

Hi

I thought it might be useful for you to see an example of how we typically structure such emails. Here is an email from a previous case for your reference - see if you can use it to guide your own email!

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Hello Elisse,

Here is my report for our client company: BubbleGumX regarding whether or not they should expand their product offerings to include a grape flavoured bubble gum. My recommendation is that they should proceed with investing in the new product because incremental profits will increase by about \$4 million in a year.

Below are the reasons why I recommend this move:

**Changing customer preferences**

- Our research showed that our customers in the European region have shown increasing liking for grape flavoured products
- Industry-wide sales of grape-flavoured candy have gone up by 13%<sup>1</sup> as compared to the increase in sales in other flavours, which averages only 1%

**Competitors have introduced similar products and done well**

- Increasing number of grape-flavoured products seen amongst our competitors in the market
- I found that our main competitor, bubblehappy, had introduced a grape-flavoured bubble gum just last year (2019)
- According to their financial report, their revenue had grown by 15%<sup>2</sup>. This is significantly greater than our growth rate of 5%
- Further research showed that this growth could be attributed to their new products because their growth rate showed a clear spike just this year.

**Small increase in cost**

- The new flavour will not significantly increase costs
- Our client will not need to invest in new machinery in order to produce it
- However, the R&D cost of creating the new flavour might go up to \$400,000<sup>3</sup>

Overall, the unit cost will probably increase by \$0.01<sup>4</sup>

In conclusion, looking at the 3 point above, our hypothesis is that this should be a profitable business to venture into and it is estimated that the 3 year NPV of this project will be positive.

Sources:

1. Overall sale of grape bubble gum in europe
2. Financial report FY19/20 Bubblegumhappy
3. Financial report FY19/20 BubblegumG cost of R&D
4. Per unit cost of adding flavours to bubble gum