**(1.) What does SOCIÉTÉ BIC do:**

**Products:**  BIC Group manufactures stationery consumer goods, plastic lighters and disposable wet shavers with 90% of net sales realized with products manufactured in its own factories worldwide. BIC Graphic is a producer of advertising and promotional products that include clothing, bags, awards, and drinkware that are imprinted with a logo or advertising message and that are sourced from external suppliers mainly from Asia. In February 2017, the group announced the intended disposal of BIC Graphic North America and Asia sourcing. In FY 2016 the net income from those discontinued operations was – EUR 36 million, but the operating cash flow contribution was +EUR 22 million or 7% of total OCF (2016 total group +EUR 299 million).

**Customers:**  BIC generated 86% of its sales in consumer goods and 14% in advertising and promotional products (BIC Graphic). BIC stationery products are sold through different channels including office product stationers (contract stationers or office superstores) and retail mass market distributors in developed countries, as well as through traditional stores in developing markets. In the U.S., the wet shave market has recently undergone significant transformational disruption, notably with the emergence of Direct-to-Consumer online players representing around 12% of the total wet shave market, but which are growing faster than the market as whole. Advertising and promotional industry suppliers sell their products to numerous large, mid-size and small distributors.

**Industry:** The global stationery market is estimated at EUR 8.6 billion. The market is fragmented with many local players. Only three players (BIC, Newell Rubbermaid and Pilot) have managed to win more than 5% of the global stationery market. The global lighter market is estimated at 13.8 billion units (EUR 4.9 billion in value terms) with Asian consumers dominating with a share of 67%. Consequently, local manufactures dominate the Asian home market and they push the supply of the global non-branded products. The wet shave market generates annual net sales revenue of approx. EUR 12.6 billion and accounts for the bulk (60%) of total “hair removal” market segment revenue. The market is divided among three brands (Gillette, the market leader, BIC® and Schick/Wilkinson), and features private labels together with a few local players.

**Form:**SOCIÉTÉ BIC is a European Société Anonyme (SA) listed on Euronext Paris. The groups headquarter is in Clichy, France. The group is controlled by the founding Bich family that holds 43% of the share capital.

**Geography:**The group operates 27 factories globally (22 factories in emerging markets) and its products are sold in 4 million sales outlets worldwide. The global revenue distribution is 27% Europe, 40% North America and 33% Emerging Markets. Therefore, the BIC group is exposed to multiple foreign exchange risks due to a difference between the revenue currencies and the currencies in which costs for raw materials and for finished goods are incurred. The Group’s main currency exposure is the euro-U.S. dollar rate and 90% of the identified exposure is hedged with forwards or options. The hedge ratio for other major exposures of the group is between 80% and 100%.

**Status:**BIC Group is a market leader in lighters outside Asia and one of three globally leading brands in stationaries and in wet shavers.

**(3.) Future Prospects**

**Breadth analysis**

❶ Is BIC’s customer base broad (**concentrated customer base**)  
The Walmart Group has been identified as the major customer by the BIC Group (p.189 pdf) with more than 10% revenue contribution.

❷ Bargaining power of suppliers (**diversified supplier base**)  
No supplier accounts for more than 10% of COGS

**Force analysis**  
  
❶ Bargaining power of customers (**high**)   
  
It can be assumed that customer concentration is high and that those retail chains continue to put pressure on BIC’s pricing.

❷ Bargaining power of suppliers (**low**)  
  
The bargaining power base for raw materials and semi-finished goods is broad and diversified

❸ Threat of substitutes (**low**)

Plastic pens, disposable shavers and plastic cigarette lighters are already the cheapest form of those essential consumer products.

❹ Threat of new entrants (high)  
There is strong competition from Asian manufactures and from internet distribution channels.

**Moat identification**

❶ Government (**low**)

Western governments enforce safety and environmental standards that several competitors from emerging markets do not fit. Nevertheless, governments in emerging markets might be less inclined to protect foreign companies with local competition and the long delays in BIC’s acquisition of the Indian Cello® brand indicate low government support.

❷ Cost (**high**)

BIC has a low-cost structure and it is vertically integrated on a global scale with strong R&D and in-house manufacturing of 90% of the products sold.

❸ Brand (**high**)  
  
Several products are widely recognised consumer brands like BIC® lighters, BIC® ballpoint pens, Cello® pen brand in India, and Tipp-Ex®, the leading European correction products brand.

❹ Network (**low**)

❺ Switching costs **(low)**

❻ Ingrainedness **(low)**

**Market growth assessment (high)**

Global demand for consumer staples, lighters and personal cleaning products should rise with disposable income. A growing middle class in emerging markets demand affordable and reliable writing instruments for schooling and women are increasingly using disposable shaving products as well.