



**邦宝益智**

*"Ignite creativity with immersion,  
Converse with the world with blocks."*

# 5 Years Growth Strategy for *BanBao*

2023 Oliver Wyman Impact Case Competition  
**OWesome Consulting Team**

# Executive Summary: Based on analysis of market and customers, We recommend BanBao use 3E strategy to realize its goal of revenue Growth

## Market Overview

- **Industry Overview:** current market size 21 Bn¥; 19% growth rate (offline much slower than online) driven by growing customer base, penetration rate and ASP;
- **Competitive Landscape:** Intense competition from LEGO and locals; BanBao's market share keep diving
- **Market trend:** IP, customized, special education blocks promise to be the new trend

## Customer Profile

- **Customer clustering:** current customers mainly children and mothers (buy for children), potential customers are those without kids
- **KPCs: Parents** - Safety and Quality;  
**Youths** - Appearance and Trend

## 3E Strategy: develop BanBao as a warming brand

### Expanded Omnichannel

#### Offline

- 60+ New Stores in x All-tier Cities radiating from Guangdong
- Cooperate with special education institution and the Government

#### Online

- Combine traditional E-commerce with Content E-commerce to bring more private traffic

Support

### Enriched Product Matrix

#### New Products

- Launch *Barrier-free* for the whitespace of special education tools and toys.
- Launch China Chic products to attract more customers.

#### IP Empowerment

- Utilize IPs to empower all of our products so as to better attract all-aged customers.

Support

### Enlarged Brand Impact

#### Brand Position

- Recommend 3 new keywords and new slogan to fit our new brand position

#### Brand Promotion

- Exploit our new channels and products to better promote our brand awareness and attract more potential customers

Revenue 400 Mn ¥

2027

68 Total New Stores



# *Agenda.*

- **Market Overview**

- Industry Overview
- Market Trends
- Competitive Landscape

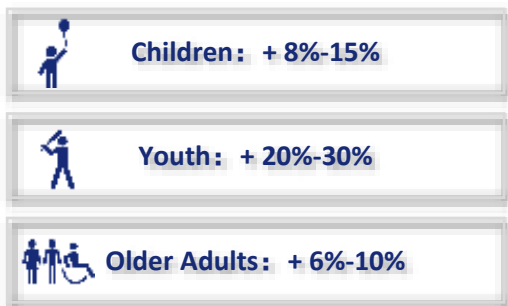
- Customer Profile
- Strategy Design
- Implementation

# Industry Overview: Growth in traditional building block toy market is driven by increasing consumption volume and continuous innovation capability

## Key drivers

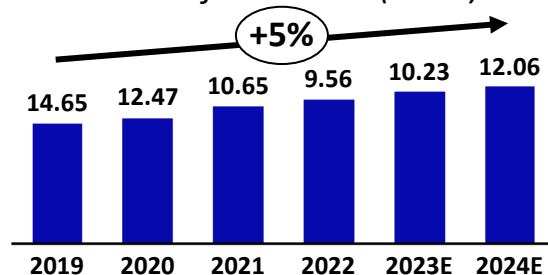
### 1 Increasing customer base

#### A Growing in Stock penetration rate



#### B Ascending in newborn population by the open birth policy

Number of newborns (Mn ¥)

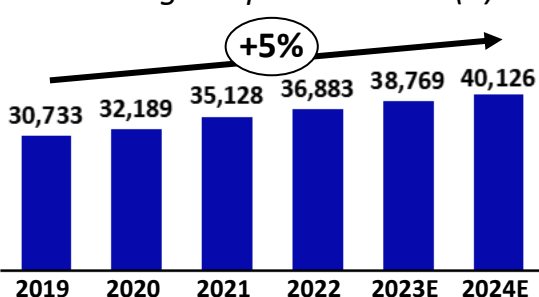


- increasing in **purchasing power** will boost **demand** of building block toy market

### 2 Increasing ASP

#### A Increasing purchasing power

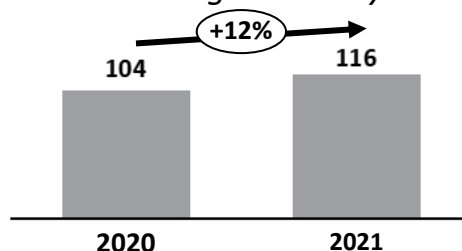
Average disposal income (¥)



#### B Overall high-end development of e-commerce products

- More products with higher price are launching in the market, we anticipate an additional **15%-20% increase** in **ASP** in the future.

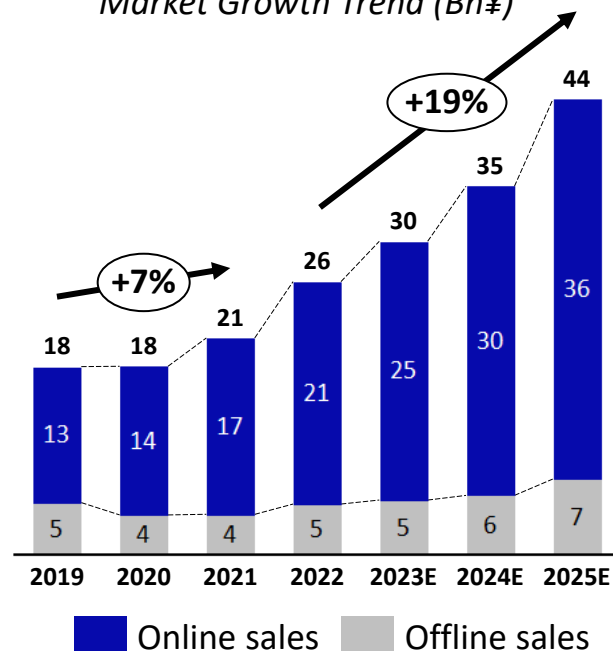
Tmall Building blocks toys ASP (¥)



## Market trends

### 3 Foreseeable Strong Growth

Building Block Toys Market Growth Trend (Bn¥)



- Traditional building block toy market still sees a **strong growth** in **online channels**, while the growth of **offline channels** is **slow**

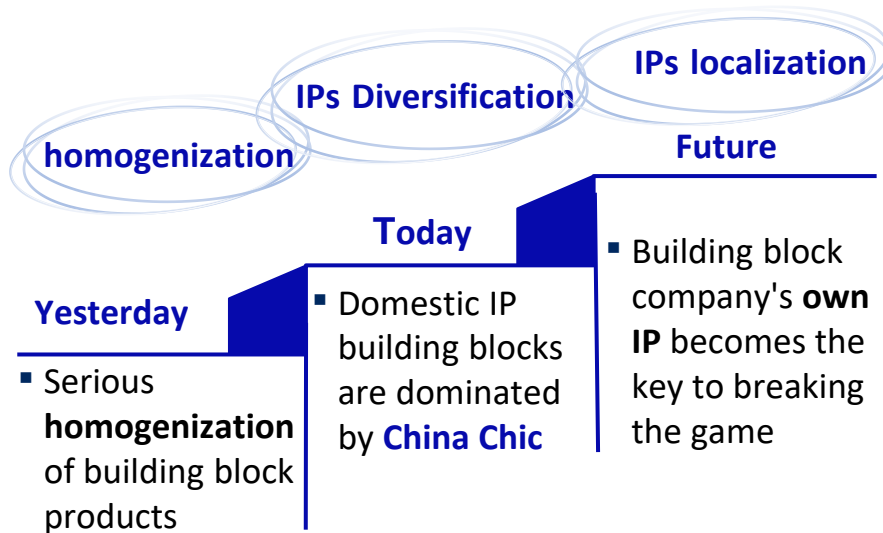
Note: **ASP** refers to "average selling price"

Source: National Bureau of Statistics of China

# Market Trends: With the development of technology and upgrading of consumption, IPs, customization and education are gaining momentum

## 1 Trend 1: Building block toys + IPs

- IPs building blocks are protected by **trademarks and copyrights**, attracting **young and adult consumers** without fear of demographic changes



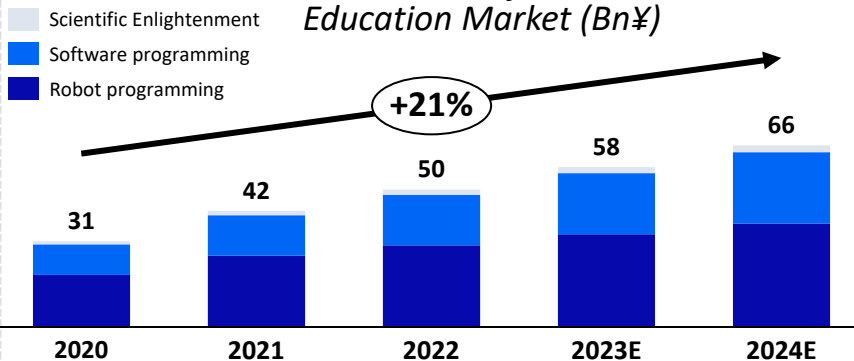
## 2 Trend-2: Building block toys + Customized



## 3 Trend-3: Building block toys + Education

- With the **increasing demand for talent** in society, the market size of **STEAM education** to cultivate innovative composite talents is **gradually expanding**
- **Educational intelligent toys** will become the future trend of children's toys, **Building blocks + education** will continue to **expand market scale**

The Growth Trend of China's STEAM Education Market (Bn¥)



However, The **traditional building block education market** is fiercely **competitive** and severely **homogenized...**

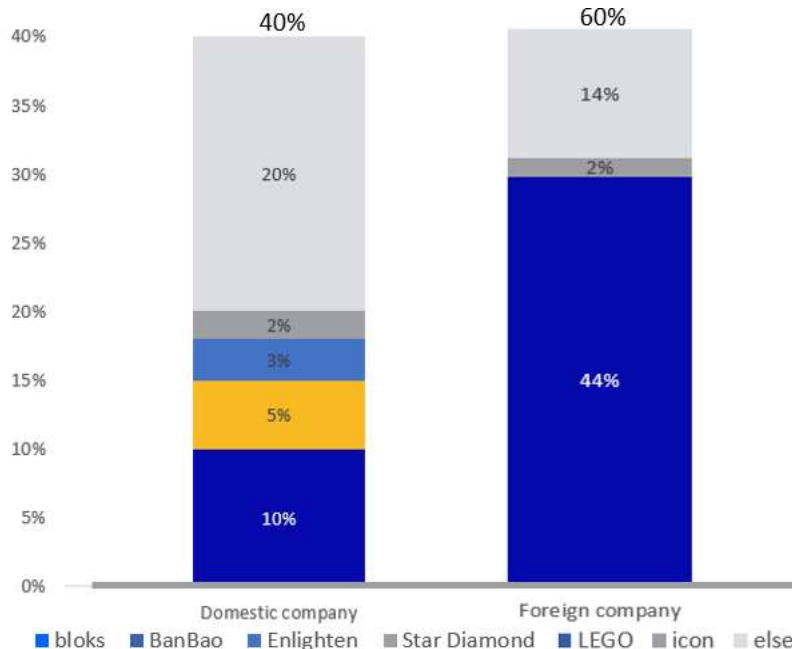
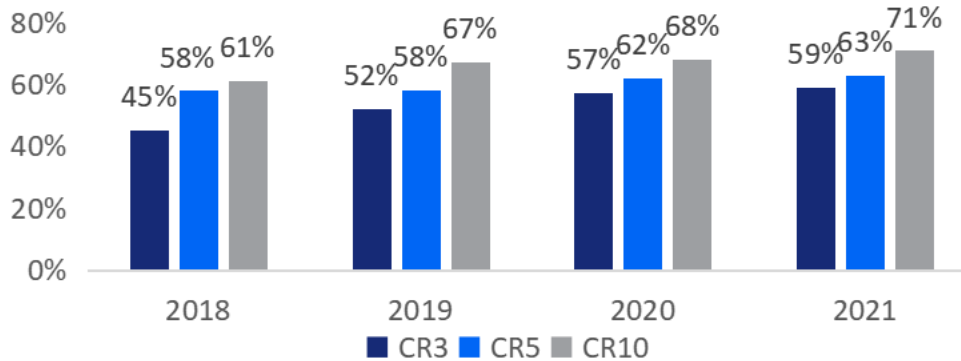
...At the same time, Building blocks for **special education** promises to be a **new trend**.

Note: **STEAM** refers to "Science, Technology, Engineering, Arts, Mathematics"

Source: Fastdata

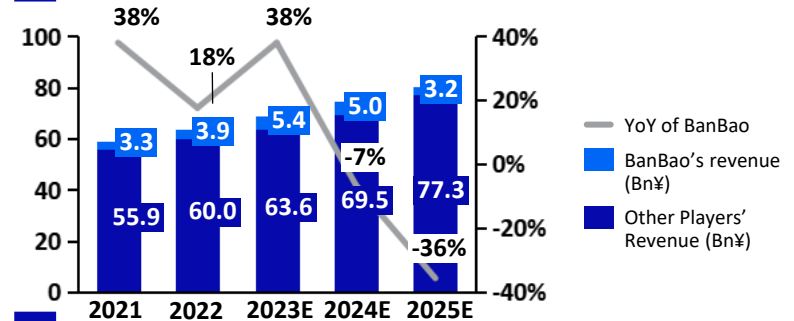
# Competitive Landscape: BanBao has a market share of 5% in Chinese block market with an observable decline in the past years

## 1 Competition in China's block market is becoming more concentrated, with LEGO taking over the domestic market



Note: CR refers to "concentration rate"

## 2 Under domestic and foreign competition, Banbao's market share keep diving



## 3 Key rationales of current low market share

Criteria	Drawbacks of BanBao
Channel	<ul style="list-style-type: none"> <li>Narrow channel coverage</li> <li>No content e-commerce</li> <li>No direct-sale store</li> </ul>
Product	<ul style="list-style-type: none"> <li>Low-splicing &amp; low-sturdiness</li> <li>Out-dated design</li> <li>Simple products matrix</li> </ul>
Brand	<ul style="list-style-type: none"> <li>Low brand influence</li> <li>Ambiguous brand position</li> </ul>

# Compared with the giant, we find the key successful factors and suggest BanBao improve with private domain traffic & IPs & scenarios

## 1 We overview the best practices of LEGO

### Channel

#### Online:

~5 Mn subscription in Taobao flagship store  
excellent **private domain system**

#### Offline:

>300 direct-sale stores in China

### Product

#### Product matrix:

>35 categories & ~6000 patents

#### IPs:

>300 IPs with Harry potter, LoTR<sup>1</sup>, Avatar, DC, Marvel...

### Brand

#### Clear brand position:

*Only the best is good enough, Inspire and Develop the Builders of Tomorrow*

#### Combined with scenarios:

Family, education, etc.

## 2 We conclude the KSFs<sup>2</sup> and put forward suggestions for BanBao

### KSFs



establish **private domain** system and encourage customers to **innovate**



diverse the product matrix with **IPs**, attracting customers from different circles



combined brand with familiar and joyful **scenarios**

### Suggestions

- Set up **BanBao APP** & **BanBao community**
- Dig initial customers and operate **VIP system**

- Cooperate with renowned IP and design **IPs product**
- Launch **customized** & **China Chic** products

- Set up distinctive brand position
- Establish brand around **life scenarios** and activities

Note: 1. **LoTR** refers to "Lord of The Ring"; 2. **KSFs** refers to "key successful factors"

Source: LEGO official website



# *Agenda.*

- Market Overview
- **Customer Profile**
  - Personas & Clustering
  - KPC Analysis
- Strategy Design
- Implementation



# In order to develop new market, we target at *Youth* as our potential customers

## 1 We conclude current and potential customer profile

### A Customers with kids: 99% buy for children



#### Common characteristic

- Prefer **online channels & modern channels**
- Purchase more **puzzle building blocks**

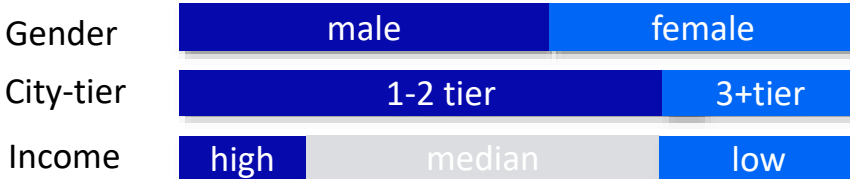


**Moms of 6+ years old children**  
Accept complex toys



**Moms of 0-6 years old children**  
Prefer large particles

### B Customers without kids: 90% buy for self, 10% buy as presents



#### Common characteristics

- Prefer **franchise & fashionable store & social ecommerce platform**
- Purchase more **IP & China Chic blocks**

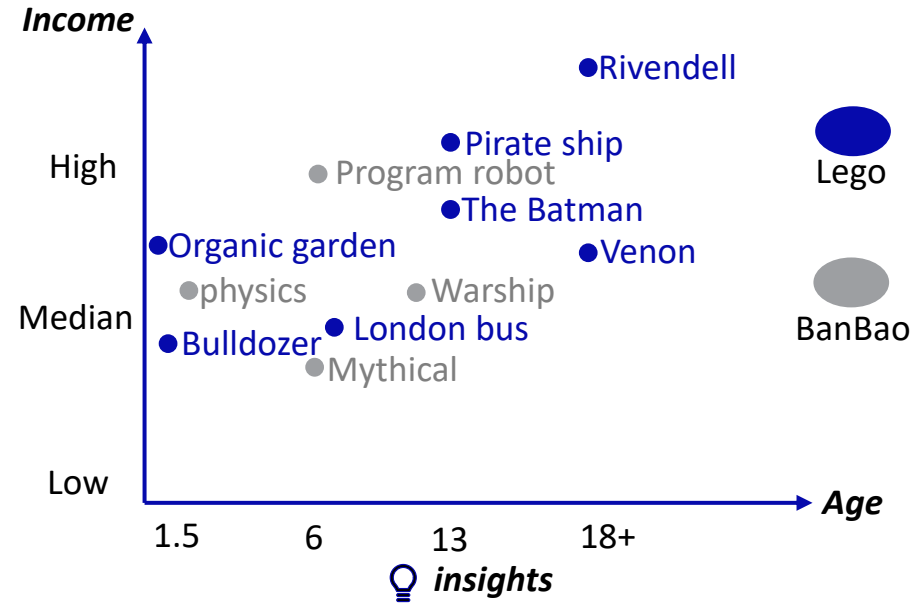


**Fashion Youth**  
Accept higher price  
Sensitive to trend



**Town Youth**  
Sensitive to price

## 2 To find potential customers, we compared the products of BanBao with the counterparts of Lego



### 1 Customers with kids are current target

- Products with **little-particles & sense of design & fashionable element** will be welcome.

### 2 Customers without kids are potential target

- Products **with large-particles & obtuse angle & soft texture** will be more popular.

### 3 Market in low-tier cities are expansive

- Channel should be **sank** and pricing tends to be **lower**

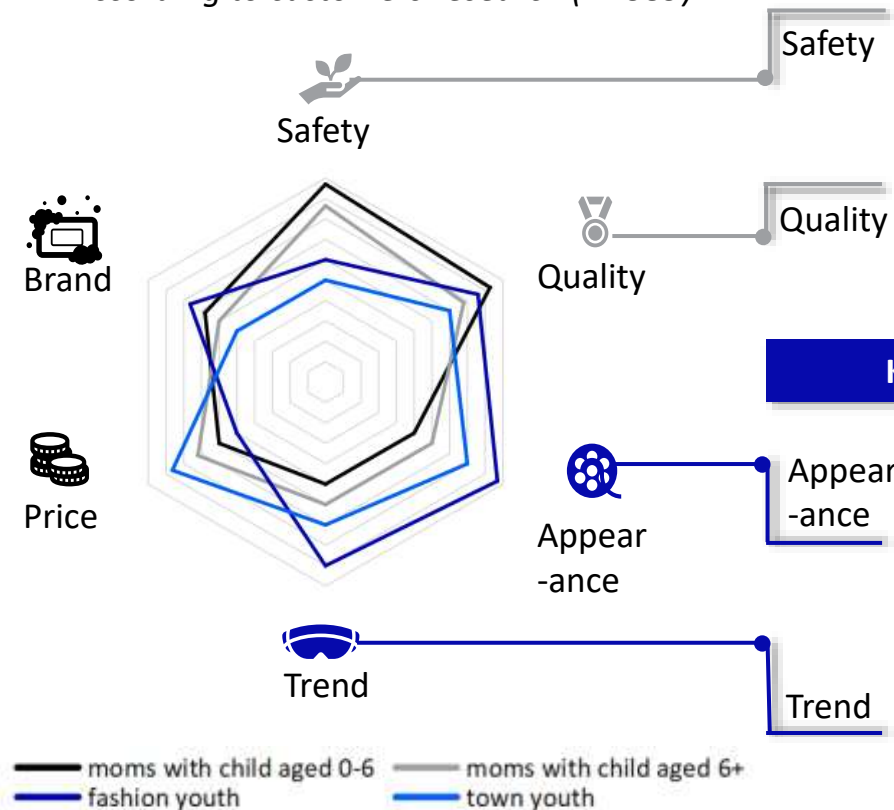
# BanBao still has room for improvement on 4 KPCs<sup>1</sup>, especially quality, appearance and trend, benchmarking with Lego and Bloks

Costumers without kids prefer **trend & appearance**.

Costumers with kids prefer **safety & quality**.

...BanBao, who still has disparity comparing to the giants on 4 KPCs, has urgent need for promotion.

According to customers research (N=389)



KPCs for Moms	BanBao	Lego	Bloks
➤ Eco-friendly materials			
➤ Chamfered products			
➤ Without sharp corner			
➤ High-splicing degree			
➤ No-fade			
➤ Sturdiness			

KPCs for Youth	BanBao	Lego	Bloks
➤ Design			
➤ Color matching			
➤ Detail handling			
➤ Fashionable toy			
➤ IP collaboration			
➤ Intelligentization			

Note: 1. *KPC* refers to “key purchasing criteria”

Source: OWesome analysis

# *Agenda.*

- Market Overview
- Customer Profile
- **Strategy Design**
  - Channel Strategy
  - Product Strategy
  - Brand Strategy
- Implementation



# Growth Strategy: Increasing our revenue by distributing our products through omnichannel, seizing whitespace market and establishing brand awareness

 Vision

 Objective

 Growth  
Strategy  
Design

IGNITE CREATIVITY  
WITH IMMERSION  
CONVERSE WITH THE WORLD WITH BLOCKS<sup>1</sup>

Double our revenue in 5 years by building more channels and launching more products to enlarge our customer base, meanwhile promoting our brand image to the customers.



## 1 Omnichannel-oriented Distribution Strategy

- **Offline:** Build 30 new DSS<sup>2</sup> in 25 tier 1&2 cities and 38 new franchised store in tier 3&4 cities
- **Online:** Optimize content e-commerce and accumulate private domain traffic

## 2 Whitespace-focused Product Expansion Strategy

- **Barrier-free:** Launch a new product targeted at the Special Education market
- **IP/China Chic Empowerment:** cooperate with famous IPs and add Chinese traditional elements to our products

## 3 Brand-based Promotion Strategy

- **Brand Position:** Reshape our brand image around three new words and a new slogan to echo with customers' needs and create spiritual bonds.
- **Brand promotion:** Utilize products and channels to promote our brand.

Note: 1. Chinese slogan: “用沉浸点燃创意，用积木对话世界”；2. DSS refers to Direct Sale Store;

# Omni-channel: optimize the existing system and expand new channels

## 1 Online: Combine traditional channels with content e-commerce

### Traditional e-commerce



#### Drawbacks

Narrow coverage  
Low efficiency



### Content e-commerce



#### Promotion

Wider coverage  
high efficiency



### Private domain traffic



#### Goal

Faithful customers  
High viscosity

## 2 Offline: Optimize by establishing flagship store and distribution system

### Direct sales



#### Flagship Store

Radiate outward from Guangdong

#### 1-3year:

30-50m<sup>2</sup> DSS in general mall

#### 4-5year:

100m<sup>2</sup> RC stores in high-energy mall

#### KA<sup>1</sup>&BC<sup>2</sup>

Walmart AEON  
Carrefour ...

Block Franchise  
KaDa Jim's world

Maternal shops  
Beingmate ...

### Distribution system

Grocery stores  
besides school

Authorized stores  
in mature malls

### Education institution

Campuses

After school class

Special education

1&2 tier cities

3+ tier cities

Surrounding  
Quality education  
regions

Note: 1.KA refers to key account 2.BC refers to mid-sized supermarket

Source: OWesome analysis

# Online channels: The combination of traditional and content e-commerce platforms will unlock potential costumers and create private domain traffic

## 1 We evaluate content e-commerce platforms



## 2 Expanding existing platforms to content e-commerce platforms, we hope to unlock the potential customers

### Existing platforms

- Enter online MIS
- Discount activity
- Theme promotion
- Optimize SKU

### Existing customers

#### Blocks for children

large-particles & puzzle  
& steam

### Launching platforms

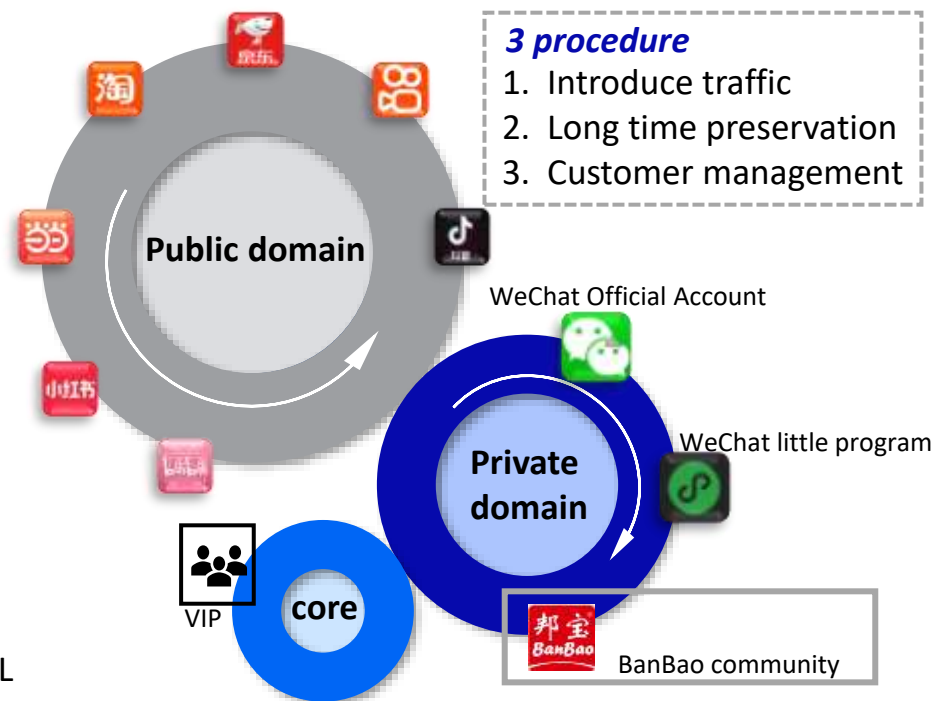
- Cooperate with KOC&KOL
- Immersive & creative long video
- Live streaming

### Potential + Existing customers

#### Blocks for Youth

IP & China Chic & customized

## 3 Create private domain traffic



### Key sights



#### establish exclusive community

- customers exchange ideas & products
- designers share innovations and bring traffic



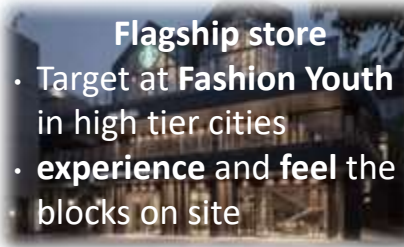



#### set up VIP institution

- Dig initial customers

Note: 1. **traffic capacity** refers to numbers of visitors and page views. 2. **cost** : cost of entering the platform, including current penetration and customers



# Offline channels: target at high tiers cities in 3 years and seize the low tiers market in 4-5 years

	1st	2nd	Priority	3rd	4th
Channel	 <p><b>Flagship store</b></p> <ul style="list-style-type: none"><li>Target at <b>Fashion Youth</b> in high tier cities</li><li><b>experience</b> and feel the blocks on site</li></ul>	 <p><b>KA &amp; MIS &amp; Franchise</b></p> <ul style="list-style-type: none"><li>Target at <b>Moms</b></li><li><b>discount activity with other brands</b>(baby product,etc.)</li></ul>	 <p><b>Authorized stores</b></p> <ul style="list-style-type: none"><li>Target at <b>Town Youth</b> in 3+ tier cities</li><li><b>Festival theme promotion</b> (April 8th, June 1st,etc)</li></ul>	 <p><b>Education Institutions</b></p> <ul style="list-style-type: none"><li>Target at children in <b>quality-education regions</b></li><li>Help <b>special education</b></li><li><b>Sponsor competition</b></li></ul>	
Site	<ul style="list-style-type: none"><li><b>1 &amp; 2 tiers cities</b></li><li>in <b>malls &amp; SC<sup>3</sup> &amp; commercial districts</b></li></ul>	<ul style="list-style-type: none"><li><b>1 &amp; 2 tiers cities</b></li><li>the 1<sup>st</sup> floor of Grocery</li></ul>	<ul style="list-style-type: none"><li><b>3+ tiers cities</b></li><li>In local mature mall</li></ul>	<ul style="list-style-type: none"><li>Regions advocate <b>Steam Education</b></li><li>Beside relevant institutions</li></ul>	
SKU	<ul style="list-style-type: none"><li><b>IP &amp; China Chic &amp; customized blocks</b></li><li>ATV 300-400</li></ul>	<ul style="list-style-type: none"><li><b>Large particles &amp; puzzle &amp; educational aid blocks</b></li><li>ATV 200-300</li></ul>	<ul style="list-style-type: none"><li><b>China Chic &amp; IP &amp; classical blocks</b></li><li>ATV 150-250</li></ul>	<ul style="list-style-type: none"><li><b>Steam &amp; programming &amp; Barrier-free blocks</b></li><li>ATV 100-150</li></ul>	
Goal	<p><b>Short term (0-3year)</b></p> <ul style="list-style-type: none"><li>30 new stores with 30-50m<sup>2</sup> in common malls</li></ul> <p><b>Long term (4-5year)</b></p> <ul style="list-style-type: none"><li>20 new stores with 100m<sup>2</sup> in high-energy malls</li></ul>	<p><b>Short term (0-3year)</b></p> <ul style="list-style-type: none"><li>Maintain cooperation with Walmart &amp; AEON &amp;...</li></ul> <p><b>Long term (4-5year)</b></p> <ul style="list-style-type: none"><li>Enter KaDa &amp; Jim's World Franchise</li><li>Enter Beingmate</li></ul>	<p><b>Short term (0-3year)</b></p> <ul style="list-style-type: none"><li>In-depth market survey &amp; negotiate with alliance</li></ul> <p><b>Long term (4-5year)</b></p> <ul style="list-style-type: none"><li>38 new authorized stores in local high-energy malls</li></ul>	<p><b>Short term (0-1year)</b></p> <ul style="list-style-type: none"><li>Enter campus &amp; after-school class</li></ul> <p><b>Long term (1-5year)</b></p> <ul style="list-style-type: none"><li>Sponsor campus activities &amp; competitions</li><li>Collaborate with special education</li></ul>	

Note: 1.**ATV** refers to Average transaction value 2.**MIS** refers to maternal & infant store 3. **SC** refers to shopping complex

# Offline channels: BanBao should focus on Guangdong and radiate outward to surrounding urban clusters, and focus on the low-end market later

Based on the current situation of BanBao, we recommend BanBao open offline stores at our carefully selected sites according to schedules.

## Key Selection Criteria

### Attractiveness:

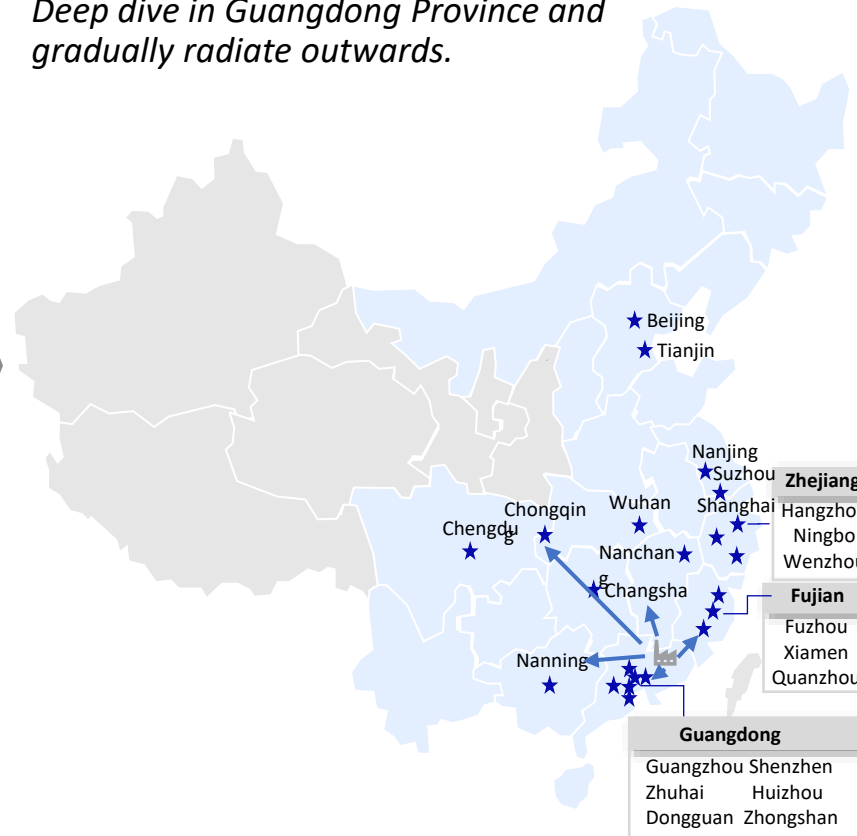
- **Large costumer base**
  - Urban population
  - ratio of consumption to income
  - Per capita disposable income of urban residents
- **Willingness to consume**
  - #LEGO stores

### Feasibility:

- **Feasibility for BanBao**
  - Tier 3&4 cities around the factories of BanBao
  - Consistent with the factory-building strategy
  - SC<sup>1</sup> coverage

## Expected Store Distribution in Mainland China (2027)<sup>2</sup>

Deep dive in Guangdong Province and gradually radiate outwards.



### Strategy

- ★ Suggested new **direct-sale store** locations in **1-3 years**
- **Focus on direct-sale stores from 2023 to 2024**
- Suggested new **authorized store** locations in **4-5 years**
- **Focus on authorized stores from 2025 to 2027**

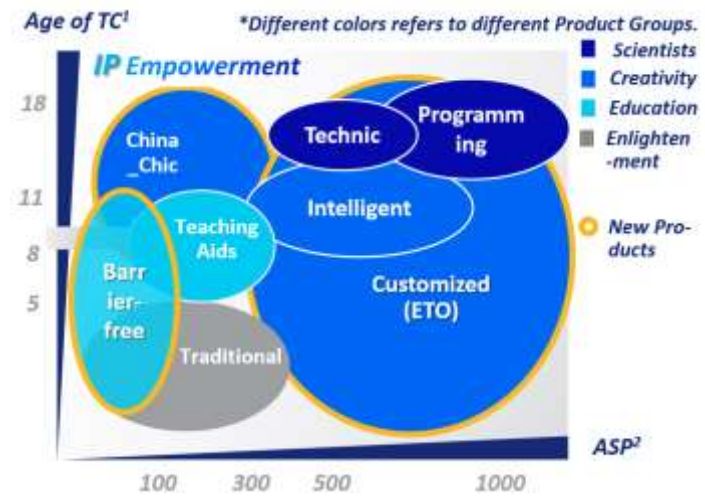
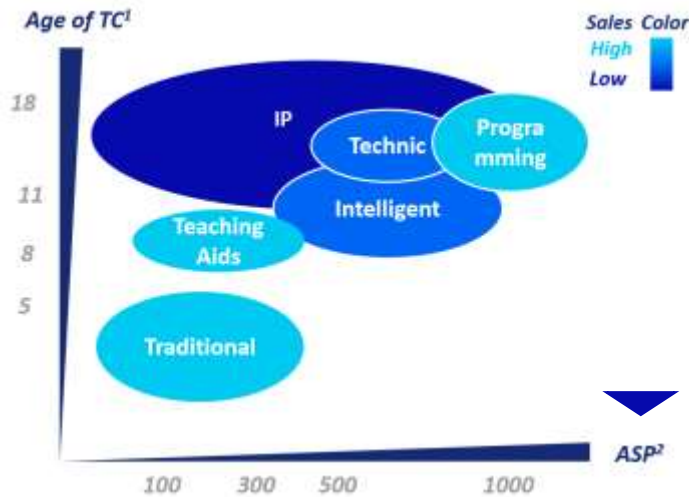
Note: 1. SC refer to “shopping center”; 2. Detailed store expansion plan please refer to backup

Source: OWesome analysis

# Product: BanBao should enrich its product matrix by adding 2 new products to seize the market whitespace and increase brand awareness

**Old Product Matrix:** Still has whitespace and product categories aren't clear ...

**New Product Matrix:** Launch *Barrier-free, ETO<sup>3</sup>* service and divide product groups more clearly...



We reclassified BanBao's products into four clear parts, and position differently, but *all with IP empowerment*.

	IP			
	Enlightenment	Education	Creativity	Scientists
TC	Child aged 1-6	Child aged 3-11	ALL Ages	Child aged 11-18
Position	Low end	Low & Middle ends	ALL ends	High end
Pricing	20-300 ¥	100-400 ¥	300-1500 ¥	400-1500 ¥
New Products and priority	/	Barrier-free ★★★	Customized & China Chic ★★★★★	/

Note: 1. TC refers to "Target customers"; 2. ASP refers to "Average sale price"; 3. ETO refers to "engineering to order"

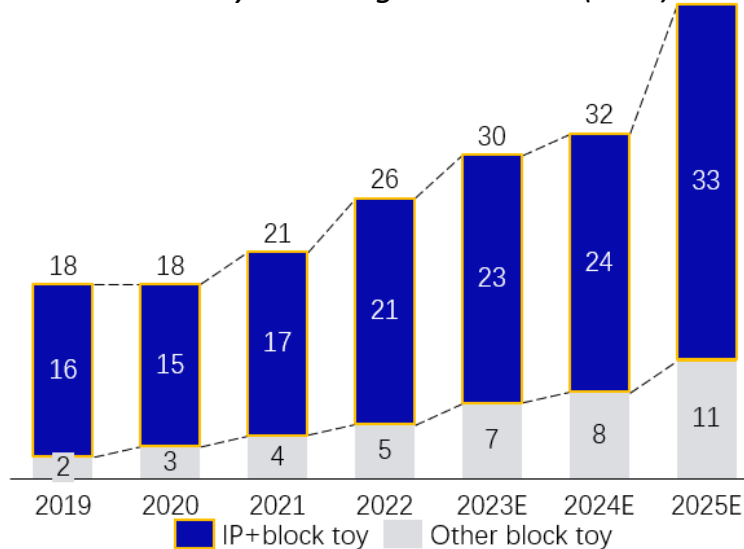


# For Gen-Z, it is necessary to upgrade the functional attributes of building blocks to emotional attributes, which brings more brand premium

## Market trends

### Growing prop in the overall market

IP+block toy market growth trend (Bn ¥)



### Key Drivers

### Cooperating with IPs creates brand premium



~300% brand premium

Living in Circle Culture, Gen-Z prefer toys with culture-context and have high purchase intention.










## Key market: China chic block

### Feasibility:

- Although LEGO started early in China-chic and has a large size, BanBao, as a Chinese company, has better understanding of traditional culture and national aesthetic.

### Recommended category for investment :

- After comparing the market space and competition of the three categories in China-chic market, we believe **mythological figure** is a blue ocean market worthy of investment.

Category	Description	Market Size	Competition
 The Palace Museum	The tenon and tenon structure(榫卯) is adopted in the splicing of building blocks.		
 Mythological figure	<ul style="list-style-type: none"> <li>Mining classic IP character from Chinese traditional art.</li> <li>Combine building blocks with Chinese traditional storytelling.</li> </ul>		
 Aerospace & military	China's achievements in aerospace and the military have a strong appeal to young people.		

# For IPs co-branded products to make a significant contribution to revenue, building a blockbuster is essential

## 1 Product design

- The Classic of Mountains and Seas (《山海经》) is a mythological book of ancient China. It contains many imaginary beasts which still strike a culture chord today.
- We suggest turning twelve gods of the Mountains and Seas (山海经十二神兽) into building blocks with both aesthetic and cultural value.

Phoenix  
凤凰



Dragon  
应龙



TaoTie  
饕餮



Notes: Effect pictures are created by mid-journey

## 2 Product portfolio and Sales strategy

### 1. Product portfolio

	Included product	Price	Sales channel
Complete Set	<ul style="list-style-type: none"> <li>• Total twelve gods blocks.</li> <li>• Chinese natural landscape scene building blocks.</li> </ul>	2000¥	Limited offline sale(150 sets/store)
Trial Set	3 of the star characters in the full set.	450¥	Omnichannel
Mystery Box	One god block for each box, including hidden character besides the 12 figure in full set.	200¥	Offline Egg twisting machine

### 2. Packaging box design



### 3. Create a brand topic on the forum platform

#山海经的神兽是“拼”起来的! #

### 4. The platform joins hands with KOL to participate in the topic discussion.



### 5. Cooperate with “GQ实验室” and other public accounts that have insights into the Gen-Z lifestyle to publish trending articles.

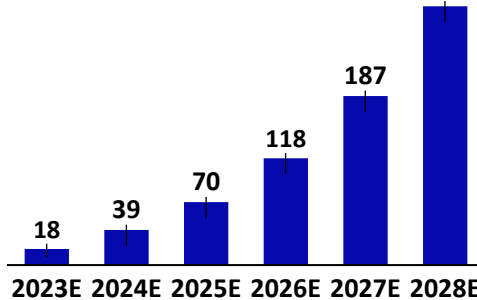


# In order to meet the personalized needs of consumers, BanBao should explore the personalized customization business of building blocks

➤ Based on the development of the **customized building block market** and the **potential market share** of BanBao, we believe that entering the customized building block industry is profitable for BanBao

## 1 The market promises to bring us ~20 Mn ¥ revenue

Market value of customized building blocks (Mn ¥)



- There are **no strong players** in the new segmented fields
- First mover advantage

high market share in the segmented fields (expected **10%** in all)

## 2 It's feasible for BanBao to enter this market

### Less market competition

- At present, only a few companies enter the market

### Advanced R&D capabilities

- Accurate docking with customer needs

### Covering the entire industry chain

- BanBao can quickly respond to customer needs

### Expansion of offline stores

- Can provide real-time customized services for customers

## 3 We recommend several products.....



MOC

### Introduction

- personalized designs based on **standard figurines**

### Features

- High cost
- Lego has a high reputation

### Priority



AI+Building blocks

- Upload a photo to generate a custom building block cube

- High cost
- Few market competitors



Puzzle DIY

- DIY puzzle based on interests

- Low cost
- Small market capacity



DIY

- Free creation based on particle size and color

- Low cost
- Lego has a high reputation



Notes: 1. **MOC** refers to “my own creation”; 2. **R&D** refers to “research and development”

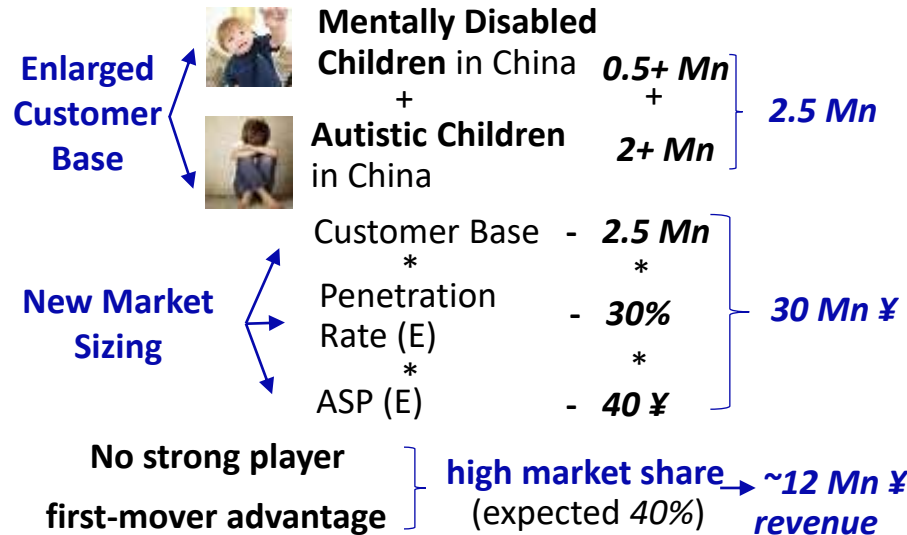
Source: OWesome analysis



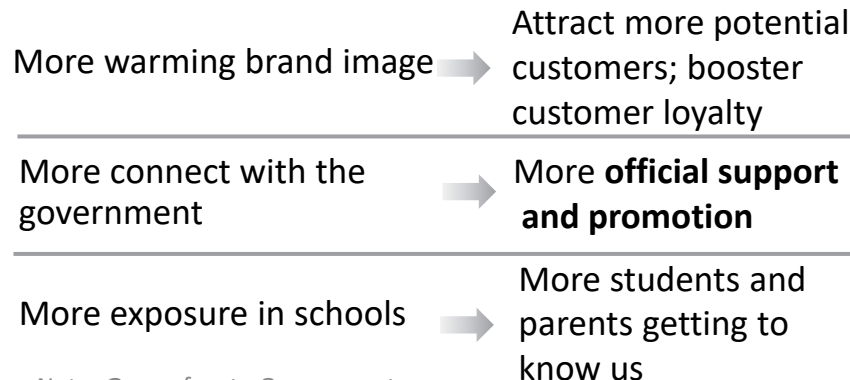
# BanBao should expend its customer base by seizing the whitespace in mentally disabled children market, launching a new product named *BanBao Barrier-free*

This whitespace in block toy market is quite **attractive**...

## 1 The market promises to bring us ~12 Mn ¥ revenue.



## 2 It contributes to better brand recognition.



Note: **Gov.** refers to Government

It's **feasible** for BanBao to enter this market...

## 1 BanBao has experience in cooperating with schools.



BanBao Education cooperated with **more than 1000 primary schools**, more than 2000 kindergartens.

## 2 The Gov. and society has been attaching more importance on mentally disabled and autistic children.



## 3 It's not difficult to design for BanBao.

The core part should still be the **traditional block tool**. We recommend these new designs:

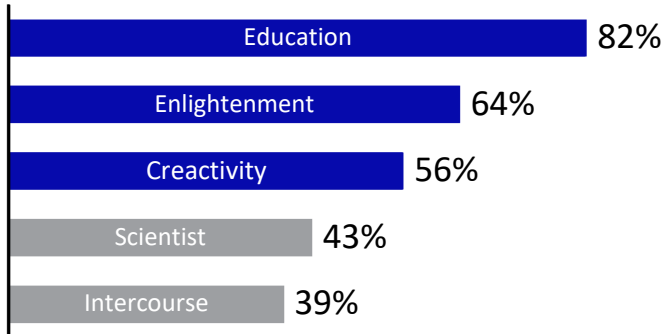


New Designs	TC characteristics	Purpose
More Brilliant Colors	Visual stimuli are generally more easily processed than auditory stimuli	Better draw their attention
Ringing Bells	Their attention is prone to being diverted.	Constantly draw their attention and immerse them in playing
Simple Design and More Cues	Limited cognitive ability	Suit them more

# Brand: BanBao should upgrade its brand by establishing spiritual bonds with consumers, so as to drive growth from the demand side

## Add new brand keywords

- According to the **top scenarios** of building blocks toys.....



- .....we recommend **3 new keywords**



## ➤ Utilize our new channels and products for brand promotion

	Creativity	Immersion	Cozy
<b>Value Proposition</b>	Explore inner creativity and imagination	Developing focus through immersive experiences	Create a warm, comfortable, and relaxed space
<b>Best Practice</b>			
<b>Suggestions for BanBao</b>	<ul style="list-style-type: none"> <li>• IPs+Building blocks</li> <li>• Building block creative competitions</li> </ul>	<ul style="list-style-type: none"> <li>• Theme parks</li> <li>• Theme Experience Store</li> <li>• Exhibition</li> </ul>	<ul style="list-style-type: none"> <li>• BanBao barrier-free</li> <li>• Public benefit activities</li> </ul>

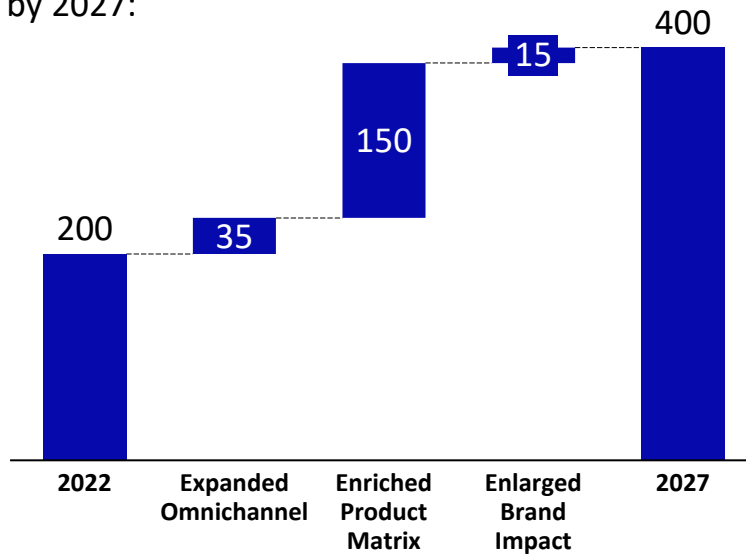
# *Agenda.*

- Market Overview
- Customer Profile
- Strategy Design
- **Implementation**
  - Strategy Roadmap
  - Financial Forecast
  - Risk and Mitigation

# Financial Projection: To achieve the target, BanBao should double its revenue by 2027 with different growth pattern in three strategy designed.

## Growth strategy: 200 Mn¥ additional revenue by 2027

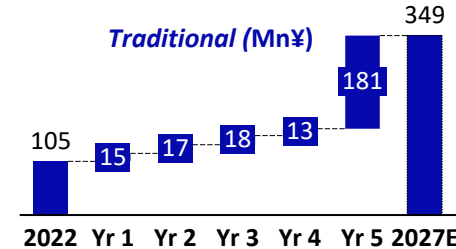
According to the financial data, the revenue is forecast to be 200 Mn¥ in 2022. Our strategy is designed to increase BanBao's revenue to **400 Mn¥** by 2027:



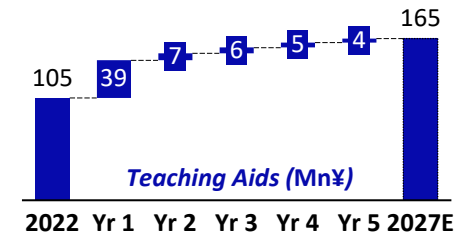
- **Expanded Omnichannel:** +35 Mn¥ from 30 new direct-sale stores and 38 franchise stores.
- **Enriched Product Matrix:** +150 Mn¥ mainly from growth in traditional and IP sector.
- **Enlarged Brand Impact:** +50 Mn¥ by creating new brand image of creativity, immersion and cozy.

## Divide revenue growth by four business sectors

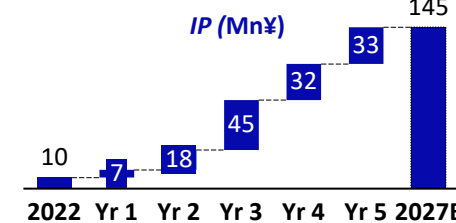
The impact of the three strategies on revenue can be seen in the **company's four main business lines**:



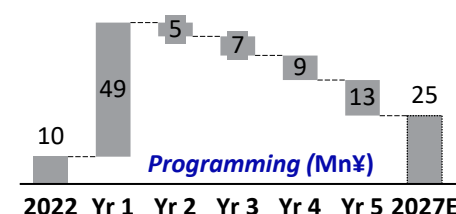
In the first two years, we will increase the revenue of traditional building blocks by **opening stores**.



We will increase the revenue of teaching aids blocks, but due to **limited market space**, the contribution may be comparatively low.



After 2024 BanBao will design and sell **block toys with its own IP**, which is considered as a key growing factor of the project.

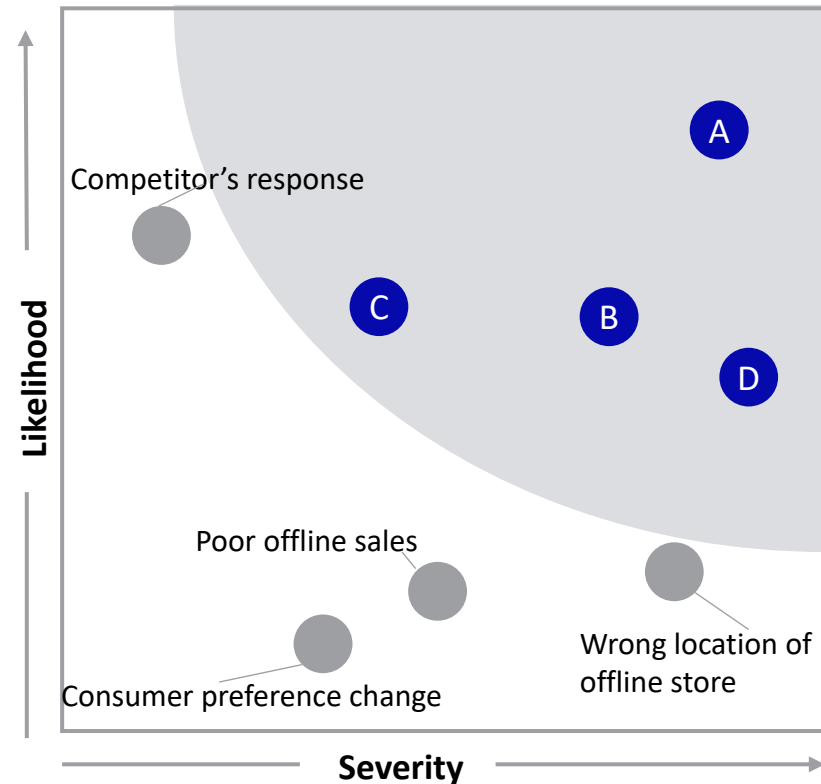


Considering new programming aids are widely available(e.g. iPad), we recommend **scaling back our expansion** in this segment of the market.



# Risk and Mitigation: BanBao should be prepared to identify and mitigate major risks along its expansion plan

- Based on BanBao's existing business and expansion plans, the risks are estimated as follows.
- The top 4 risks and mitigation strategies are listed on the right.



## Risks

### A. Demand forecasting

Inaccurate demand forecast at new business, subject to loss sale or excess inventory.

### B. Supply chain risk

Local supply chain expansion cannot catch up demand.

### C. Standardization

Fail to maintain standard processes when cutting into new categories.

### D. Low popularity in IP-blocks

Self-IP blocks fail to attract the target customer and remain unknown.

## Mitigation Strategies

### Well prepared backup plans

- Lower than expected: Marketing campaign and promotions.
- Higher than expected: Agile reverse logistics.

### Prepare in advance

- Develop local supply chain before store expansion.
- Encourage mutual support between local stores.

### Establish inspection team

- Quarterly inspection on supply chain and stores.
- Execute reward and punishment system.

### Design IPs upon different circles

Research in depth to find out what different circle of Gen-Z are favor of and design product respectively.



**邦宝益智**

*"Ignite creativity with immersion,  
Converse with the world with blocks."*

# Thanks for your listening!

2023 Oliver Wyman Impact Case Competition  
**OWesome Consulting Team**

## Backup: BanBao should implement the five-year roadmap to enhance its competitiveness

Target	Time	2023		2024		2025		2026		2027		Key Milestones	Priority
		H1	H2	H1	H2	H1	H2	H1	H2	H1	H2		
Brand&Marketing													
> Advertise new story												Strengthen consumer connections	★ ★ ★
> Create hot topics												Enhance awareness	★ ★
> Invite spokespersons												Create explosive products	★
> Lanch new product													★ ★ ★
Omni-Channel													
> Optimize online channels												~1.5Mn subscribers	★ ★ ★
> Expand offline stores												~68 offline stores	★ ★ ★
- Set up direct-sale stores in high-tier cities												~30 stores	★ ★
- Set up authorized stores in low-tier cities												~38 stores	★
Customer Management													
> Launch WeChat subscription												~300K subscribers	★ ★
> Set VIP management system												~800K VIP customers	★ ★
> Build user community and feedback mechanism												~600 VIP association	★ ★ ★
> Provide value-added service												Full coverage of membership services	★ ★

Source: OWesome Analysis

## Backup: Prioritized tier 1&2 cities with direct-sale store (1/2)

City	Province	Urban Population (thousands)	Per capita disposable income of urban residents (RMB)	ratio of consumption to income	#LEGO stores	#SC	#stores planed to open
Beijing	Beijing	32,054.2	84,023	54.29%	17	313	2
Shanghai	Shanghai	24,870.0	84,034	57.25%	33	343	1
Guangzhou	Guangdong	18,676.6	76,849	60.93%	6	267	2
Shenzhen	Guangdong	17,560.1	72,718	63.65%	8	258	2
Foshan	Guangdong	7,194.3	65,417	57.58%	6	169	2
Zhongshan	Guangdong	4,466.9	62,196	52.63%	2	54	1
Dongguan	Guangdong	4,748.0	63,701	62.48%	6	23	1
Huizhou	Guangdong	4,597.0	50,811	73.96%	1	35	1
Zhuhai	Guangdong	2,447.0	65,743	66.86%	3	102	1
Chengdu	Sichuan	20,000.0	54,897	58.60%	21	101	1
Chongqing	Chongqing	32,054.2	45,509	66.78%	14	250	1
Changsha	Hunan	7,918.1	65,190	65.86%	5	153	1

Note: SC refers to “shopping center”



## Backup: Prioritized tier 1&2 cities with direct-sale store (2/2)

City	Province	Urban Population (thousands)	Per capita disposable income of urban residents (RMB)	ratio of consumption to income	#LEGO stores	#SC	#stores planed to open
Wuhan	Hubei	14,186.5	58,449	64.02%	7	203	1
Nanjing	Jiangsu	8,004.7	76,643	56.92%	5	136	1
Suzhou	Jiangsu	10,684.0	79,537	59.66%	4	197	2
Ningbo	Jiangsu	8,004.7	76,690	59.15%	4	128	1
Wenzhou	Zhejiang	9,122.1	73,326	67.06%	7	36	1
Hangzhou	Zhejiang	8,700.4	77,043	60.28%	5	160	1
Xiamen	Fujian	5,308.0	67,999	66.42%	5	63	1
Quanzhou	Fujian	8,128.5	57,724	60.56%	2	39	1
Fuzhou	Fujian	7,115.4	55,638	54.62%	6	46	1
Nanning	Guangxi	7,819.7	41,394	54.49%	3	37	1
Tianjing	Tianjing	15,596.0	53,003	59.10%	4	133	1
Nanchang	Jiangxi	6,538.0	52,622	58.98%	3	112	1

Note: SC refers to "shopping center"