

# HOUSE OF PALLETS

*Peace of Mind Furniture*



Marlandi Gracia  
Kervens Mallebranche  
Cassandra Trimon  
Mitchell Tromp  
Roodnely Ulysse  
Shaquille Simmons

Environmental Science

University of Aruba

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Lecturers: Christie Mettes & Tony Sevold

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# Executive Summary

Wooden pallets serve an important purpose in the World's transporting industries. After they are used they are discarded as waste, taking up space in landfills, or in some cases in a public environment.

These objects come in a uniform size where they can easily be upcycled into other functional products. The process it would take to go from wooden pallet to an item such as furniture will take a variety of aspects into account. Ranging from the collection of the pallets, the up-cycling process involved to turn these pallets into furniture and the process of selling these items.

# Introduction

Pallets are wooden structures used in the transporting process of goods, therefore, pallets are often found at supermarkets, warehouses, seaports, wholesale stores, ext. Once the pallets are used, they are often considered to be a nuisance, taking up space and costing money to “get rid off”.

These objects come in one uniform size that can be easily upcycled into useful items such as walls, and in the case of House of Pallets; furniture. This report will elaborate the points made on the business canvas, in order to have a better idea of the feasibility of this upcycling endeavor.

# Customer Segments

Customer segment is one of the most important part of the business model because this is where you find out just who you are targeting and how to target them so getting this building block right is key to the organization's success.

A customer segment can be defined through demographics such as age, ethnicity, profession, gender, etc or on their psychographic factors like spending behavior, interests, and motivations. We as an organization will choose to target multiple groups through our products and services. These groups as listed in our Key Partners block is who we plan on targeting and selling our products to/with.

Our business model will focus on our Customer Segment first and then make a value proposition and not the other way around because we are an organization that takes pride in providing the best pallets & pallet furniture for our customers and having their interest at heart.

## Customer Profile

The customer profile defines the customer segment more clearly for the organization by understanding the customer's jobs and evaluating the customer's pains and gains.

### 1. Customer's job

Here the customers may buy our product for various different reasons. A store like Kooyman will buy our pallets so they can use it as a form of storage for example to bulk paint together or similar products. Whereas a company such as Pricesmart can buy our pallets for storage usage or can also buy our upcycled furniture to sell in their store.

## 2. Pains

These are conditions which either prevent the customer from getting a job done or elicit negative emotions before, during or after a job. Hard to get a access to pallets or large bulks of pallets, this could be damaging to the relationship we have with our customers. Bad quality pallets like if it's infested with termites or heavy water damage are general fears our customers would have before buying our products. The longevity of our furniture can also be on their mind considering the mindset of the general public that recycled material usually is cheaper material and not long lasting.

## 3. Gains

Customer Gains are results or benefits that customers wants/ expects when buying your product or service. One of the many reasons people may buy our product is the fact that it's made by upcycling pallets which is very "green" which is a big craze currently in the market. They will buy our furniture because it is of lower cost than the average furniture made by other materials and they will feel like they are saving money. Form of PR for businesses.

# Value Proposition

Our value proposition is directly linked and based on our Customer Segment, so we will be focusing on Pain relievers and Gain Creators.

## 1. Pain Relievers

We will have all our contact information on our social media and we will be partnered with major companies to make our pallets furniture easily accessible. Our pallets will be heavily controlled for any type of damage or threat to the overall quality of the end

product. We will use only the best of pallets to make our furniture to make sure they are long lasting.

## 2. Gain Creators

Our pallets are made from 100% upcycled pallets that will make customers feel like they are helping the environment when they are purchasing our products. Because our product is from recycled material it's cost to produce is greatly reduced so the market price will be lower than competitors. Lots of business will buy our pallets and furniture as a form of PR movement to show that they support the environment and are environmentally friendly.

## **Cost Structure**

- Building equipment 20% such as drills, saws and safety equipment.
- Exchange logistic cost for the pallets (3%)

Exchanging and collecting unwanted pallets need to be implied in a good way to attract people in interesting into the market. There many companies that are given pallets for free here in Aruba, such as Pricesmart, supermarket and many others. So, by not getting enough pallets, we can provide exchanged (money) for pallets in a reasonable price, in order to get as much pallets as possible.

- Advertising and public awareness campaign (5%)

The most effective way for business to succeed is by advertising. By creating sites such as Facebook, twitter, Instagram and website for the company, which will offer the company a great free-of-charge platform to promote ourselves, and build our brand and audience. So, taking on to these types of engagement will be costly at first,

but as the process keep going on, it will becoming less and less costly to advertise and engaged the audience.

- Salary to employees (20%)

Regardless on how to structure our employee compensation strategy. Whether it be by individual position, job grades, and some other ways. We will make sure that we update our data regularly. The Industry has to provide reasonable salary in a way to maintain long term employees. provide additional benefits to the employees, such health insurance, retirement plan, and performance bonuses, which will have an impact on the company's recruitment rate, retention rate, and employee satisfaction.

- Taxes and Energy Source (4%)

Managing taxes and bills are threats to bankruptcy. So focusing on the energy side, such by improving in solar cell efficiency and lower prices are making this form of energy very competitive. We will make sure that this company contribute to a retirement plan as the best way to reduce a tax bill is that most of those contributions—depending on the type of plan—are essentially tax write-offs that don't require itemization.

The industry will need approximately 10,000 AWG to start with the plan. Such as the building expenses, including rent and renovation = AWG. Exchange logistic costs for the pallets 2% = 5,000 AWG. Advertising and public awareness 2% = 5,000 AWG. Employees collecting the pallets and internal employees, 8% =5,000AWG. And finally, the taxes and energy source.



# Revenue Streams

- Sales of the furniture:

The furniture that will be made the wooden pallet, are going to be in affordable price, from storing items such as beds (450 AWG) or coffee tables (60 AWG) , shoe cabinets (45 AWG), desks (70 AWG), chairs (25AWG) and bookcase (130 AWG) and many other designed arts in affordable price. By providing the items in such price, to attract as much customers as possible and differentiate (lower price) ourselves to the companies that are providing moderate wooden furniture, in order to create as much profit as possible to the company.

After selling a total of 23 beds we will be at a break even point.

- Income from sales promotion for locals:

The normal price of the target sales by providing promotion sales during low season. Such as, a 20% off sales on the wooden pallets furniture to contribute to an overall income for the company. In other word, to profit maximize.

# Customer Relationship

When it comes to customer relationships it is all about what the customer's feeling towards your company and or product. Customer would like to feel satisfaction on buying a specific product and not feel like they have been taking advantage of. A satisfied consumer would lead to a positive customer relationship. Customer satisfaction is of utmost importance to us

and our company and that is why we emphasize positive consumer satisfaction that in return will also benefit the overall general public. We as a company will offer the consumers three main benefit when purchasing and using our products:

- Environmental conscience company
- Evidence and results of using company's product
- Variety of creative ideas including the company's product

- Environmental conscience

By providing recycled pallets and or furniture/items made from recycled pallets we offer our consumers an environmental friendly product that would contribute to less waste in terms of pallets in the environment.

- Result of company product

By providing and making products from recycled pallets, environmental footprint is reduced. By showing and providing results on how beneficial and good for the environment the products are, we offer the consumer an alternative in the sense that they are buying a product that is of quality as much as it is environmental friendly.

- Customization

We also offer and give the consumer the option to not only buy recycled pallets or recycled pallets items, but we also offer them the chance to create their own items from the pallets to their liking, which in return would result in more consumer satisfaction.

# Channels

As a company that its focus is on reducing environmental waste in terms of pallets, we would like to reach consumer from all angles, by promoting our company and its benefits. By promoting our company to a wide consumer segments with our purpose and goal we are sure to attract a large customer segments. We as a company plan on reaching our consumer and promoting our company through 2 strategic routes:

1. Social media

Social media has become a very effective tool when it comes to marketing and promoting, majority of the general public are on social media, in essence using social media to promote our company, product and purpose amongst other things are sure to be an effective strategy.

2. Partnerships

Partnerships with other companies such as flora or do it center with the aim goal of showcasing the company's product at those stores. Stores such as the Flora and Do it are regularly visited stores by the general public and it would be an effective method to get recognition and promotion for the company and its product and also an easy way to purchase the company product.

# Key Resources

The most important resource in the building of pallet furniture is the pallets itself, luckily these pallets can be obtained with little to no capital. Tools will be needed in order to manufacture the pallet furniture, furthermore, artifacts that can enhance the pallet furniture

are also require, these include: Lights, stands, paint, fabric. The pallets will have to be constructed in a adequate space, such as a warehouse or regular workshop. After the pallets itself the most important resource will be the talent needed to manufacture not only furniture, but works of art. Therefor skilled wood workers are of high importance.

## **Key Partners**

When making partners to a business there are some questions to be answered, for example: which partnerships are critical to our business, who are the critical suppliers and which partnerships will suit our needs. In our case, we will be upcycling pallets, therefore it is important for us to have a partnership with the companies that order their products from abroad in bulks or with containers; a few examples of potential partnerships would be freight or shipping companies, wholesalers (Pricesmart), cargo or trading companies.

Some company names are: IBC EXPRESS ARUBA, Ola Ship Supply, Complete Logistics, GP Cargo Services N.V., Interport Logistics Aruba, Freight & Logistics in Aruba, Viking Freight & Logistics Services Aruba, Compra Aruba N.V., Crown Furniture & Electronics, Romar Trading N.V.

Aside from these potential suppliers, we could source these pallets to other interesting partners like: E.P.I: Ciencia & Tecnologia (Bouwkunde) or art exhibitionists, as we collect and gather pallets, there will be some that are not suitable for our needs, we will be donating these to them where they can use them for educational purposes or hobby purposes.

## Key Activities

Upcycling is an emerging trend over the world and according to online creativity websites like Pinterest, pallets are at the top of the game. There are important questions to be answered when considering the key activities in a business, namely; based on the value propositions, which activities are key to our business? What kinds of activities are key to our distribution channels? What kinds of activities are important if we want to maintain our customer relationships?

Our competitive edge is the fact that we are collecting and upcycling pallets and transforming them into furniture of all kinds to diminish waste bulks and unnecessary clutter (at our local landfill for example) by using creative concepts and very minimal energy. The key activity here is upcycling.

We will be thoroughly inspecting the pallets for any hazardous or substandard substance, the pallets that are not of use to us, will be giving these away to the art exhibitionists and E.P.I.

After this process has been completed, we will be moving to the creative process where we will be analyzing the pallets we have and sorting them into categories:

popular sizes and grades for sale without repair, repairable pallets, pallets for dismantling, unwanted pallets and components to be ground into wood fiber.

And later converting them into furniture, afterwards, these will be sold to prospect customers at furniture stores like Flora market, Hagemeyer, or other furniture stores.

## Conclusion

House of Pallets will be an innovative company here on Aruba, with hopes of attracting not only environmentally savvy people but also those who are unaware of their environmental footprint. Pallet products could be sold relatively cheap since the key resource (pallets) cost little to no money. It is evident that skilled woodworkers/artist are required to manufacture the products thus labour might be one of the biggest expenses. The pallet products will be sold at the same locations where the pallets are seen as waste. Alliances with these companies(suppliers and distributors), such as the wholesalers, importers, supermarkets and warehouses are of outmost importance to the success of House of Pallets.

House of pallets will utilize social media to its fullest potential in order to reach the environmentally savvy and the people who just want something different. Have some peace of mind with our furniture, House of Pallets.