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# BUSINESS PLAN

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Men's Shampoo - DOVE



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### **Tale of the Product**

At medieval age, knights carried suits of amour to exercise, practice, compete and battle. They sweated a lot. A fresh shower would refresh their body and mind.

In a peaceful night, a dove brought a cup of men's shampoo and stood right in front of Knight Unilever when he was taking a bath. Attracted by the powerful scent, Knight Unilever poured the shampoo on his body without hesitation.

The next day, Knight Unilever went back to the battle field to fight a family of violent dragons. One dragon approached him, but it stopped attacking. It smelled him, with satisfaction and joy. Then Knight Unilever had this dragon tamed.

Taming a violent dragon was a great contribution to the country. Soon, Knight Unilever was summoned by the King. Walking along the way to the palace hall, his masculine body together with the scent of the shampoo followed. Princess Who looked at him, smiling, without a word.

After the King learned that it was the scent of the shampoo that calmed the dragons down, the King made this Dove Shampoo a treasure. He awarded the knights with it. To show respect and social grades, every knight who was invited to the royal dinner used Dove Shampoo for Men as preparation.

## Introduction

### **Problem:**

product (locally produced) withdrawn from market

### **Reasons Identified:**

- it is the only men's product of a predominantly female product manufacturer in the market
- Western success product of Western brand marketed in Eastern market as if the same
- smells Western
- too cheap compared to competitors
- affordable 1 solution for all product
- no luxury branding
- no market positioning

### **Solution:**

- reintroduce product with new image
- increase price and upgrade packaging
- develop a reputation and brand (re-branding the product)

### **Customer:**

men of all walks of life, emancipated women, women in love

### **Competitors:**

ROMANO  
Adidas  
Dusch Das  
lynx (Unilever)  
KICK

### **Comparative Advantage (internal):**

Since we only launch one product, there is no need to look at comparative advantage within the business operation. However, we do have considerable advantages for this product and other product activities, e.g. the production will fill free capacities within our production lines and use free capacities of human resources, logistics, warehouse, basic components and machinery. Thereby, the production site will become more productive, thereby more efficient, thereby more profitable.

### **Competitive Advantage (external):**

It is necessary to look at the competitive environment. Here we see that the factors listed under comparative advantage will play a significant role for our position on the market related to our competitors. First of all, we do a relaunch which means the product has been already on the market, successful and known to the consumer base. Also, the production is not affected in any negative way. That means, we only add on and have not to substitute, which means we are increasing on the advantage side.

**Unique Selling Positioning (USP):**

The USP is: We do have a product, which is stylish in appearance and performance. Especially the scent is luxurial male yet favoured by the female as well.



**Strategy:**

new marketing entry strategy following 5P-strategy

product: men's bodywash

price: competitive, elevated to luxury product RRP, low production cost

place: national market in China

promotion: luxury at good price, new image, men's skin smooth as women's, selection of fragrance, style, class, frequent offers at highly discounted price, promotion where customer is found, corporate activities, sponsorship of events, marketing at schools and universities (customer development and binding)

people: a line for every market segment (sport, school, work, sales assistant, professionals, mature)

As there are many competitors in the market, we have to show our advantage to attract as much as customers to buy our product. Even though our shampoo is a product for men, yet we can also attract female to buy our product and give it to men as a gift or just daily conceptional stuff. Especially DOVE is already successful in female market, adding one product for men which is also favoured by women will only enlarge our market niche. Therefore, our shampoo for men has the strength to attract women to buy it for their men, which is our unique selling proposition (USP).

**Goal:**

strong move away from comparative advantage to achieve competitive advantage with considerable market share

### Cost Structure

1<sup>st</sup> Stage – introducing the product to the market, sharing the resources within the company

Cost Structure of Shampoo Product					
Sectors		Cost (USD)	Number	Total (USD/year)	Remark
packing		\$0.25/bottle	20400 bottles/year	5100	location in China
ingredients	750ml/bottle	\$0.5/bottle	20400 bottles/year	10200	purchased in China
rent	shelves on supermarkets	\$160/row/month	60 rows	115200	location in GuangDong, China

### Pricing for Shampoo (Men)

First of all, the pricing is based on the costing.

Costing includes all costs, fixed and variable, as well as any other extra occurring expenses.

Furthermore, the Recommended Retail Price (RRP) depends on the market situation. That is, the positioning of the product on the market, the RRP of competitors, and the sales figures.

Our cost structure is based on the document that has been provided last week. However, in order to address the current situation, i.e. an existing product of an existing company, the items, which would be necessary for a start-up, have been removed and the product (good) has been integrated with the existing structure of production related to other products. Due to the relatively low quantity, empty production slots, free machines and in-excess warehouse space will be used. Transport will be shared with other existing products.

The price for one unit with a given production capacity is below USD 5 (4.99 USD in this example).

Since the competitors are generally lower in RRP compared to our brand, we can still afford a slight mark-up in RRP for our product. The mark-up is around 20% given the market reputation and existing customer base. Nevertheless, we will have a considerable number of sales activities and special prices, also linking our product to the main range of products in seasonal or incidental sales action.

Year 1	Name / Item Description	Dusch Das 1L	(our product) DOVE 750ml	Lynx 355ml	ROMANO	Addidas 400ml	KICK 525ml
	Recommended Retail Price (RRP)	US\$5.36	US\$6.00	US\$6.00	US\$6.09	US\$16	US\$20.66
Year 2	Name / Item Description	Dusch Das 1L	Lynx 355ml	ROMANO	(our product) DOVE 750ml	Addidas 400ml	KICK 525ml
	Recommended Retail Price (RRP)	US\$5.36	US\$6.00	US\$6.09	US\$7.00	US\$16	US\$20.66
Year 3	Name / Item Description	Dusch Das 1L	Lynx 355ml	ROMANO	(our product) DOVE 750ml	Addidas 400ml	KICK 525ml
	Recommended Retail Price (RRP)	US\$5.36	US\$6.00	US\$6.09	US\$8.00	US\$16	US\$20.66
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Year X	Name / Item Description	Brand A	Brand B	Brand C	(our product) DOVE 750ml	Brand D	Brand E
	Recommended Retail Price (RRP)				US\$15.00		

For the first three years, in order to introduce our product to the market as wide as possible, our product would range around 6 USD to 8 USD as RRP, which will give a gross margin (before tax) of USD1 to USD3 of the cost of each bottle. It is considered that prices remain steady in those 3 years. According to the comparison on the expected market shown in the table above, provided that prices of competitors remain, the position of our product in the market will barely change even though we slightly increase our price each year.

Elasticity is quite low, yet competition is given. Shampoo will always be bought; the question is only which one. Since the product (good) is an existing shampoo, there are no barriers to entry. However, a perfect competition is not given either. Most interestingly, main competitive brands come from the same, our, house. That, however, in return allows us to influence the market to a certain extent within the legal framework. Depending on the success of our strategy (5P see the initial briefing document), a monopoly could arise, especially when seen as a group together with the existing and successful products from our house.

The demand curve for shampoo is inelastic. However, given the choices that are available, there is elasticity for our product. Ideally, we could balance it with our other products, and bundle sales within activities, yet here we would aim at developing a niche within the market to establish our product accordingly and independently. The price, yet, would not be affected much by lowering sales figures, as we can benefit from our strong base of other beauty and Fast-Moving Consumer Goods that we produce anyway.

As for the price strategy, following our promotion items (see 5P strategy), we will have certain sales activities that will encourage unexpected purchasing behaviour in our market. A lower price than RRP will always trigger sales.

Altogether, our estimated quantity is at the number of 20400 bottles for the first year, which is a truly realistic estimate. Given the margin, the need for achieving this number already is quite low, as costs are covered with a considerably lower sales figure. To maximise revenue and profit alike, a very flexible price structure, promotion activities and possible corporate co-operations will be used.

## SWOT

### **Strength**

- It is known it has been successful before.
- It does not substitute.
- It has a broad customer base.
- It is cost-efficient. It yields a high return.
- It supports efficient productivity and other products.
- It is liked by women.

### **Weakness**

This is a men shampoo, and men generally don't care if they smell good or wash frequently. However, since women care, and women buy, we target them and make the weakness one of our strengths.

### **Opportunities**

Market for men shampoo is underdeveloped, and generally focusing only on sports environment. The segment of luxurious, exclusive business and general environment is uncovered. Be known to the market, a return with the new branding of the product is expected to be successful.

### **Threats**

Our competitors could use our strategy and start to compete within and over this specific market niche. However, we use our time advantage and a kick start to get ahead, breaking into the market with a strong presence. The advantage of time will be sufficient to give us a strong foothold. Any following competitor will only accelerate our growth by competition and help us to define our unique characteristics of the product even more within the mind of the consumer base.

## **PESTLE**

### **Political Factor**

No issue to be expected.

### **Economical Factors**

With increasing salary and controlled inflation, no issue to be expected.

### **Social Factor**

Opening society and a more luxurious approach in life together with the more defined position of men within society will provide a solid base of our product. (Generation Z)

### **Technological Factor**

Technology will advance, and make production more efficient.

### **Legal Factor**

The product has been licenced and is in full legal compliance, as are production sites.

### **Environmental Factor**

Our product benefits from our dominant market position as a major producer globally. With our research and laboratories which are globally leading, we improve environmental friendliness and sustainability as market leaders without any deduction on performance, use, or perception on consumer site.

## **Agency Problems**

Just as simple as that, the principal-agent problem that might occur is that subordinates (agents) do not follow the direction of the principle.

*At the 1<sup>st</sup> stage of the project, we aim to re-introduce our re-branded product to the market, to get more people to know our “new” product. As it is not the domain business of the company at this stage, the project might be neglected by customer support and the production site – it is commonly seen that customer support continues their good service for the customers with massive orders (hence high commission/bonus option), while they will take less care of the customers who place sample orders or orders of smaller amounts; when the massive orders result in increasing production, the small amount of sample orders might be delayed in the production schedule in order to make space for the massive orders, especially for the urgent ones.*

*The situation outlined above holds the biggest risk to let this whole project fail when the employees in the Customer Support Department and at Production Site do not do the work required for this product like the project manager does.*

Conflicts are less expected to be of interest, yet rather in terms of lack of education, lack of respect, lack of understanding. In effect, everyone needs to do their work to the best of their ability. Furthermore, we have a platform for exchange where any ideas, thoughts and issues can be discussed timeously, as well as a strong chain of command with a flat hierarchy to enable efficient communication to minimise the principal-agent problem.

### **Incentives**

Incentives are specifically developed for this project to achieve the greatest result under given conditions and currently do not need any alignment.

#### **What are incentives?**

For incentives, please refer to this week’s document for module 1.

#### **What is the role of “people factor”?**

The role of “People Factor” is that everything is related to people (a person) and every person is individual in his/her motivation for doing something (or not).

#### **What motivates people to work?**

For motivations, please refer to this week’s document for module 1.

What will motivate talents to work for and stay with us? Here are my proposed incentives.

General:

- Competitive salary
- Free professional training in vertical and horizontal direction for personal career development
- Flexible days of paid leave for employees every year
- Encourage employees to keep their mind open and to contribute their thoughts through our Learning and Developing department think tanks, with recognition and

rewards tributed accordingly under our transparent employee-management panel procedures, with the purpose of getting to know what the employees have contributed to our work. Open communication will allow for a detailed analysis of work processes where potential sources for mistakes and errors can be identified at an early stage and can be eliminated with the supporting insight of the employee, without the blame-and-name-game, yet in a constructive cooperation, and environment free from abusive punishment and retaliation.

- Considering the covid situation in China that some employees might not be able to go to the office to work because of lock-down, we adapt the model of hybrid on-sight and remote work mode.

Further to the general incentives, we offer for example to

**Customer Support:**

- bonus for proactive communication with customers
- bonus for active communication with customers
- bonus for having the orders for this product done without complaint
- bonus for quick processing time
- bonus for proactive sales

**Production Site:**

- bonus for getting the product ready on time, according to the request date given by the customers
- bonus for zero complaint from customer every week, but accumulated on a yearly base
- bonus for low or zero error margin

**Goals**

See the separate excel table below for details, we look at the generation of profit rather than ROI, as we do not do an investment activity as such and as profit is expected to be generated from day 1 due to the specific design of the project.

Year	1	2	3
Revenue Goal (USD)	122400	428400	1468800
Selling Quantity (bottles)	20400	61200	183600
Customer Base Goal?	600	1800	5400
Selling Price (USD/bottle)	6	7	8
Market	GuangDong Province (China)	BeiJing ShangHai GuangDong Province (China)	BeiJing ShangHai GuangDong Province ZheJiang Province JiangSu Province ChengDu Province ChongQing (China)
Business Structure	shared internal resoures	partially independent from internal resources	completely independent from internal resources
Gross Profit (USD)	20400	117740	198294
Product quality? What about it?	increasing	increasing	increasing
customer satisfaction	hygiene, scent, skin care	hygiene, scent, skin care	hygiene, scent, skin care

**SMART Goals:**

Specific – the shampoo production and market re-introduction

Measurable – clear numbers for production, cost, revenue, profit

Attainable – project remains within existing cost and production capacity until independence

Relevant – directly related to sales and market exploration

Time-bound – one year at a time, for three years altogether

**First Year:**

For the first year, the existing Financial Management Centre (Cost Centre) for customer service and for production will sponsor the project. Core staff will mainly be sourced from existing capacities, i.e. 1 or 2 persons from each existing customer service team and production teams who are already covering our existing and well-performing branded products will be exclusively assigned to my project. The salary will be continued from the existing FMC (CC). After one year, the bonus payments and incentives may be relevant and can then be taken from the revenue portion of the project which will flow back into the existing FMC (CC).

**Second Year:**

At the end of the second year, the project will turn partially independent. To achieve this, the return structure of the project will be increased and contribute towards this goal. Part of the increasing revenue will flow into the development of a new Financial Management Centre section (Cost Centre) for the project alone. New hire and new teams may be formed as and when necessary to further progress the project.

**Third Year**

At the end of the third year, the project is expected to achieve full independence from the existing structure and Financial Management Centre (Cost Centre) and be fully liable for cost and production. Full profitability is expected to be achieved which will be facilitated by its own Financial Management Centre (Cost Centre). Staff will be fully assigned and covered by the project as an independent entity in itself.

**What are the most important things you need to get accomplished to be successful with your solution and make a good business out of it? When will you break even?**

**Make assumptions and explain them.**

Make it work. Break-even point should be manageable right from the beginning, since the resources are available, since it is no start-up from scratch.

The price will rise with the cost increase, and with the reputation improved. While production increase will lower cost, the launches in different national markets will.

For the rest, please see the excel table above.

**【This is a project simulation for educational purposes only. Any similarity with existing names is purely coincidental and for illustration only. Everything included in this document is all my personal idea and creation.**

**Prices are direct market price from source at Amazon.】**