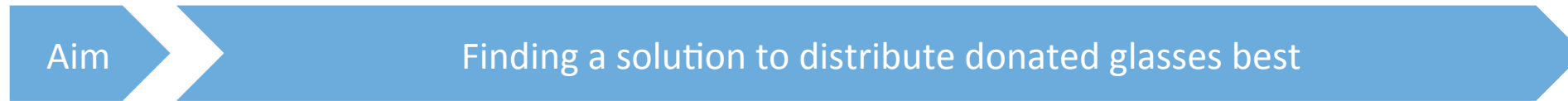
# Help for self-help in developing countries

Aim

Finding a solution to distribute donated glasses best

	Build up own Distribution Network	Use existing network from NGO Partner
Costs		
Time		
Flexibility		
Partner dependence		

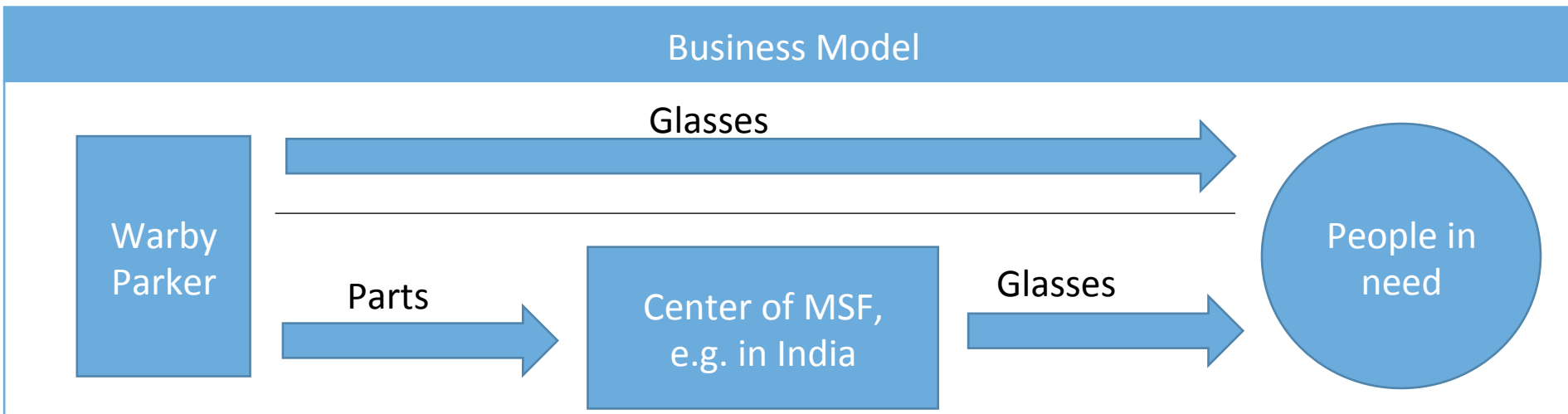
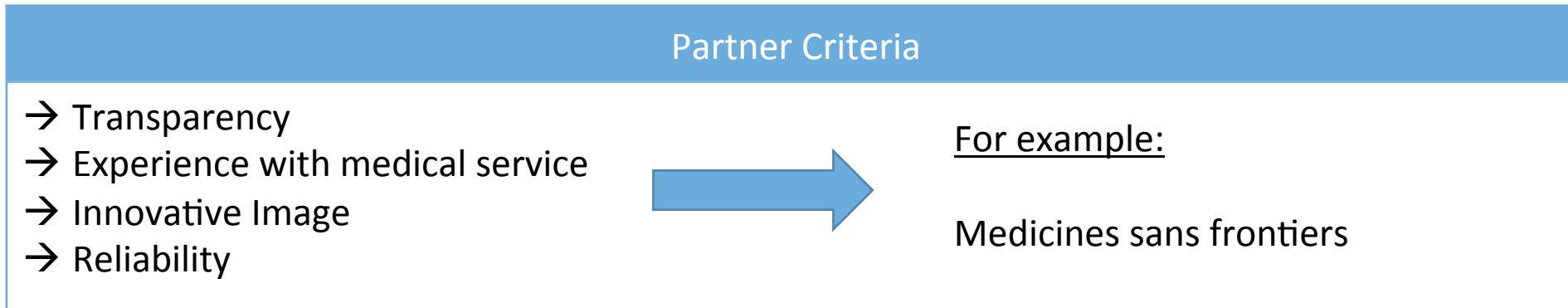
# Help for self-help in developing countries



	Build up own Distribution Network	Use existing network from NGO Partner
Costs	Red circle	Green circle
Time	Red circle	Green circle
Flexibility	Green circle	Yellow circle
Partner dependence	Green circle	Yellow circle

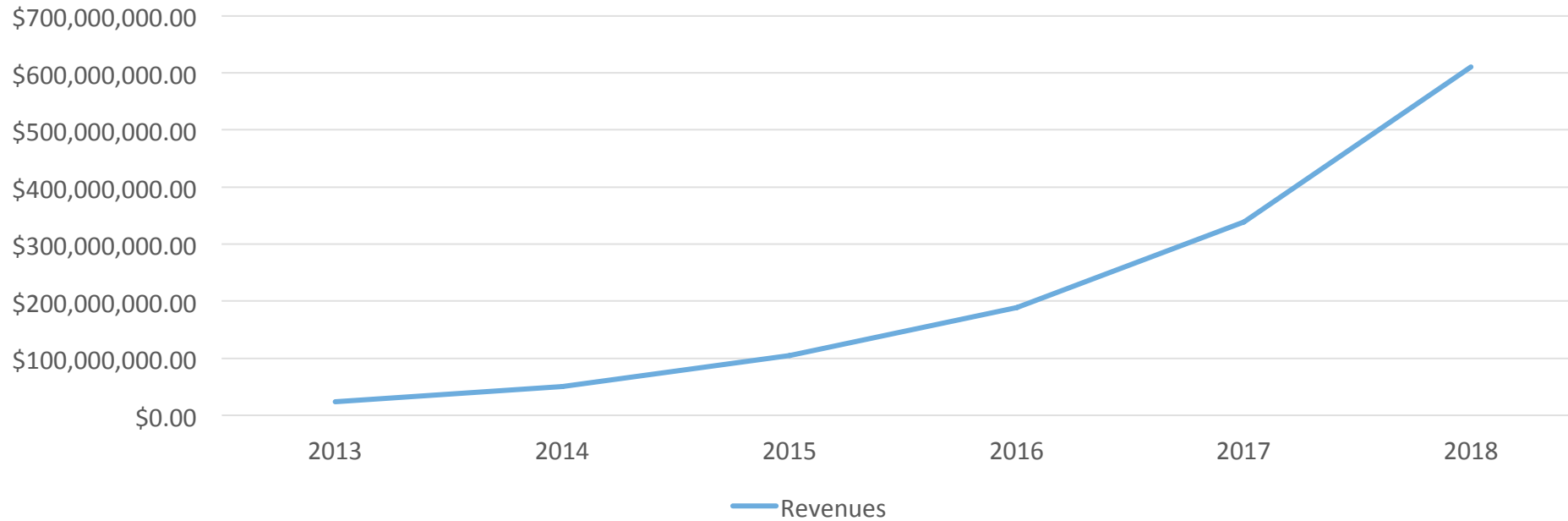
Best alternative, if a partner can be found

# Partnership with MSF





# Market growth & Market Share



	2013	2014	2015	2016	2017	2018
Market share	0.03%	0.075%	0.155%	0.27%	0.48%	0.85%

# Mid-Term Revenue and Cost Projection

Millions	2013	2014	2015	2016	2017	2018
Revenue	23.75	49.875	104.7375	188.5275	339.3495	610.8291
COGS	4.75	9.975	20.9475	37.7055	67.8699	122.16582
<b>Gross Margin</b>	<b>19</b>	<b>39.9</b>	<b>83.79</b>	<b>150.822</b>	<b>271.4796</b>	<b>488.66328</b>
<b>Marketing Costs</b>						
Social Media Costs		0.5	1	1	1	1
Mobile Warby Shops		0.1	0.1	0.1	0.1	0.1
Traditional Commercial		3	5	7	7	7
<b>Infrastructure</b>						
Additional Venues		12.4	18.5	18.5	18.5	15.5
Logistics		19.95	33.516	45.2466	81.44388	146.598984
<b>Innovation Management</b>						
Special Events		2	2	2	2	2
Intrapreneurship		4	4	4	4	4
<b>Corporate Social Responsibility</b>						
Free Glasses (30% of COGS)		2.9925	6.28425	11.31165	20.36097	36.649746
Additional Actions		10	8	6	5	5
<b>Free Cash Flow</b>		<b>-15.0425</b>	<b>5.38975</b>	<b>55.66375</b>	<b>132.07475</b>	<b>270.81455</b>

# NPV and Financing

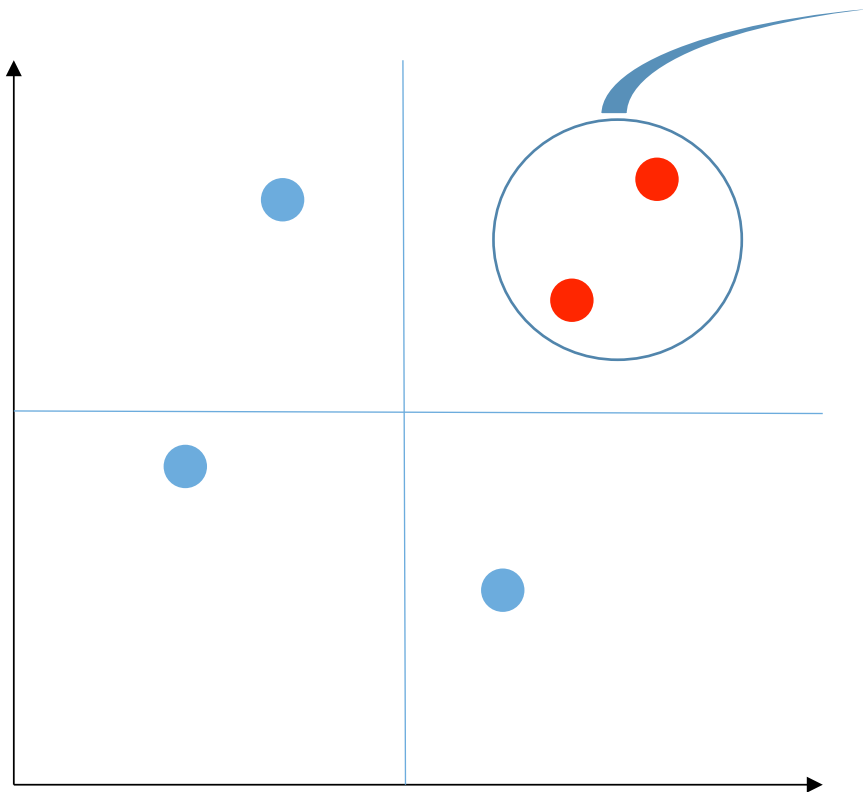
	2014	2015	2016	2017	2018
Free Cash Flows	-15.0425	5.38975	55.66375	132.07475	270.81455

WACC	Net Present Value
30%	\$ 176.97m

## Financing the Strategy

- Capital needed in 2014: \$15m
- Venture Capital Funding in 2013: additional \$60m
- By 2017 \$60m of Cashflow to the Firm will be achieved

# Risk map



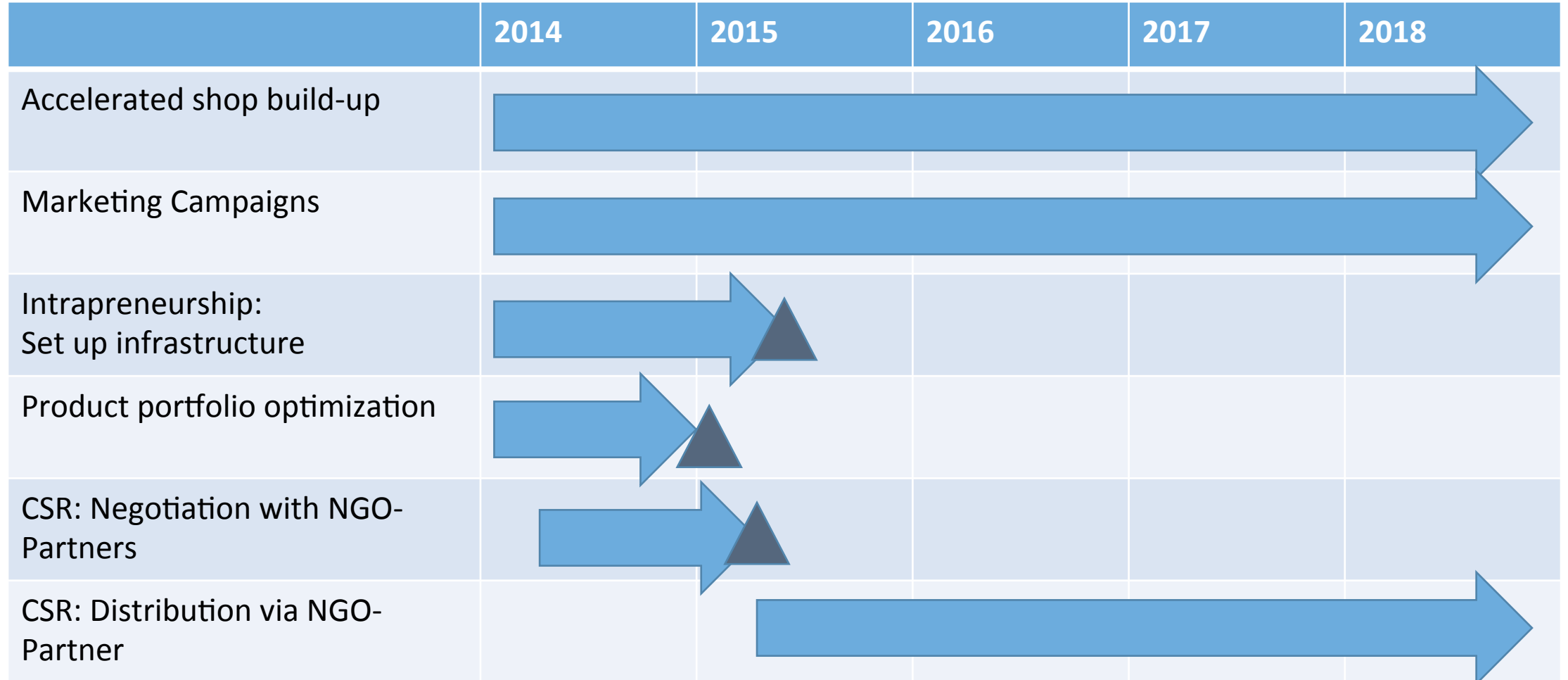
## Price reaction of competitors

- Aggressive marketing campaign
- Increase sustainable projects

## Venture capitalist withdraw money

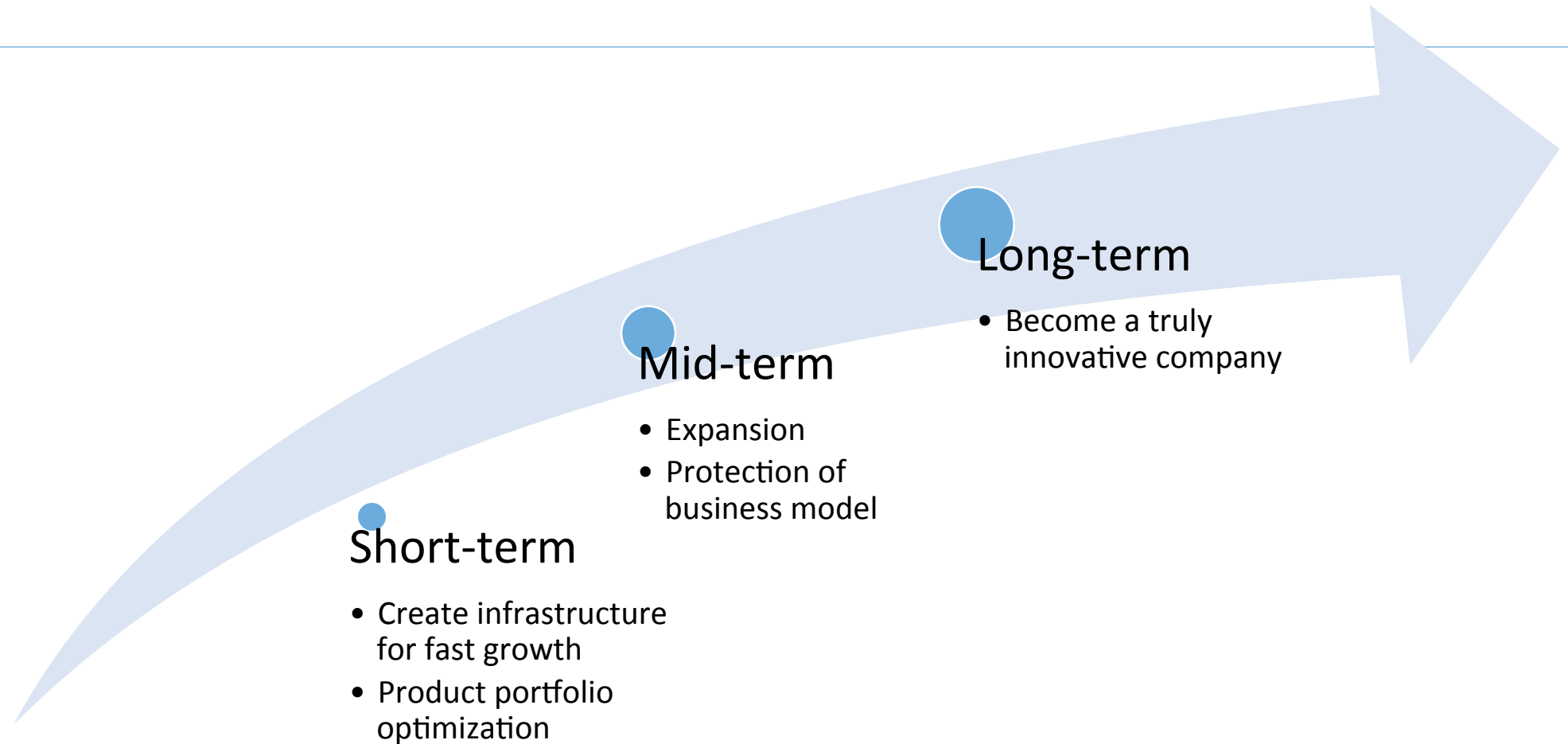
- Internal financing
- Debt financing

# Action Plan



# Outlook

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Thank you for your attention!

# Stakeholder orientation

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