IIMB

तेजस्वि नावधीतमस्तु

IIMB Casebook and Industry Reports

2024-25

Volume 14 (a)

ICON – Consulting Club
IIM Bangalore

Copyright

Foreword

This casebook documents the interview experiences of the students of IIM Bangalore. The aim of sharing these experiences is to inform students about the case interview experiences of past batch and to help them prepare for their placements accordingly. The experiences listed below are not necessarily the best or the only way to handle case interviews. They only serve to give students an idea of what to expect when they walk into a case interview. Every individual could have his/her unique way of tackling consulting interviews, each of which could be correct.

This document has contributions from students who appeared for campus interviews conducted by consulting firms during the final placement process of the Batch of 2022-24 and summer placement process of the Batch of 2023-25. The interview experiences have been sorted based on the type of case, consulting firm and difficulty.

In this edition, to provide holistic preparation for the case interviews, we have included 18 industry reports as well. The aim of these reports is to provide a basic understanding of the industry's value chain, key performance metrics, current market trends and major drivers for cost, revenue and growth. Even though having industry-specific knowledge is not mandatory for case solving, having a basic industry understanding helps tackle case interviews better.

Team ICON wishes you the very best for your summer placements!

How to use this case book?

This edition of the case book presents a few additional nuances that can be used as follows:

- We have created a new section **'Best of the season'**. This section includes what we consider to be some of the best or most interesting cases. We recommend tackling this section once you've reached a solid level of preparation with the case method. The cases here may not be inherently challenging or unconventional, but they can be difficult to structure from the outset.
- We have also highlighted cases **N** (in the index page) which involve higher than usual level of **numerical analyses**. This is to specifically train for handling numbers while you proceed with your case analyses during the interview.
- The classic **easy-moderate-challenging** tagging to the cases is done in the index page. For candidates starting with, or at a decent level of preparation, you can read through the easy cases (on your own) and solve the remaining ones. For candidates new to the case method, we recommend focusing on the basics, starting with the simpler cases as you begin your preparation. We've found that outlining or structuring the case on paper while reading it on your own can be particularly helpful.
- All **industry reports** are compiled at the end of the casebook. Gaining a solid understanding of value chains and key industry terminologies proves useful more often than one might expect.
- We recognize that the casebook is quite comprehensive. We recommend focusing on building a strong foundation in profitability, market entry, and unconventional cases. However, since case interviews are becoming more dynamic, it may be beneficial to practice or at least review other sections concurrently as well.

All the best!

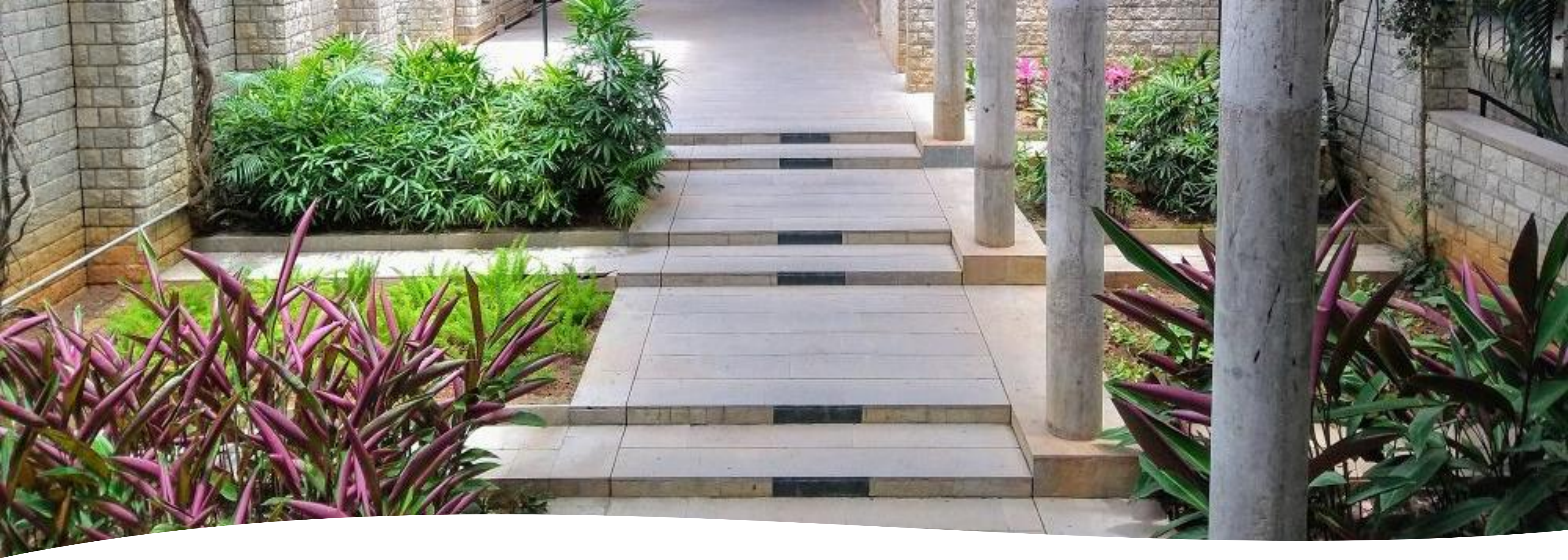
Contents (1/3)

N=Numerical

Contents (2/3)

N=Numerical

Contents (3/3)



Approach to Cracking Case Interviews

Introduction – Case Interviews

Case Interviews

- **Personality** based ques. (5 min); **Case** discussion (20-30 min); **Closing ques.** for interviewer (2 min)
- Know your CV well→ personality ques. are based on CV to break ice and getting to know you
- Case discussions don't have a predetermined answer. Evaluation is based on approach, exercising judgements and steering through the problem statement

Business Case

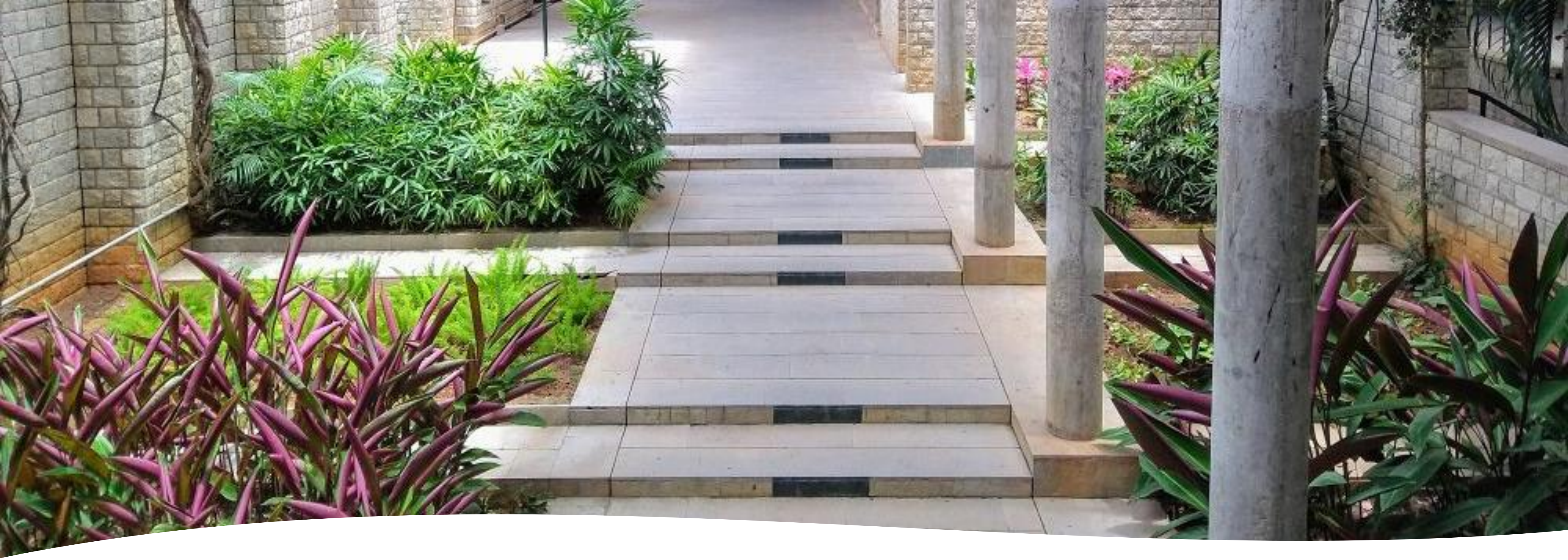
- **Real life consulting project**, that the interviewer was involved in → basis of case discussion
- Consult projects can vary from 2-3 months to even a year → condensed into minutes for interviews
- Provided as a 3-5 statement caselet introducing the client and problem faced by them
- Can be number based or strategy driven; guesstimates can be a part as well

Why Case Interview?

- Test the **ability to perform on the job** in a similar setup as the case-interview (consult-fit)
- Understand **thought process** of the candidate and capability to make decisions/ prioritize
- Put you **under same pressure**, like any consult project, to assess your poise, self confidence and communication skills (interpersonal skills)
- Drawing on personal experiences, if any, can come very handy – appreciated by interviewer

Introduction – Case Interview Process

Interview Stage	What to expect?	Skills Tested
Case Interview Question	❖ Interviewer tells about the **business problem** and objective ❖ Ask clarifying questions; ensure you heard the question correctly	❖ Ability to listen and synthesize
Developing the structure	❖ Ask for time to **structure** the problem at hand ❖ Come-up with a structured **MECE** approach quickly	❖ Structured thinking ❖ Communication
Case Analysis	❖ Use a **hypothesis** driven approach for case solving ❖ Ask relevant questions, use **80-20 rule** appropriately ❖ Case can get number intensive	❖ Problem solving ❖ Analytical skills ❖ Communication
Summary/ Recommendation	❖ **Summarize** the case with recommendations backed up by insights discovered in the case	❖ Creativity ❖ Concision ❖ Communication
Questions for Interviewer	❖ Opportunity to show **enthusiasm** towards consulting ❖ Ask relevant, non-generic question	❖ Consulting fit



IIMB Best of the Season
2024-25

Your client is planning to enter the Indian semiconductor Industry by setting up a semiconductor manufacturing unit. They have consulted you to advice them on how should they go about it.

Before delving into the detailed analysis, I would like to understand more about the client first. What is their current portfolio, where do they operate and do they have any experience in semiconductor business. Also, do they have any budget constraints. I would also like to understand their objective of entering the semiconductor manufacturing space?

The client has presence in the Indian market, but they do not have an experience in the semiconductor manufacturing. They have other businesses in India that are unrelated to semiconductors. They have sufficient budgets. They want India to be self-reliant in semiconductor space and that is the reason for their entry.

I would assume that the company would usually be selling to B2B customers. Is this assumption correct?

Yes, that seems alright.

I want to understand about the competition in this segment. How many players does the industry currently have, what is their market share and have there been some players who exited the market?

There are currently 4 to 5 players in this segment with almost equal market share. But there is huge potential for growth in the industry. There have been several companies that have tried entering the market but have failed.

I would begin my analysis by looking at market attractiveness wherein I will look at the market size, market share that the company can acquire, market growth and profit margins that the company can get. Next, I will look at the financial and operational feasibilities. Finally, I will analyze the risks involved. Does this approach seem alright?

The company has already checked the market attractiveness and it seems good to them. You can start with financial feasibility.

For checking the financial feasibility, we should first look at the sources of financing. But as we do not have any budget constraints, I would not investigate it any further. Additionally, I would look at the cost and the revenue streams and do a breakeven analysis. The revenue would majorly be from selling of the manufactured goods. The costs streams would include setup costs like land, machinery and other equipment and operating costs such as raw material procurement, employee's salaries and trainings, electricity and maintenance, storage and transportation and insurance. There might also be costs related to R&D, patenting and licensing. If we go with Joint venture, then there would be a revenue sharing model and that will have to be factored in while calculating revenue. Even though we have mentioned that our main objective is to make India self reliant, we would be having some profit targets and breakeven period in mind.

Sounds good. You can check the operational feasibility now.

For analyzing the operational feasibility, I will look at the complete value chain. This would include R&D, acquiring land and machinery and setting them up, hiring employees, arrangements for storage and transportation, setting up of customer care units and provisioning for buy-back.

Before starting with the operations, we need to look at the technology and design for the semiconductor chip that we need to manufacture. Either we can design our own chips or be in a Joint venture with other firms wherein we will just manufacture the chips and they will be responsible for the design.

While buying the land for the setup, we should look at the closeness to the raw materials and final market for sale, govt tax, licensing and environmental and sustainability regulations, and availability of cheap labour and supportive neighborhood otherwise there are chances of riots. While setting up the machinery we should look at the output of each machinery and the number of machines to setup. The machine setup should also be flexible enough to support the changes in the semiconductor industry as it is a very fast paced industry with rapid developments.

As they already operate in Indian market, they can leverage their relevant learnings while setting up this new business. Also, as mentioned initially, other competitors have tried entering but they have failed. So, we should try to reach out to them and analyze what could have been the cause of the failure so that they do not repeat the same mistake.

That seems comprehensive. Can you now analyze the risks involved?

There will be 2 types of risk, both internal and external to the firm. Internal risks include risks related to outdating because of innovation and changing customer preferences, design and operation compatibility and employees. As the industry is very fast paced, there is a possibility that we might not be able to keep up with the innovation and our R&D investment might not be able to give us the profits. Also, if customer preferences change suddenly, there are chances that we might not be able to handle them. Secondly, there is a possibility that the machinery might not be able to accommodate the technological advancements in the design. It might not be easy to find specialized employees when we are looking for cheap labour and there are chances of trained employees being poached by the competitor.

External risks include competition from cheap manufactures from countries like China, delay in receiving the patents, changes in govt regulations and difficulty in acquiring customers in case they already have some tie-ups with other players.

Fair enough. We can close the case now

Semiconductor Chip Manufacturer

Case Statement

- Client trying to setup semiconductor manufacturing in India.
- Objective is to make India self-reliant.
- What all should the player check before entering the market?

Interviewee Notes

- Focus on financial and operational feasibility and risks
- Design can be either through greenfield approach or through a Joint Venture

Structure/ Framework

- Market Entry
  - Market Attractiveness
    - Market Size
    - Market Share
    - Market Growth
    - Profit Margins
  - Financial Feasibility
    - Sources of Financing
    - Breakeven Analysis
      - Cost Streams
      - Revenue Streams
  - Operational Feasibility
    - Value Chain Analysis
      - R&D and Patenting
      - Land & Machinery
      - Employees
      - Storage and Transportation
      - Customer Care and Buyback
  - Risks
    - Internal
      - Outdating Tech and changing preferences
      - Design and Production Incompatibility
      - Skilled Employees
    - External
      - Competition
      - Govt Regulations
      - Acquiring Customers

Key Takeaways

- Use value chain to cover financial and operational feasibility. Go step by step and see costs and operational issues related to each.
- Pay attention to the interviewer's statements. Some companies faced difficulty in entering and that should be kept in mind during the analysis.
- Keep design and production compatibility in mind

Your Client is a Saudi Arabia based telecom company, looking to offer a telco score index by utilizing their data and AI capabilities. Assess the feasibility of this venture.

I would like to know a bit more about the client before I get started with analysis. What are the current capabilities of our client? What are their current offerings? What is their current position in the market?

The client is a telecom company that operates B2B with clients such as the government and B2C with postpaid and prepaid plans. They also have certain cloud, big data and cybersecurity capabilities. They are the incumbent leaders with 80% of the market share.

Thank you. Noted. What is meant by telco score? What exactly would it be used for?

It is an alternative to credit score. The client plans to use data such as sim card, phone type, location, bills paid on time, data package, click info etc to analyse the financial reliability

Who are the target customers for this product?

What do you think?

The target customers can be financial institutions such as banks. This score could act as an alternate reliability information for customers who do not have a credit score currently.

Yes, that is correct. Currently the info from credit bureau is free, but this information might not be there for all customers.

Are there any other players who are currently offering a similar score?

Yes. There are companies that buy data from telecom companies and are trying to develop such capabilities. However, our client is not selling their data to anyone.

I will now go ahead with the analysis. I will first go ahead with analyzing the market attractiveness and analyze the market size, followed by the operational and financial feasibility. Can I move forward?

Please look at the market size and pricing aspects alone.

Okay, to estimate demand I would first analyze the data we have in hand. For this I would consider the population of Saudi Arabia, divide it based on age and consider only the data of 18-65 segment, followed by income segmentation. For each income segment I would split the population based on those with and without credit score to understand the demand of data from financial institutions. Should I go ahead and calculate a rough estimate?

This is fine, you need not calculate the numbers. Suppose you calculated the numbers and found that the number of people with and without credit score is 10M and 5M. Would you expect this ratio to be consistent across income segments?

No, the ratio of people without credit scores would be higher in the lower income categories as they tend to not have credit information tied to them

Can you tell me the strategy you would follow to price this offering?

The pricing can be cost-based, competitor-based or value-based. Since we have no competitors, and our costs are mostly fixed, value-based pricing seems to be the most appropriate here.

Let’s assume they have already decided the pricing strategy. How would you quote the price to the institutions that come to you for data.

The price can comprise of two parts – a fixed component and an incremental component for each additional customer that they want the data for.

That sounds good. We can wrap up here.

TELCO Score Index

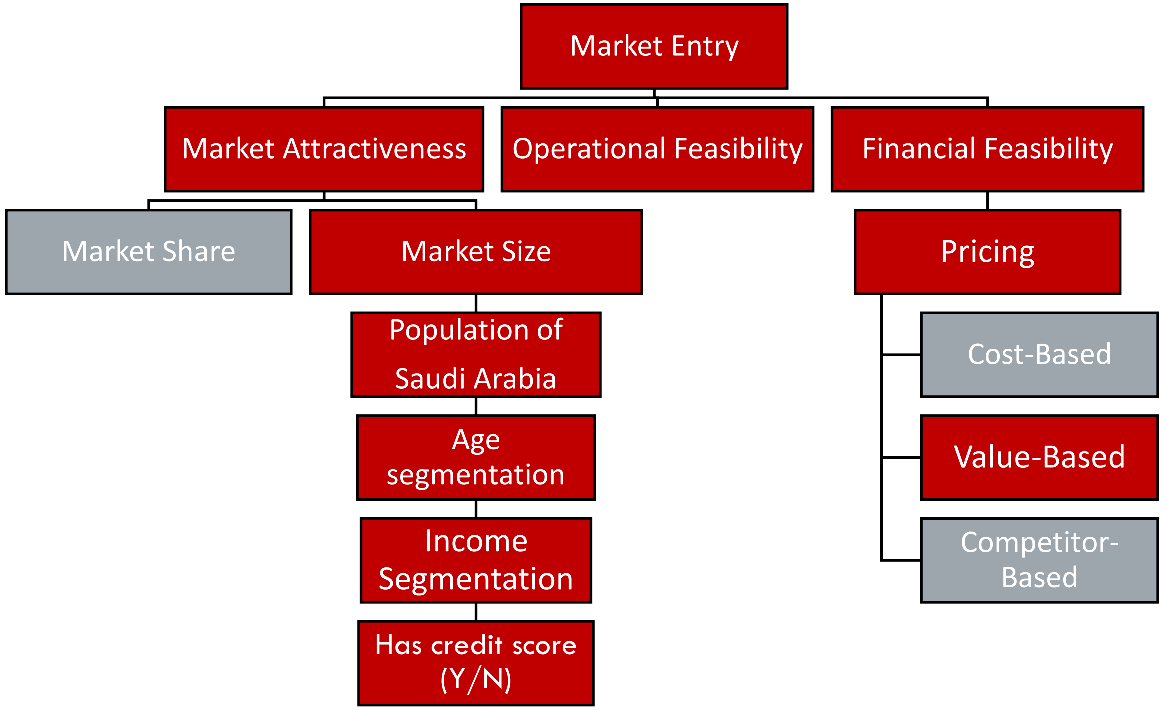
Case Statement

- Client is a telecom operator in Saudi Arabia looking to develop telco score, an alternative for credit score
- They want to analyze demand and pricing strategy

Interviewee Notes

- Incumbent leaders, 80% market share
- New AI based product – analyze feasibility
- Customers are banks and other financial institutions
- Banks come for data of particular customers which can be analyzed using sim and phone info.

Structure/ Framework



Key Takeaways

- Check with the interviewer exactly what needs to be analysed and calculated
- Give the approach for guesstimate to the interviewer before the calculations are done

Indian Domestic Airline

Your client is an Indian Airlines company, and they have recently been facing issues with decline in profitability. Identify reasons and make suggestions to turnaround the situation.

I would like to know a little more about the client such as its route coverage, its positioning with customers and about its competitors.

Sure, assume that client just operate flights between Delhi and Bangalore. Its customers value both experience and price and there are multiple competitors in this segment.

Okay, since when is the client facing the issue of decline in profitability and is this issue specific to client or is being faced by competitors also?

Client is facing the issue since last 6 months and this issue is specific to the client only.

Thanks, I believe that I have enough information to start on with this case. Profits could be estimated as difference of revenues and costs. Therefore, I would like to start with understanding how has revenues and costs changed since the issue started.

So revenues have actually increased but costs have increased by even a higher margin leading to a decline in profitability. Please start with analyzing the reasons why revenues might have gone up.

That's interesting to know! Different sources of revenue for an airline would be ticket revenue, F&B sales and other check-in services. Which of these have increased?

Ticket revenues have increased. Why might it be so?

Ticket revenues could increase because of no. of tickets sold or because of average ticket price. Which of these 2 have increased?

No. of passengers travelling have increased.

Okay, it could be because of increase in no. of trips or average occupancy per trip. What has increased?

Average occupancy has increased. What might lead to it?

It could be because of the increase in overall demand or increase in our market share where customers are preferring us more now.

Yes, it is because that customer preference has increased for us.

Customer preference for us can be because of internal and external factors. External factors would include any changes made by competitors in their service quality or ticket price. Internal factors would include any changes made by client to improve their service quality.

Good! Client has improved their service reputation with the customers and hence customers are preferring them more. Let's hold on to the revenue side and look at what might have changed at cost side now.

Sure, cost to airline could be analyzed across the value chain where important milestones could be marked as pre-flight, during flight and post-flight. "Pre-flight" would include major headers as ticket distribution and airport operations from airport entry till passenger onboarding. "During flight" would include flight operating expenses and F&B expenses. "Post-flight" would include flight maintenance and passenger support cost. Other than these, there would be employee salaries and other support costs required across the value chain.

Good, we know that flight operating expenses have increased. Which components do you think can lead to this increase?

Flight operating expenses would primarily include flight ownership cost(flight carrier can be purchased or leased) and fuel expenses. Has anyone of these 2 components increased?

Yes, we know that cost of the fuel component has increased. What could be the possible reasons for it?

Fuel costs can increase because of either increase in fuel consumption or increase in unit price of the fuel. Which of these 2 have increased?

Fuel consumption has increased.

Total fuel consumption depends on number of trips covered and fuel per trip. Further, fuel per trip depends on average distance covered per trip and fuel required per unit of distance. We earlier identified in the revenue analysis that total trips have remained same. Therefore, either avg distance per trip or fuel required per unit of distance has increased. Which of these 2 has increased?

Good! It's the latter which has increased.

Fuel required per unit of distance is a function of average aircraft fuel efficiency and average weight of aircraft. The weight can change either due to number of passengers (including crew) per fight, average passenger weight, average fuel weight, or average weights of the utilities, F&B on bord. Aircraft fuel efficiency could change because of ageing of aircraft or change of aircraft. Do we have any insights on these?

Yes, we have in fact identified that the reason for this is that flight's refueling process has changed. Earlier it used to fill up the tank to 50% of the capacity at both Delhi and Bangalore airports. But now they are refilling to 100% just at Delhi airport to cover for entire round trip which means that the average weight of fuel carried by the flight has increased leading to low fuel efficiency. This explains the entire reason of increase in costs. Now, going back to revenue side, can you think of reason(s) which might have led to increase in overall service quality?

Sure, since carrier is now re-fueling just at 1 airport, it might mean that overall fueling setup time has reduced which could lead to better time management in preparing flight operations and hence better customer experience.

Exactly! What would be your recommendations for the client?

In terms of fueling operations, the only way is to go back to the previous configuration of refueling at both airports but then it would reverse the benefit of improved customer experience which client got from the new configuration. Therefore, I would suggest client to keep up with the current system of refueling just at the Delhi airport and look for other ways to improve in profitability aspect such as additional revenue from tickets by increasing ticket price or additional revenues from other services.

Higher ticket price is also justified because of improved quality and customer experience.

Thank you. Good job!

Indian Domestic Airline

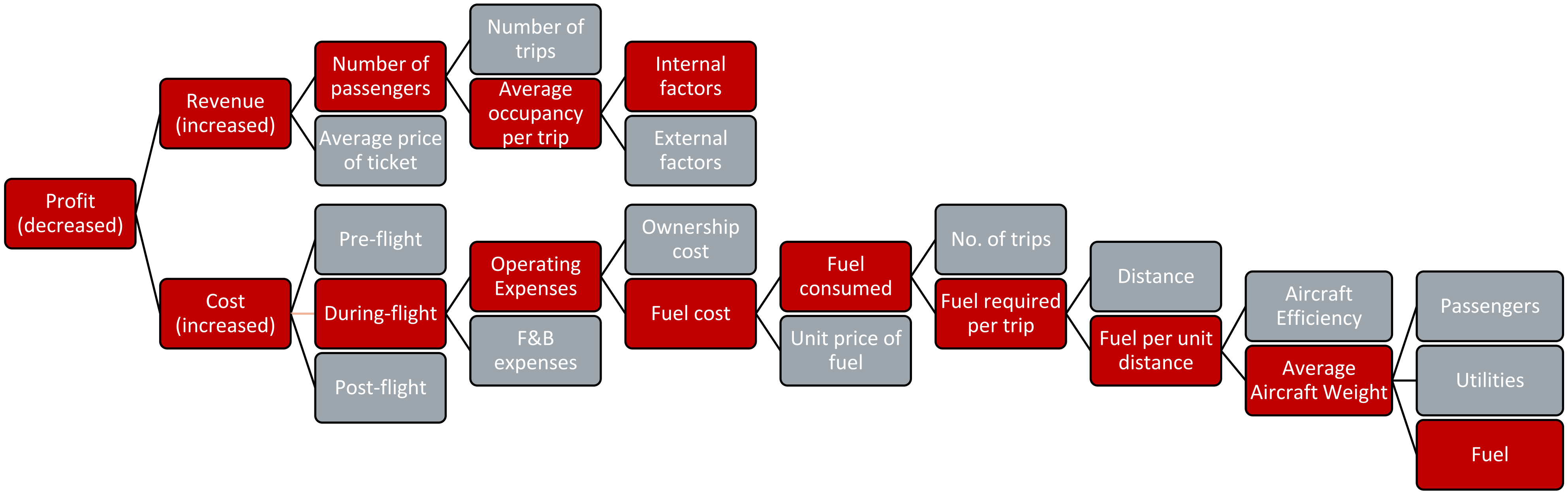
Case Statement

Your client is an Indian Airlines company and they have recently been facing issues with decline in profitability. Identify reasons and make suggestions to turn around the situation.

Interviewee Notes

- Flight operational only on 1 domestic route between Delhi and Bangalore
- Profitability issue since last 6 months. Issue specific to the client
- Both revenue and costs contributing to change in profitability
- Revenues increased but costs increased by a higher margin
- Revenue factor breakdown leads to internal quality improvement
- Cost breakdown across value-chain leads to higher fuel expenses

Structure/ Framework



Key Takeaways

- This case is slightly different where revenues are increasing. Double check with interviewer the understanding that revenue increase is being offset by cost increase, hence loss in profitability
- Try to break down each component such as ticket revenue or fuel costs into a mathematical equation, which ensures that no factor is being missed.

Second-Hand Car Company

Your client is a used car company. They are profitable however, there profit margins are lower than competitors. You are required to identify root cause & improve the margins

Thank you for the case. To start analyzing the case I would like to know more about the client. I would like to know operational geography, since when the client facing issue

The client is operational in Tier I cities. This problem exists since inception of the company.

Okay do we have any information about the business of the company and the product mix that the company offers? Do we know about the competitive landscape?

The company deals with all types of cars. The company buys used cars and then resells. There are 3-4 main players

Can you please provide information about the sources of procurement and reselling?

The client procures cars from 3 sources namely exchange counters, bank auctions, home inspections. Exchange counters are basically car showrooms which exchange the old cars for new cars that customers are buying for a certain discount. Home inspection are direct home visits to potential sellers. The third channel is buying cars from auction of cars confiscated by banks whenever owners default on loans. The company sells through online website as well as offline stores.

Okay so this is a company specific issue. Do we have any information about the percentage breakup of how much do we source from each of the 3 mentioned sources? Also, do we have similar information for the reselling channels?

The contributions of exchange counters, bank auctions and home inspections are 45%,40% and 15% respectively. The company sells 80% of cars through online and remaining through offline mode.

Okay to reiterate the case, our client is a used car company which is facing profitability issue since inception. It is operational in Tier I cities and it is a company specific issue. I have sufficient information for now. I'll ask for additional information if needed. Give me few seconds to restructure my thoughts.

Sure

Profit is function of revenue and costs. I would like to benchmark our revenues and costs with our competitors. Do we know if our revenues are significantly lower or costs are significantly higher than our competitors

Let's start with cost side, our costs are indeed higher than competitors in industry

I'll analyze the costs by focusing on the value chain. There will be procurement costs, maintenance costs, sales and administrative costs, marketing costs. Is there any other cost that I am missing out on? Do we have any information about how are these costs in comparison to the competitors

No, you are exhaustive with the costs. Client's procurement costs are marginally lesser than competition 's but the maintenance costs are much higher than other players.

Do we have any breakup of the total maintenance costs over the 3 sources of procurement and the profit margin of each source?

The profit margins are 10%, 7% and 20% for exchange counters, Auctions and home inspection respectively. The maintenance costs are much higher auction purchased cars as compared to other procurement channels

Interesting, the high. Maintenance costs of auction purchased cost seem to increase our overall cost as they constitute a large portion of our procured cars. Do we know what fraction of purchased cars for our competitors come from and why the maintenance costs are higher for this channel?

The competitors don't use this channel at all. The maintenance cost of these cars is usually higher because the overall process of auction takes 6-7 month and until then the confiscated car is parked in shed leading to maintenance related issues. Now let's focus on revenue.

Revenue is a function of number of units per store, number of stores and price per unit. I am not considering the product mix as the company deals with all types of cars. Do we know which of these two in comparison with competitors?

The issue lies with the number of units sold per store. It is lesser than the competitors.

Understood, the number of units sold per store can be an issue from demand side or supply side. Which side should I focus on?

You can focus on the demand side

I would like to divide the customer journey into phases, pre-purchase, during purchase and post-purchase. Pre-purchase would include factors like awareness, brand value, accessibility of stores etc. During purchase phase will entail in-store service, car quality, added services, experience of salesperson, etc. Post purchase will include after-sales services. Do we know if our client lacks in any of these aspects?

The competitors have stores operating in major shopping malls of the city, which helps them attract more crowd. Can you think how the business model will work in a mall setting? The customers have also complained about the product mix of cars that our client offers

Usually, the stores will need huge parking space to house cars of multiple brands and variants. If the competitors are operating out of mall, they are either only displaying limited variants in their store or renting out the parking space of mall to park the cars. In either cases, the client can choose to replicate and copy the same business model to attract more crowd

That's correct. The competitors are renting out the parking space of malls. What suggestions would you give to improve the product mix?

To improve the product mix, client can look at what competitors are selling, we can also look the data of best-selling cars 3-5 years ago which will be available in second-had market today. We can also reply on customer reviews and preferences to collect right mix.

Sounds great, Lets synthesize the case?

Sure. We learnt that even though our client is profitable, their profit margins are not up-to the mark as compared to the competitors. The major reason being higher costs of maintenance and lower sales per store. Client can focus more on Home inspection channel for procurement as it's the most profitable option. They should either reduce the procurement from bank auctions or stop it all together. The accessibility of stores can be enhanced by opening stores in malls, doing aggressive marketing. Client can also focus on online mode of selling as it will also compliment the home inspection channel. Lastly, client should focus on improving the product mix of the cars available for sale.

Perfect, we can close the case here.

Thank you so much.

Second-Hand Car Company

Profitability | Challenging | Bain & Co.

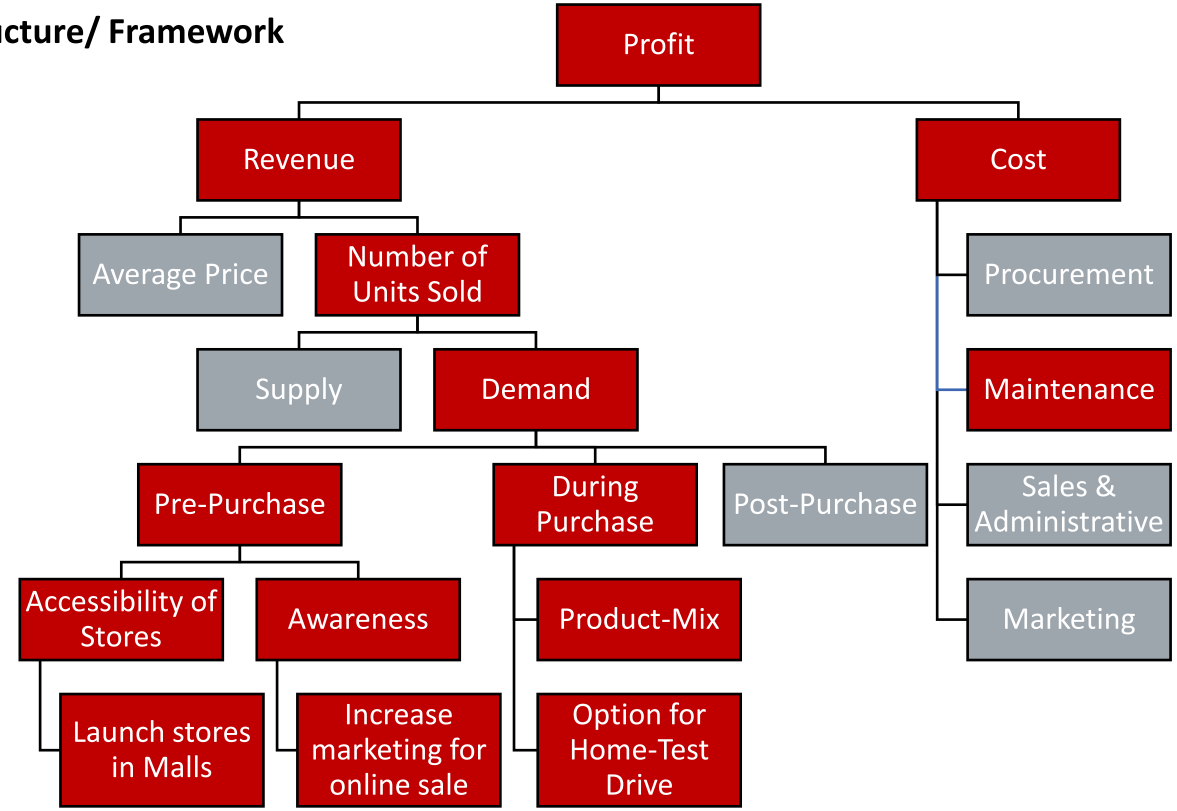
Case Statement

- Your client is a used car company. They are profitable however, there profit margins are lower than competitors. You are required to identify root cause & improve the margins

Interviewee Notes

- Client has lower Profit margins as compared to competitors since inception
- There are three channels for procurement of cars.
- Home inspection is most profitable whereas Bank auction is least profitable due to high maintenance costs
- Competitors are not pursuing bank auction channel
- The sales per store is less for client as compared to competitor
- Competitors enjoy high store footfall as they operate in malls
- Customers have complained about product mix that client is offering

Structure/ Framework



	Procurement	Maintenance	Profit Margin
Exchange Counter	High	Medium	Medium
Bank Auctions	Low	High	Low
Home Inspection	Medium	Low	High

Key Takeaways

- The case is completely based on competitor benchmarking at each step. As the client is already profitable and there are no recent trends in profitability of client. The questions asked and profitability framework must be adjusted accordingly for such cases
- Whenever there are multiple procurement/selling channels, the relative costs, profits and margins must be analysed by using a deaveraging approach and studying each channel separately.

Industrial Equipment Manufacturer

Your client manufactures industrial equipment like compactors, compressors and boilers. They want to establish an after-sales service unit in the next 3-6 months to generate stable revenue flows. Their clients are mainly present in India and have no major competitors. Currently, after sales is done by third parties. What functions would be required for this new team?

Before staring with solving the case I would like to ask a few questions. Is that fine?

Yes, please go ahead.

How does our client sell their product? Is there a dedicated person for every client or is it done by normal marketing team. Also, I believe our engineering team would go to the client site to install the equipment, am I correct in my understanding?

Good questions. We don't have a dedicated person for each client and yes, our engineering team goes and installs equipment at client site.

Okay, so for solving the case I would like to take the approach of customer journey by evaluating what will be the different touch points a client would have while availing the services of after sales maintenance team.

Sure, sounds interesting. Please go ahead.

Firstly, their needs to be a marketing team, so that customers can know about this after sales service. Then, a customer relations team for onboarding new customers. After this we need a team for setting up contracts about how this service can be availed, for e.g., there might be some Annual Maintenance Contracts. Next, we would need a team for handling incoming requests for services. Then, since our engineers need to go to client site, we would need a team to look after their accommodation and travel. Then, obviously we would need a team of engineers to actually carry out the work. Lastly, we might need a team to follow up and take feedback.

This was a comprehensive approach. So, out of all these teams which three teams would you like to prioritize to be setup first and why?

Is there any basis or constraints that our client has in mind for setting up new teams?

No, there is no such constraints. You need to come up with your own criteria for prioritization of teams.

I would like to first prioritize teams for which we need to develop new capabilities. Since, this is a service we are selling and not a product we would need to have some differences in our marketing campaign and so I would be prioritizing Marketing team. After this, our Onboarding team would need to have some technical expertise too, but I think that would be present in our current team as well. After this, setting up contracts would be a new and important part so I would be prioritizing this team as well. Then, in the initial phase I think that requests for services can be handled by the Onboarding team and we would already have a team to look after the travel. Lastly, I would like to prioritize the dedicated engineering team since they would be doing actual repairing work and won't be involved in manufacturing of new equipment.

This seems like a fair approach. Let's crunch some numbers now. Let's say we need to onboard 50 new customers every month. For each employee of marketing team there is a 90% chances of failure in getting a new customer. If an employee can reach out to 100 new prospective customers in a month, how many employees would be needed in the marketing team.

Can I take a minute to think through this problem?

Sure, please take your time.

Let's say the number of employees is 'x', the success rate is 0.1 and the number of customers reached out to is 100. So, the RHS is "x*0.1*100". We need to onboard 50 new customers every month so LHS would be 50. On equating LHS and RHS we get 'x' as 5. So we would need 5 employees in marketing team.

Yes, that's correct. We can close the case now. Well done!

Industrial Equipment Manufacturer

Growth Strategy | Challenging | McKinsey

Case Statement

- Client is an industrial equipment manufacturer who wants to setup an after-sales service unit
- Objective is revenue growth. Currently, done by third parties.

Interviewee Notes

- Use customer journey approach to evaluate all the teams needed
- Prioritize teams which require new capabilities.

Structure/ Framework

Teams Required

- **Marketing**
- **Onboarding**
- **Contract Making**
- **Customer Relations**
- **Travel**
- **Engineering**
- **Feedback**

Teams Prioritized

- **Marketing**
- **Contract Making**
- **Engineering**

Employees Required

- **Success rate for each employee is 10%, hence, each converts 10 customers. So, 5 employees are required.**

Key Takeaways

- No conventional framework can be used
- All the preliminary questions already answered so need to start solving the case right away.
- Be comprehensive in thinking about the customer journey and criteria for prioritising teams

Defence Sector

Your Client is Defence Sector of India and wants you to suggest measures to increase export volume by 10 times.

Okay, I have some preliminary questions to understand a few things about the client and problem statement. So, are we talking about defence items manufactured by the Government sector only? If yes, what are the items currently exported by India?

Yes, we are talking about govt manufactured items only. The Indian govt manufactures a lot of defence equipment but they want you to increase exports in electronic sensors field.

So, what are the different use cases of electronic sensors in defence sector and who are our chief importers?

Electronic sensors are used in battlefield surveillance system, missiles, missile detectors, radar technology and there is a plethora of other use cases. Our chief importers are Southeast Asian countries, Africa and Italy.

Great to know this. Also, I would like to know does our client have any timeline in mind as to when do they want to achieve this target?

Yes, The client wants to achieve the target in 3-4 years.

Now, I would like to understand how does the client make exports deals? Is it done at the ministry level only, i.e. only with the govt of other countries or do we strike deals with the companies also?

Great question. So, we strike deals with both the private companies and governments of different countries. Now can you tell us how would you approach this problem.

First of all, I would like to break down export volume as product of number of countries and average export volume per country. I would like to further break down average export volume into average export volume ordered by companies and export volume ordered by government. Then I would like to first analyze how we can increase the number of countries we are exporting to and later analyze how we can increase our average export volume. Should I go ahead with this approach?

Yes, Go ahead.

Now to increase the number of countries, we need to first understand the market of sensors in different countries: the chief competitors, whether they are powerful enough to create entry barriers, the countries we have good trade relationship with, the countries that are still untapped and how we can penetrate those countries. Understanding the above questions will give us an idea of what are the countries we can target. After that we can understand the reasons why these countries were not penetrated.

What do you think can be the possible reasons? And how can you solve them?

The main reasons can be affordability of the items exported and demand of those items in the target countries. There maybe some untapped countries in south Asia and Africa where can extend our export line of credit to make the items affordable and hence enable them to participate in trade with us. As per the demand part, as our product is electronic sensors, these are not only used in manufacturing new equipment, but these are also used to upgrade the existing defense equipment, so we need to understand whether the target countries make use of such equipment and tap those countries either through our diplomatic relationship or striking deals with the companies.

Good points. Now go ahead with the average volume part.

Now, there are two aspects to it, first one is increasing % share of our exports to the countries where we are already exporting, and the other aspect is whether we can increase the overall volume of export of electronic sensors to these countries. Moving forward with first aspect, we can increase our share of exports by providing some incentives related to volume, setting up bilateral trade agreements, new product development in sensors field and understanding differentiation in product technology provided by our customers. We can also tap companies like Dassault Systems and try to establish trade relations with such companies as these companies are present in many countries, this will help increase our presence in many countries. Should I analyse this aspect more or move ahead.

No, you have covered all the major points. Now you can close the case with your final recommendations.

So, to increase the exports of electronic sensors in defense sectors, we discussed how we can increase the number of countries by extending the export line of credit and penetrating untapped markets by establishing trade relations. Further, we discussed how we can increase the average export volume by providing incentives, developing new products, and setting up bilateral trade agreements. We also discussed possibilities of establishing trade relations with big companies like Dassault.

Defence Sector

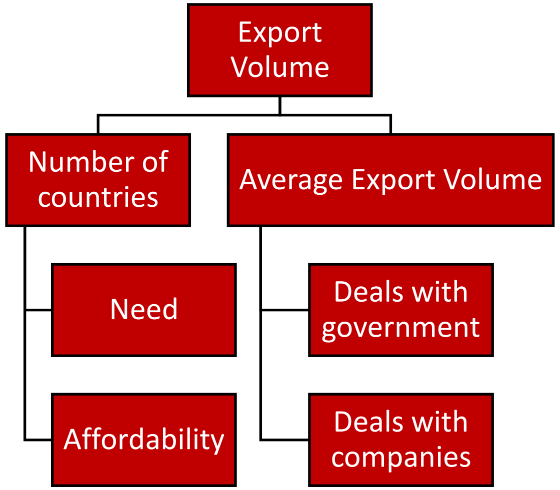
Case Statement

- Your Client is Defence Sector of India and wants you to suggest measures to increase export volume by 10 times.

Interviewee Notes

- Govt trades defence equipment with both countries as well as companies
- Export volume is a product of Number of countries and Average export volume.
- Trade relations play an important role in increasing export volume with any country.

Structure/ Framework



Key Takeaways

- In an unconventional case, try to ask many questions to understand the problem statement and identify the specific place to target.
- Take time to break down the headers into buckets to simplify the case.

You are a lawyer representing a firm where there has been a recent accident leading to death of one of the employees. The employee was a crane operations and maintenance engineer, who passed away within the premises. As of now, you have convinced the family members of the deceased for an out of court settlement. We need your help with strategizing the reparation for the settlement.

That is an interesting problem statement. Just to reiterate the objective of the case, we need to come up with the reparation amount for out of court settlement. I'd like some time to think through the problem and clear any details before delving deeper into the case, if that's okay.

Sure, go ahead!

I'd like to begin by understanding more about the accident. Since it happened within the premises, my understanding is that it intensifies our liability more than a normal scenario. Do we have any information on how exactly the accident happened?

An employee reported malfunctioning of the crane to the maintenance engineer, who then proceeded to undertake the maintenance operations. He tested the crane, post which the mishap occurred, and the crane crashed into the cockpit.

Understood. And do we have any evidence of the accident happening this way, as well as details of the malfunction reported. Also, it's interesting that you mentioned that the engineer first tested the crane post repairing. Do we have any information on those tests? Additionally, are malfunctions like these common in the firm?

Good question! There is a CCTV footage which has captured how the accident took place. As for the documentation, there is a signed work permit which reports the details of the malfunctions along with the name of the deceased person who's responsible for undertaking the repair work. Additionally, there is a signed slip mentioning the testing undertaken, signed off by the safety engineer.
As for the frequency of such happening, this is the first time in last 3 years a fatal mishap has happened.

And what is the motivation behind out of court settlement, my answer-first is to avoid bad press. But anything else other than that?
On similar lines, how do I convince the family for an out of court settlement in the first place?

You are right, we want to avoid bad publicity. Additionally, the employee was working at the firm for 7 years, and we do not want it to be an argument in the court with the family, out of courtesy.

So, my assumption based on this is that the objective of the reparation and settlement is not to save costs, but to fairly compensate the family?

That is correct. That is enough discussion for now, let's start on the strategy part. How would you like to proceed?

How I am thinking of solving this is to bucket various compensation the firm should give to the family and calculate the same. I have identified the following levers for the same:

1. Monthly earnings of the employee for the rest of working life and pension post that.
2. Some sort of mark up over this to convey our condolences to the family (and protect downside risk of bad press).
3. Financial support to the family members for sustenance.

I would triangulate this amount with any benchmark basis similar settlements in the past. Finally, I would want to calculate my costs of undertaking the settlement and deduct it from the above amount.

That seems comprehensive. Let's ignore the pension, costs and benchmarking. Why don't we start with earnings. The employee was 40 years old and would work till 60. He was currently earning 75K per month.

Based on those, the total earnings come out to be 20*12*75K. Are we making a one-time payment or monthly payments?

We will make a one-time payment; how will you calculate that? Also, are you sure about 75K?

Correct, I missed the increment in salary. Do we have any information there?
And for one-time payment I would want to calculate the Present Value for this amount.

The employee would get promoted every 4 years with a 20% increment. How will you factor this in? just walk us through your approach, we don't need to undertake the calculation.

Right, so that is 4 promotions. I will use a growing annuity formula with discount rate equal to the average inflation expected over the period. I am not sure if I remember the annuity formula entirely right now.

That is fine. Do you think we should pay all of this amount, or some percentage of it? What do you think will be the factors that determine that.

Hmm, so ideally, we should pay the whole amount. But that implicitly conveys that we take 100% responsibility of the incident, which might not be in the firm's best interests.
I'd suggest marking down this figure by some percentage, basis the following factors:

1. Lobbying capacity of the employees, if they are unionized against the incident that would create a problem.
2. Credibility of the evidence present and where the burden of responsibility falls.
3. Track record of the employee on the job, performance scores, etc.
4. Track record of company in such incidents, which as discussed, are rare.

Great! So, it turns out that the testing was not done by the employee as comprehensively as the rules suggest. However, we have noticed that the same is the norm amongst on-floor employees. Let's move on the second lever. What information do you need?

For condolences, I want to bucket into two parts:

1. Emotional support and costs for funeral.
2. Basic survival for the family members like wife, kids, parents. This would include housing (if they are on rent), education for kids, and health insurance.

The employee has a wife, and two kids of 13- and 10-years age. The wife is a BA graduate working as a receptionist for 30K per month salary. We provide housing quarters in which the employee and his family had been living. We can ignore health insurance.

Let's look at the kids' needs first. Since they are quite young, is there a way the company can provide for their school education. That would put out a good word in the press. Since the wife is already working and we are remunerating for the husband's lost income, I don't think there is a need to do anything there.
As for housing, we can allow the family to continue living there.

The firm operates school as well as college under CSR. We can consider that. Good insight on not remunerating extra to the wife since her earnings are not affected. Let's look at the monthly earnings for the deceased employee once again. Do you think we should analyze anything else?

Give me a minute to think through it.
I am not able to identify anything we might have missed. Is there anything you'd want me to focus on?

Have you heard of this term called moonlighting?

Oh, that's right. I missed any side income. Do we have any information there?

The employee was a drummer in a band and was earning 15K per month for gigs. The band has a following of 10 Lacs on Instagram. Do you think we should pay this amount?

Given the band has such a high follower base, we do not want bad press or any upheaval, we should ideally at least compensate the band for a missing drummer. This will help us get their support as well and protect the downside risk of getting any bad press. For the 15K remuneration to the family, we can decide on that basis how the family responds to the initial settlement.

That will be all. All the best!

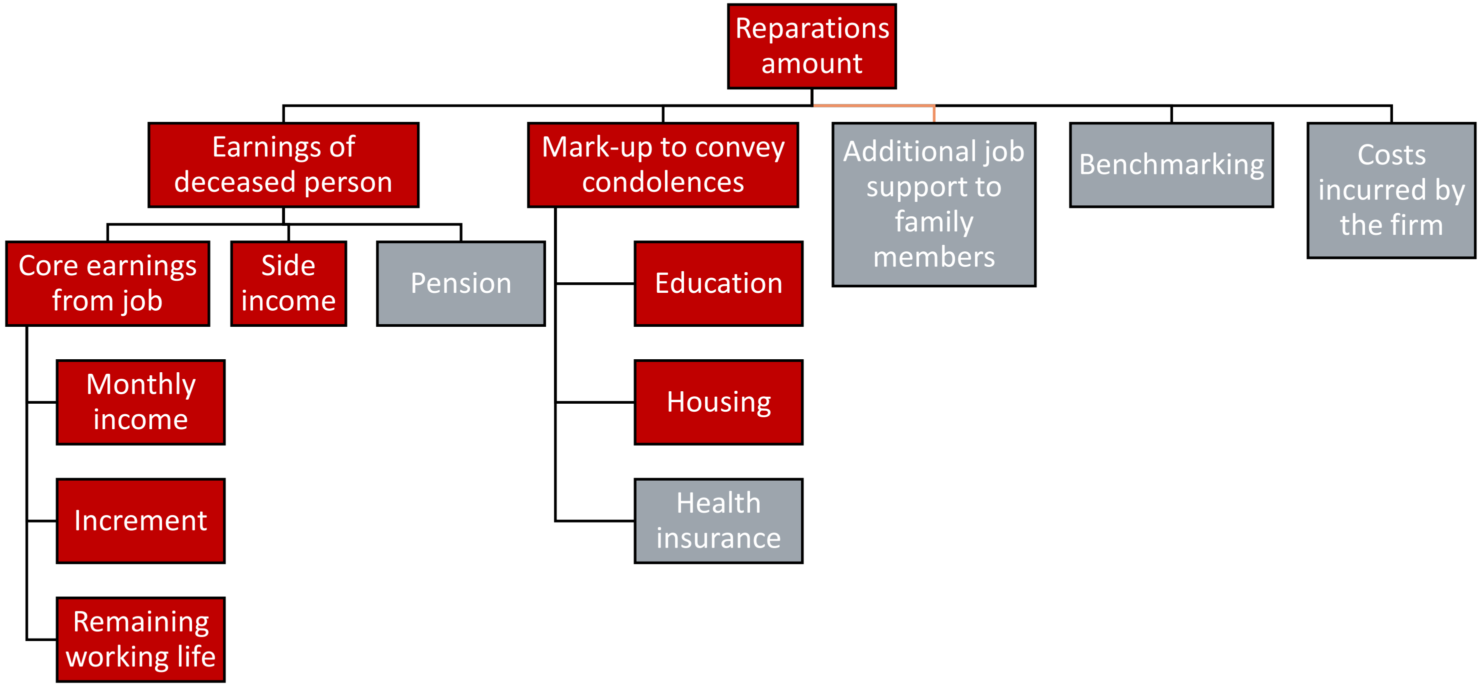
Case Statement

- You are a lawyer who's representing a firm which recently witnessed an accident that led to the death of one of their employees.
- Strategize on how to come up with the out of court settlement/reparations amount

Interviewee Notes

- Objective: Out of court settlement is to save on bad press and any retaliation from family, other workers, etc.
- No need to negotiate the least possible amount, but to keep it fair
- Evidence suggests that the accident is not entirely the firm's fault
- Monthly earnings are core earnings from job plus any additional income

Structure/ Framework



Key Takeaways

- The case is unstructured. It's important to comprehensively do the preliminary questions to single out the case problem. But more important is to frame every question with an insight of your own so that it gives you some points while you are losing on interview time
- Preliminary question could've included questions about what the firm does. But it did not seem particularly important here to the problem
- For cases that are on the longer side, it is important to keep the interview more on the conversational end to keep the interviewer engaged
- Keep highlighting the answers from each bucket, for times when you need to summarise or troubleshoot in the middle of the case and buy time

You are the Chief Sustainability Officer of an FMCG major based in India. The board of the company has asked you to come up with a short-term and long-term sustainability strategy.

This is an interesting problem. Before we delve deeper into the case, I would like to ask a few preliminary questions about the FMCG company.

Sure, please go ahead.

I would like to understand what business the FMCG major is in. Additionally, to narrow down my solutions, I want to understand what exactly do we have in mind when we say 'sustainability'. Can I assume it means reducing carbon emissions? Lastly, I want to understand the specific time frame when you say short-term and long-term.

Our FMCG company is into food processing and manufacturing. And yes, you may assume that the objective of sustainability strategy is to reduce carbon emissions. By short-term, you can assume current financial year and for long-term we are looking at a time horizon of 5 years.

Great, do we have any data on current amount of CO_2 equivalent emissions for our client? Also, where exactly does our client lie in the value chain? I assume that the value chain consists of farmers, raw material aggregators, manufacturing, distributors, and retailers.

The emissions for our client is currently 1.5 Mn metric tons of CO_2 equivalents annually. Your assumption around the value chain is correct, you can further assume that our client only operates on the manufacturing part of the value chain.

I would also like to understand that as the chief sustainability officer, am I looking at reducing the carbon emissions only at the manufacturing end or across the value chain of the product. This will help me understand if I need to bring value chain partners onboard. Additionally, do we have any information on carbon emissions across different parts of the value chain. If there is a major CO_2 contributor in our value chain, I will focus there first to reduce overall emissions.

Great set of questions. We want to reduce emissions across the value chain to achieve low emissions per product. 30% of emissions come from farmers and raw material aggregators, 10% from manufacturing, 15% from transport, 20% from retail and the rest from storage.

Thanks for sharing this data. I think I am in a good position to start solving this case. As the emission contribution across the supply chain partners is comparable, we will have to coordinate and incentivize our supply chain partners as we formulate this strategy. I can begin by listing down different strategies to reduce carbon emissions at each stage of the value chain.

That approach sounds fair. However, I would want you to look at it from the different stakeholders' perspective as well.

Sure, I would classify my stakeholders into shareholders & lenders, customers, the government, value chain partners, and the company employees. Do you want me to focus on any specific entity while formulating the sustainability strategy?

Let's focus on the customers, shareholders/lenders, and the government.

Great, I will start with the **customers**. For the customers, I want to factor in the growing market of green customers who want to know the provenance of the products that they consume and the overall emissions per product. We can explore setting up a central monitoring entity in the supply chain which will log carbon emissions at all touchpoints as units flow through it.

Next, for the **shareholders**, there is a growing market of impact investing where investors look at ESG criteria while evaluating investment returns. They can also benefit from the visibility of total carbon emissions per product.

As for **government** regulations, we can factor in the cap-and-trade regulations which are being implemented in a lot of states. This will mean our company can sell emission rights if we stay below the emission limits and this would help us boost the bottom line as well. Tesla makes a lot of money by selling carbon credits this way. These are all essentially long-term approaches; shall I move on to some quick wins we can have this financial year?

Great suggestions. You're right, Tesla makes a significant profits by selling carbon credits. As we are running out of time, we can close the case now. Thank you.

Sustainability Strategy for FMCG

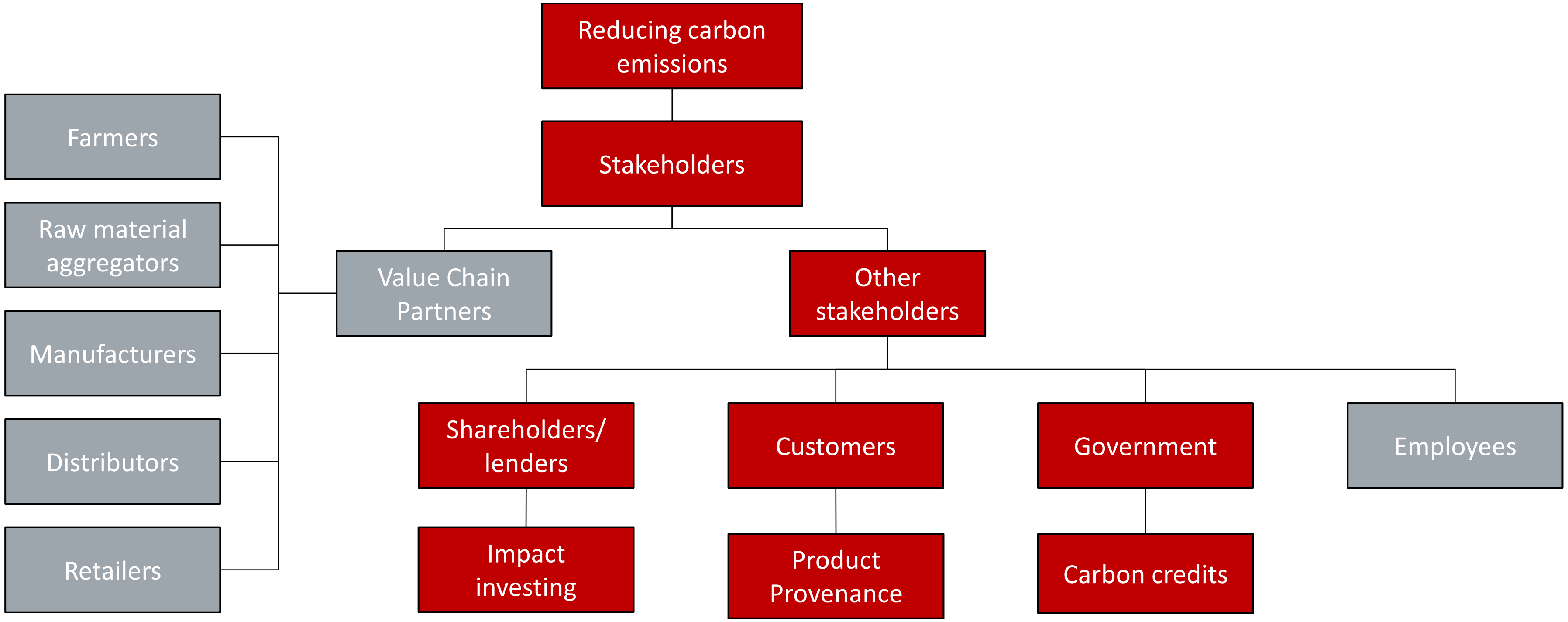
Case Statement

- FMCG food manufacturing company
- Chief sustainability officer
- Devise sustainability strategy for the short and long term

Interviewee Notes

- Emission split is even across the value chain, will require a wholistic approach
- Devise strategy based on interests of stakeholders

Structure/ Framework



Key Takeaways

- Ask the right questions: What is sustainability? What is short term and long term?
- Real world examples like that of tesla and carbon credits were appreciated by the interviewer

Your client, a packaging company, is currently manufacturing cardboard packaging for a whiskey manufacturer. The whiskey manufacturer plans to launch a special edition, Brand X, with potential high demand during the upcoming IPL, pending a promotional tie-up. The client's production capacity is sufficient for normal demand but falls short for the anticipated increased demand due to IPL. To address this, the R&D team suggests purchasing software from Taiwan that can enhance production capacity and reduce unit costs. However, this option comes with a substantial annual fee and potential installation delays. If the installation is timely, the client can meet any demand; otherwise, only partial demand can be fulfilled. The alternative is outsourcing production to a Chennai-based supplier, which is more expensive than in-house production. A decision must be made immediately between investing in the software or outsourcing production.

Before delving into the analysis, I need additional details about the client's production capacity, costs, and the regular as well as anticipated surge in demand due to the IPL tie-up. Additionally, could you provide specific data points regarding the annual fee for the software, the cost per unit in the case of software installation, and the corresponding figures for contract manufacturing?

Sure, the current production capacity is 15 million units, with a normal demand of 10 million units. However, due to an IPL tie-up, the demand is expected to rise to 20 million units. The current cost per unit is Rs 25. If the software is installed, the cost per unit will decrease to Rs 15. Alternatively, contract manufacturing has a cost per unit of Rs 27. The selling price remains constant at Rs 30 per unit in all scenarios. Annual fee of the software is Rs 90 million. In case of software installation delay, patrial demand of 8 million units can be met.

Considering the IPL tie-up's uncertain nature, I'd like to understand the probabilities associated with both the occurrence and non-occurrence of this event. Additionally, could you provide insights into the likelihood of a delay in the software installation?

The probability of the IPL tie-up occurring is 60%. Regarding software installation, there is a 75% likelihood of encountering a delay.

Right. I think I have all the information that is needed to make the decision. So, I would like to take a minute to think and come up with an approach to solve this problem.

Sure, take as much time as you need.

Alright, I have decided to split the scenario in two parts/decisions. We can do two things in this scenario:

1. Software installation
2. Contract manufacturing

We can check the expected revenues via both the decisions considering all the probabilities (IPL tie-up and delay in software installation) and then choose the one which gives the highest expected revenues.

Alright, that seems a good approach. But are you sure there are only two things that you can do?

Umm, I would like to think for a minute and check if there's any other possible way that can be taken here.

Yes, please do. Think about all the possible scenarios or decisions that you would be able to take if you were in place of the packaging manufacturer.

Alright, there is a third option as well. We could decide to do nothing and continue our operation as usual. Even in case of increase in demand due to IPL tie-up, we can continue supplying with current production capacity.

Correct. Now you can go ahead with your calculation and run me through the approach

Alright. I have made a decision tree with three options:

1. Do Nothing
2. Software installation
3. Contract manufacturing

Under each option I have again added two branches: Normal demand and High demand (due to IPL tie-up)

In case of software installation, I have further added two branches: Delayed installation and Timely installation. This completes our decision tree. Now, we can consider the profits in each of the branches and calculate the expected profits for all three options and choose the one with highest expected profits.

Good. That sounds like a correct way to go about it. Could you please do the calculation and let me know what decision you would take?

Sure, just give me a minute. I'll run you through each part

Do Nothing: There are two potential outcomes: Normal demand and High demand, with probabilities of 0.4 and 0.6, respectively. To calculate the expected profits, multiply the profit per unit by the number of units for each case. For Normal demand, it's 10 million units, and for High demand, it's 15 million units. By multiplying the probabilities and summing the result we get final value for the expected value as 65mn.

Sounds good, let's analyze the other two decisions as well

Software Installation: Dividing into Normal and High demand branches, each with probabilities of 0.4 and 0.6, respectively. Further breakdown for each includes the possibilities of delay (probability: 0.75) and on-time installation (probability: 0.25). If there's a delay, production can meet 8 million units for both Normal and High demand. Conversely, with on-time installation, we meet the actual demand: 10 million units for Normal and 20 million for High demand. We need to subtract 90 million as the annual fee in each case. By multiplying the probabilities and summing the result we get final value as 60mn.

That's right. What about the contract manufacturing option?

Contract Manufacturing: Considering two outcomes, Normal demand and High demand, with probabilities of 0.4 and 0.6, respectively. As we are making the decision now, we have already placed an order for 5 million units to meet potential high demand, which cannot be canceled. Consequently, in the Normal demand scenario, our in-house production would be 5 million units (10-5), and in the High demand scenario, it would be 15 million units (20-5). By multiplying the probabilities and summing the result we get final value as 60mn.

Makes sense. Now that you have analyzed all three options, what do you think is the correct way to go ahead?

Upon calculating the profits for each scenario, we find expected profits of 65 million in the first case, 60 million in the second case, and 70 million in the third case. Therefore, my recommendation for the client is to proceed with Contract Manufacturing.

Great, I think we can close the case now. Good job.

Packaging Manufacturer

Case Statement

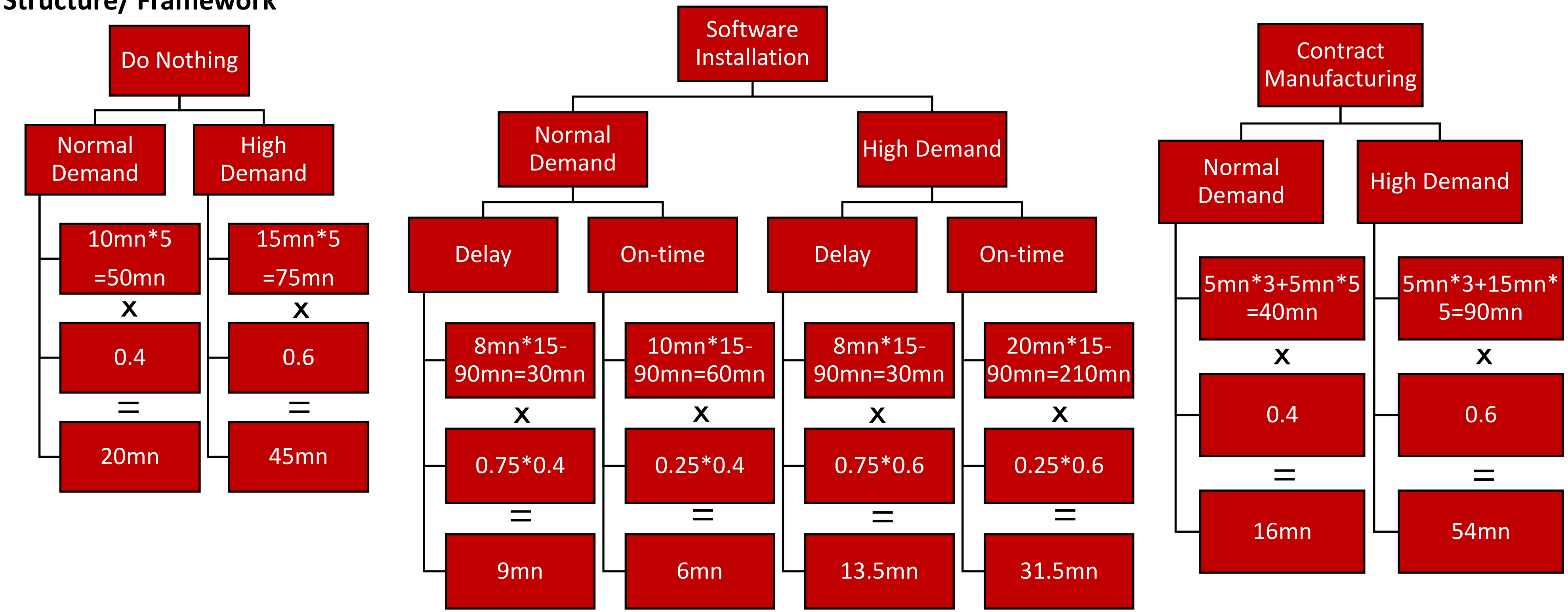
- Packaging company supplying cardboard packaging to a whiskey manufacturer
- Decision dilemma: opt for software installation (with potential delays) or opt for contract manufacturing to meet anticipated high demand
- Uncertainty in demand: High demand contingent upon IPL tie-up probability
- Capacity challenge: Software installation can address production constraints, but concerns about potential delays and associated costs
- Contract manufacturing is an alternative, albeit at a higher unit cost

Interviewee Notes

	Current	Software	Contract Manuf.
SP/unit	30	30	30
CP/unit	25	15	27
Annual Fee	0	90 Mn	0
Profit/unit	5	15	3

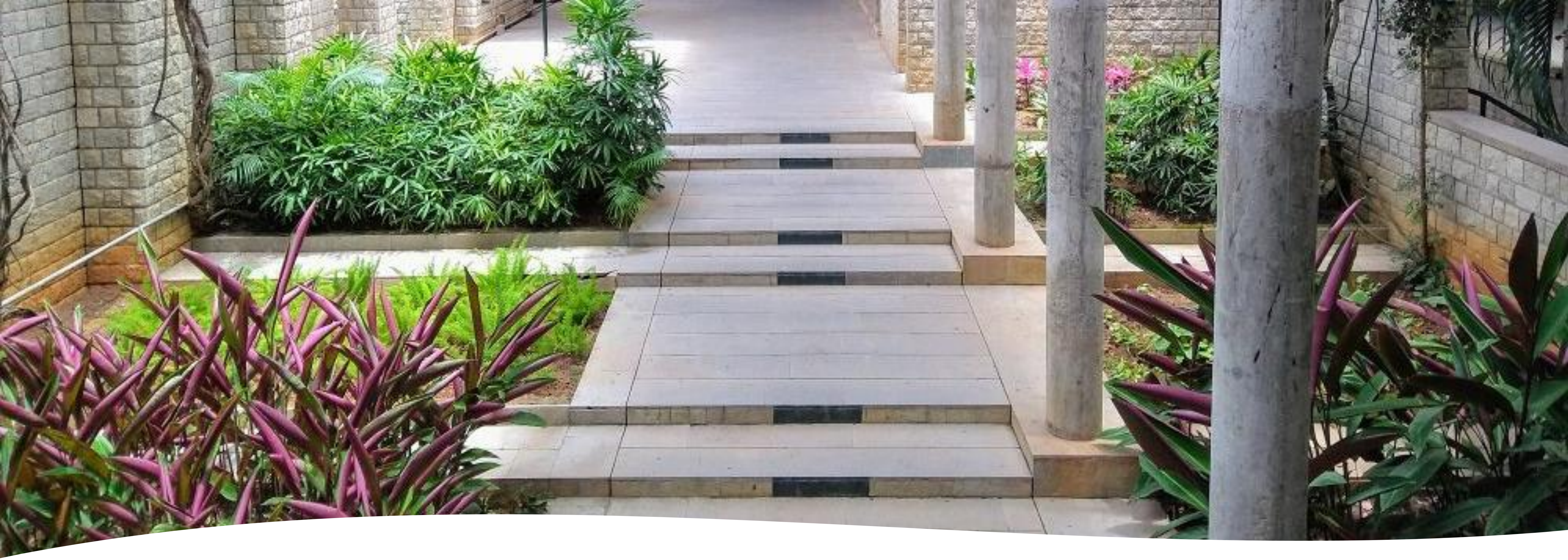
- Order needs to be placed right away
- Normal demand: 10 Mn units
- High demand: 20 Mn units
- Probability of high demand: 0.6
- Probability of delay in installation: 0.75

Structure/ Framework



Key Takeaways

- Not doing anything or not making a choice is also a choice that may be ideal for a business
- Instead of dividing the problem statement in normal vs high demand, analyse the profits based on the choices that are available – Do nothing, Software installation and Contract manufacturing.

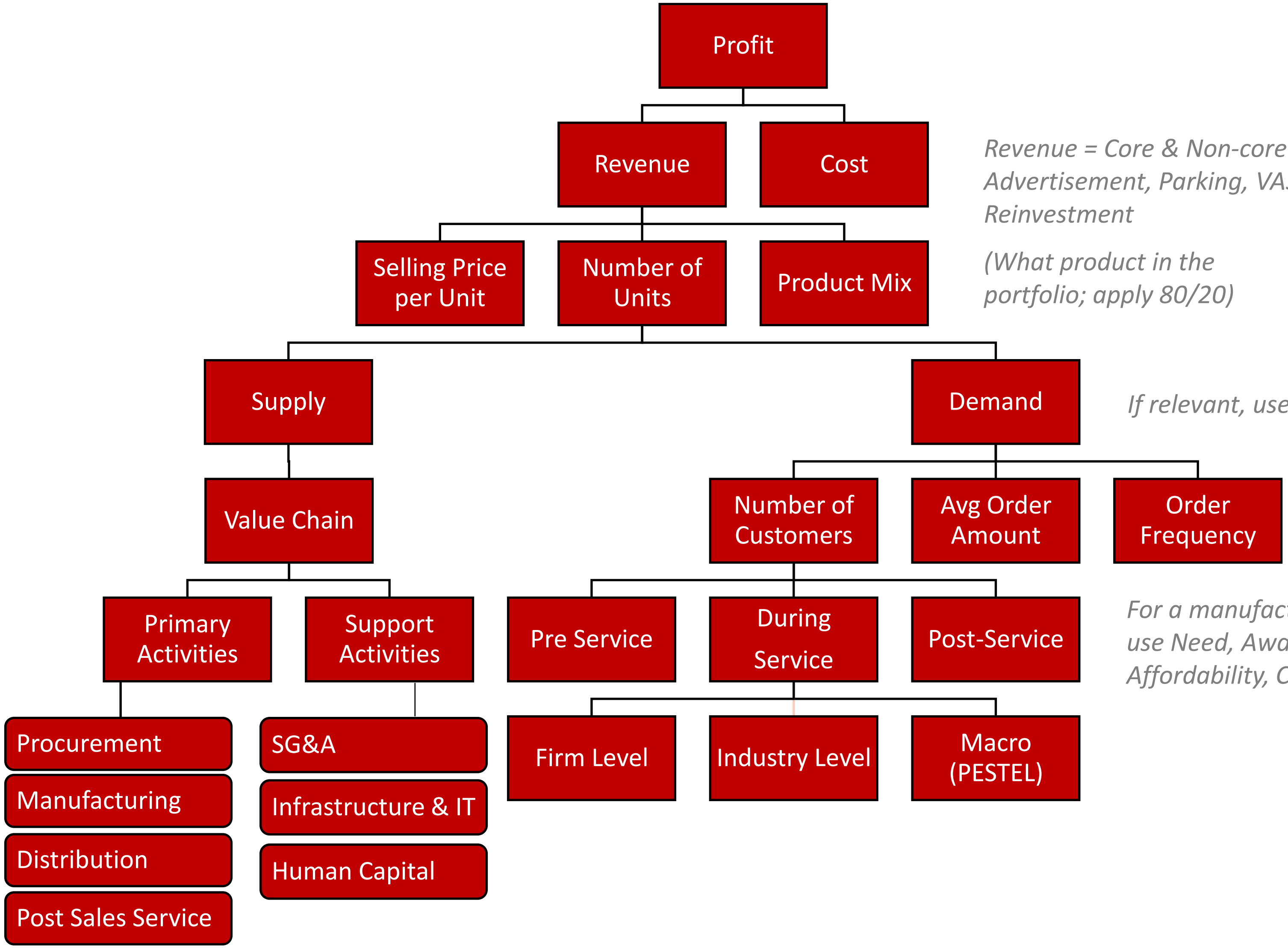


IIMB Profitability Cases
2024-25

Profitability Framework-Revenue

Preliminary Questions

- Clarify objective, quantum of change in profit and timeline
- Geography - Location of the firm, its branches
- Business Model – Where does the firm lie in the value chain? What are its revenue streams and distribution channels?
- Understand customer segments
- What is the product mix? Any new differentiation/ change in products?
- What is the competitive landscape?



Revenue = Core & Non-core sources like Advertisement, Parking, VAS, Reinvestment

(What product in the portfolio; apply 80/20)

If relevant, use industry value chain

For a manufacturing firm, use Need, Awareness, Accessibility, Affordability, Customer Experience

Profitability Framework-Cost

Cost

Support Activities

- Research and Development
- Financing costs
- Branding and Advertising
- Human Capital (Capacity x Efficiency x Utilization)
- Selling, General & Administrative

Primary Activities

Procuring Raw Materials

- Cost of raw materials
- Transportation & Packaging costs
- # Suppliers x Contract amount; Duration

Manufacturing

- Plant maintenance
- Idle capacity opportunity costs
- Wastage, wear and tear
- Setup time, cost

Distribution and Storage

- Number of distributors x avg order amount x frequency of orders
- Transport & Packaging
- Intermediate Storage
- Distributors x Avg Distance from hub x Cost per km

Post Sales Service

- Number of customers x Frequency of service x cost incurred
- Spare parts, returns, replacements, waste

Your client is a port operator on the western coast on India. They have noticed that their profits are low over the last few years.

I would like to understand the problem statement better. How much decline we've seen and how long has it existed?

They have not been able to meet the profit expectations. Profits are declining for 3-4 years.

What are the profits they are expecting and what are the revenue streams?

The client has 3 revenue streams - Rental Charges, Storage & Handling. Our revenue expectations were unmet for all the 3 streams.

Can you elaborate on these streams. Also, any information on the costs of these streams.

Rental Charges refer to the fee charged to shipment companies for allowing them to dock their ships at our port. Further, they often need a warehouse to store their cargo near the port before the downstream logistics kicks in for which we charge a storage fee. Lastly, we charge a handling fee for providing our clients with the required labor to transport the cargo from their ships to the warehouse and from the warehouse to the trucks/ railway stations. These are all charged on a monthly basis. Also, you can ignore the variations in costs and focus on the revenues.

Which geography does our client operate in? And are other ports operating in the same geography facing issues like our client?

Our client's port is located just south of Rajkot. And no, our competition has not seen any decline.

Okay, so revenues are a function of 2 things, i) the number of clients we have and ii) the price we charge each client. I would like to delve deeper into these 2 parameters and understand where the issue lies.

Okay, move ahead

Sure. Based on my initial analysis of the revenue figures I wanted to begin with Rental Charges. However, we are given that the client's actual revenues failed to meet expectations across all revenue streams. It will be highly unusual for a port operator to suddenly drop the prices of all kinds of charges, so the issue we are facing is likely to be on account of the number of clients.

Why do you think we have been able to attract fewer clients than we had intended to?

Now, a shortfall in our expectation of the number of clients could come from two factors i) It can be a supply-side issue, or ii) It can a demand-side issue. Since our competitors haven't noticed a similar shortfall in the number of clients, my hypothesis is that this is not due to a change in the inherent demand of our clients. It is likely that the issue stems from our client's inability to supply their customers with the services they want.

Please proceed

Now I'd like to further segment my analysis into two parts. i) issues that are internal to the transaction between the port operator and their clients, and ii) issues that are external to the transaction between the port operator and their clients. May I begin with internal issues first?

Within internal issues, I'd like to look at 6 factors. i) Need or inherent demand- which we have already established is not the problem here, ii) Awareness of our port - which also shouldn't be an issue given that a new port is a massive investment and would presumably be big news, iii) Accessibility to our port - this could be a potential issue, iv) Experience our clients have while availing our services - this could also be a potential issue which depends on the quality of services we provide, v) Affordability of our services- which can be an issue if we aren't competitively priced, and vi) Presence of substitutes and competitors to our services. Have we noticed any problems in the 6 factors I have mentioned?

Your assumption on the Need and Awareness is correct. As we are a new port, we have used the most state-of-the-art technology available and provide services of the highest quality. Accessibility, Experience, and Substitutes also aren't an issue.

I’d now like to look at external factors. I’d like to look at macro-economic factors at play here. There are 6 lenses I’d consider, i) Political, ii) Economic, iii) Social, iv) Technological, v) Environmental, & vi) Legal. I will analyze these from the perspective of the manufacturer and not the shipment companies as they are the ultimate decision-maker on choice of port.

What do you mean by environmental issues?

Environmental issues refer to problems or concerns related to how a company or organization operates in a way that is harmful or unsustainable for the environment. This could include activities that contribute to pollution, deforestation, habitat destruction, or other forms of environmental degradation.

You are partly correct, so the port operator promised to clear only 10% of an area for port construction, but they continuously degraded more than that for their use, which has led to environmental issues. This was concerning for clients who have sustainability goals that do not align with the port operator's actions. As a result, these clients chose to shift to other operators who operate more sustainably. Thank you, now we can close the case.

Port Operator

Profitability | Easy | Accenture

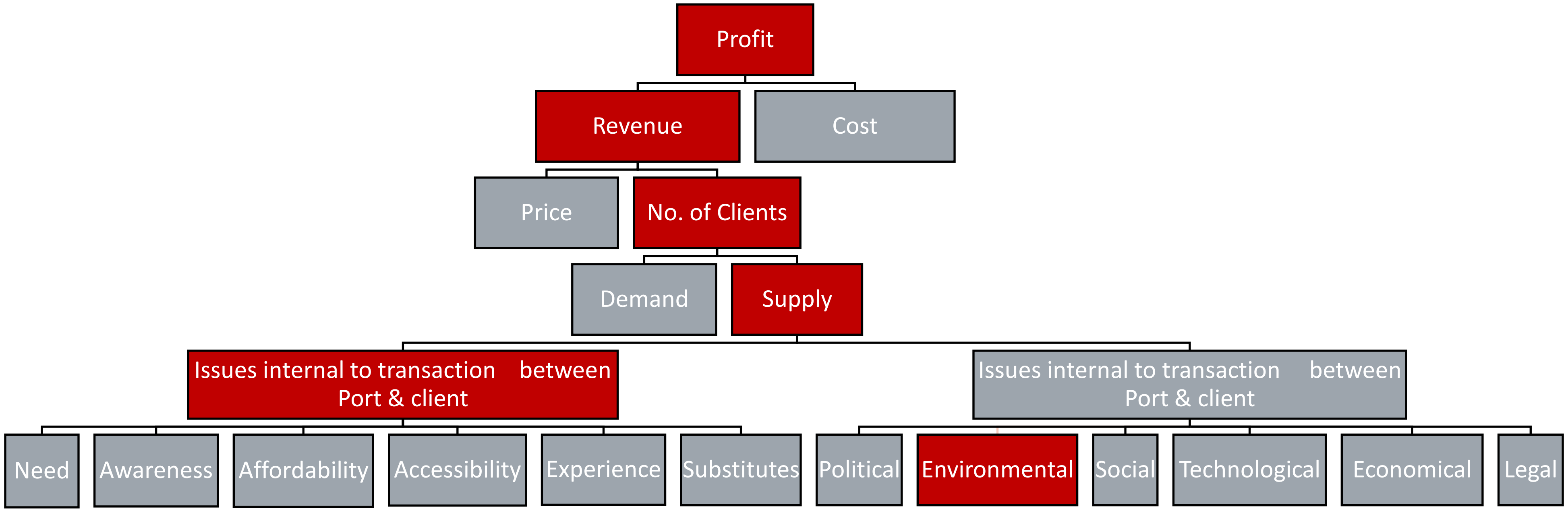
Case Statement

- Your client is a port operator on the western coast on India. They have noticed that their profits are low over the last few years.

Interviewee Notes

- Port in Rajkot
- Profits are low over the last few years
- Revenue streams - Rental Charges, Storage & Handling
- Revenue low across all segments
- Competition is not affected

Structure/ Framework



Key Takeaways

- It is important to understand revenue segments and competition.
- The candidate must be able to plot profit as a function of revenue and break revenue down into appropriate elements.

Our client, a fashion e-commerce player, has experienced exponential growth in recent years. However, there's been a sudden slowdown in the last six months, prompting them to seek your expertise in diagnosing the problem.

Fascinating. Before we dive in, can I clarify a few aspects: Where is the company based? What products does it offer? What is their position in the competitive landscape of the industry? Also, could you shed light on their position in the value chain, and are competitors facing similar challenges?

It's a big Indian company functioning as a listing platform for sellers, providing warehousing services without owning the inventory. Interestingly, a major competitor has surged suddenly, potentially cannibalizing our market share.

Assuming we cater to diverse demographics and product categories, have we observed this impact in any specific segment? And how is our competitor faring in comparison?

There's been a notable shift in the customer mix. While we have primarily attracted millennials and GenX customers, GenZ customers have started crowding the space and are now gravitating towards the competitor.

Got it. To delve into the issue, I'd like to focus on several aspects: Website Visitors, conversion rates, order size, product mix, and price per product.

Spot on. Footfall has increased, but the conversion rate has witnessed a decline.

Interesting. With the issue seemingly tied to new consumers, I would like to explore their purchasing experience. Increased footfall suggests demand, but the problem might be surfacing either during the purchase phase, encompassing browsing and product discovery or during the post purchase experience which would include returns, delivery time etc.

You've astutely identified the crux during the purchasing phase. What factors, in your opinion, could be contributing to this?

I believe the user cares about majorly 3 pivotal elements during the purchasing phase: UI/UX, Price, and Range of products. Range would include number of categories, number of products in each category, and types of category (western, ethnic, youth etc.).

Correct. It appears the snag lies within the range. While we boast more categories and products, there seems to be a deficiency in the variety of categories.

As you mentioned, crux is in the range – we have more categories and products, but fewer types of categories. More categories and products don't inherently translate to a better user experience. Users often find an extensive collection cumbersome. To address this, companies often leverage recommendation algorithms. How have we been faring in that domain? Furthermore, having fewer types of categories might be hindering our ability to attract the right customer base. Any insights?

Types of categories have indeed emerged as a challenge. GenZ customers encounter difficulties in reaching relevant pages, making it challenging to gauge the effectiveness of recommendation algorithms. How would you propose we approach this analysis?

Metrics such as the number of similar searches, time spent on a page, clicks before purchase, and products added to the wishlist can provide valuable insights. Beyond algorithms, a robust marketing strategy targeting GenZ awareness, potentially through influencer marketing, could prove beneficial.

Excellent. It seems we've successfully unearthed the issue. How do you think we can tackle the algorithm problem?

The company can use data like past purchase history, wishlist and incorporate recommendations and ongoing offers on the home page, in case they are not doing so already. Additionally, they could add options for more filters which might help the customer find the right product. The company could also look to add a section for trendy fast fashion products which is something that the GenZ customers are usually looking for.

Great suggestions. It was a good conversation. We can conclude our analysis here.

Fashion E-Commerce Retail

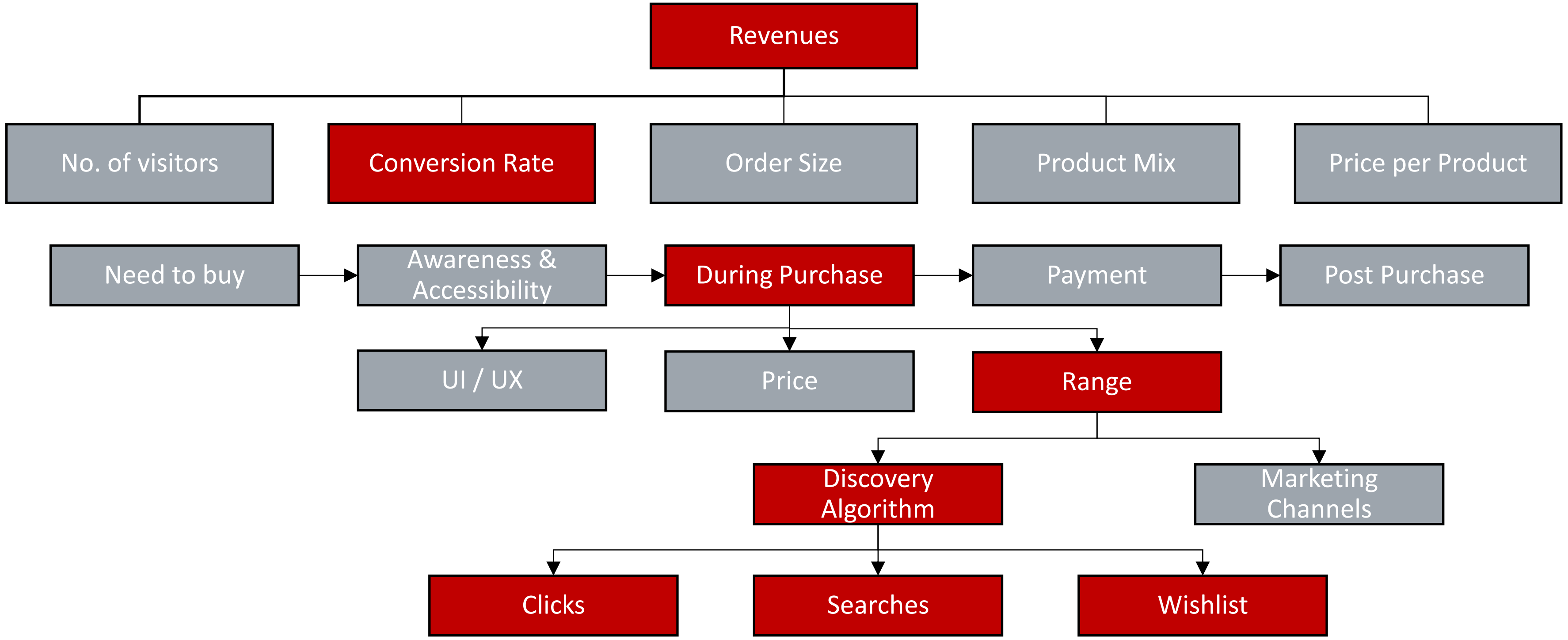
Case Statement

- Stagnation of revenues of a fashion e-commerce retailer
- Analyze reasons for stagnation and understand what is going on and what has changed over the last 6 months

Interviewee Notes

- Pan-India operations
- Listing platform of fashion / trendy apparels
- One of the biggest players in India
- Major customers upper middle-income group in metro and tier 1 cities
- Major growth driver is marketing spent
- Fashion / Beauty products make up for 80% of the product portfolio
- One of the competitors cannibalizing their market share

Structure/ Framework



Key Takeaways

- It is always best to understand the business model from the interviewer even if it is a very familiar industry for you.
- It's important to take buy-in from the interviewer and be wary of the hints dropped by them.

Apparel Company

Your client is an Apparel company facing a decline in profits. Please find the root cause.

That is an interesting problem. Before we delve into the case, I would like to first ask few preliminary questions to understand more about the problem.

Sure, go ahead.

First, I would like to know which apparel segment do we operate in? Since when are we facing the decline in profits? Where in value chain do we operate in? Also, which geography do we operate in and is the problem specific to any specific geography?

We have experienced a decline in profits over the past year. Our primary focus is on the fast fashion segment, where we are involved in both manufacturing and retailing. We operate across India, and the issue is not confined to any specific region.

Do we exclusively sell our own manufactured clothes, or do we also offer other brands? Are competitors also experiencing declining profits? How has our market share changed? Are we positioned in affordable clothing or luxury?

We exclusively sell our own brand of clothes in the retail outlets, like Zudio or Westside. The competitors are not facing any decline in the profits. We also see that the market share of the client has dropped. We operate in the affordable fast fashion segment.

Understood! I'll break down profits into two parts: revenue and costs. Is there one of these you'd like me to focus on?

We have not observed any significant change in the costs, but there has been a drop in revenues.

I would break Revenue as the Number of units of apparel sold * Average price per apparel * product mix. Do we observe a decline in Average price, units sold, or any issues with our product mix?

As we are into affordable clothing, our prices are already very competitive, with no price decrease in past one year. You can majorly focus on the number of apparel units sold.

Noted! Can you let me know if there is any issue on the supply side, like any part of the manufacturing or distribution process? Or is there a problem with the demand?

We have observed no issues on the supply side. The problem lies on the demand side.

I would then further break demand into 3 parts - number of customers, average order amount and the frequency of ordering per customer. Do you see any problem with any specific element, or do you want me to look into each of them one by one?

That's an interesting way to look into the problem. You are going in right direction. Please only look into the number of customers.

Okay. Are we not able to gain new customers or do we see reduction in the old customers? Do you want me to focus on anything particularly?

We see both happening. For the scope of this case, focus on reduction in the old customers.

I will analyze the customer journey to identify the cause. This will be divided into pre-purchase, during-purchase, and post-purchase. Any particular stage to be focused first?

Yes, please look into the pre-purchase phase.

In the pre-purchase phase, I would investigate the following factors.

1. Availability – Is the fresh apparel available across all the stores?
2. Affordability – As our prices are already competitive, we can ignore this factor.
3. Awareness – Are the customers aware of the new collection as and when it is available? Is there any problem with offline or online awareness?
4. Accessibility – Was there any recent changes in accessibility to the stores?

That's a very detailed analysis. We have no issues with accessibility and availability, and affordability is also not a concern. The problem seems to be with awareness, as our offline advertising has remained unchanged. Could you investigate the online side?

Our competitors might be using targeted ads to attract customers with new apparel they might be interested in, which could be causing our old customers to move to competitors.

You are right on point. For now, we can close it here. It was nice interacting with you.

Apparel Company

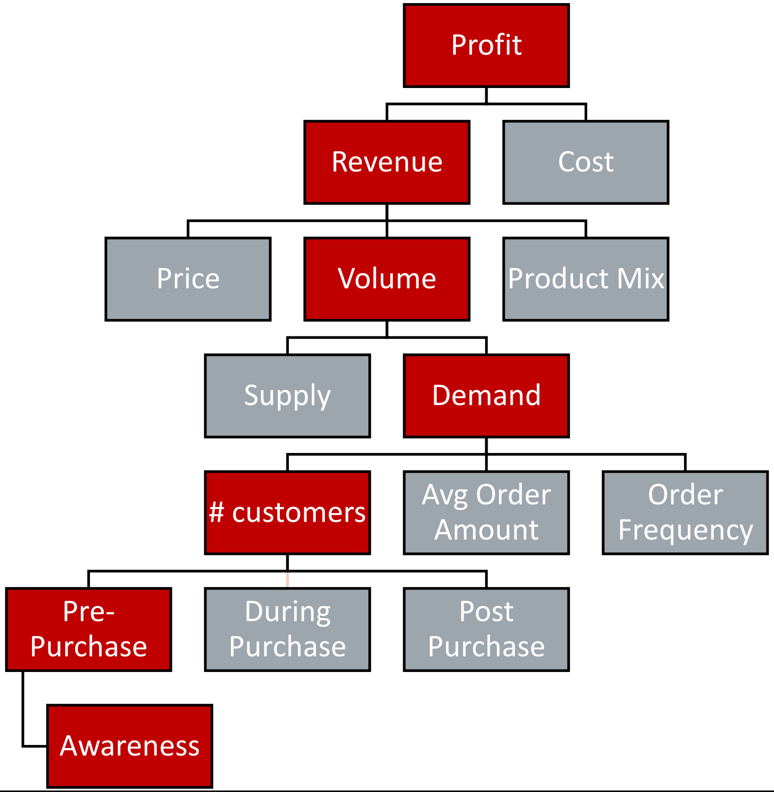
Case Statement

- Apparel Client is facing decrease in profits

Interviewee Notes

- Decline in profits for the last 1 year
- Focused on Fast Fashion segment
- Analysing customer journey to find the root cause

Structure/ Framework



Key Takeaways

- Make sure to do MECE at every stage and always take buy-in from the interviewer at every stage.
- Though the interviewer asked to stop due to time constraints, if possible, please try to summarize and provide recommendations at the end.

Your client is an Indian tractor company who has been facing declining profits. Help the client find the reason and possible solutions for the same.

Sure, thank you. Before we proceed with the case, I would like to get more context. For this, I would like to understand the and get some more insights into the company, customer, and competitor. Can I proceed with some questions?

Yes, sure!

To understand more about the operations of the company, I would like to know where in the value chain does the company operate. It would also be helpful to understand which geographies does the company cater to and since when have they been seeing this decline?

The company is a family-owned tractor manufacturer selling through retailers as well as own stores and are currently operating in Punjab, Haryana, and Chandigarh. They have been facing the issue since they set up their business.

Thanks, this is helpful,=. I would also like to understand what are the different kinds of tractors manufactured by the client and use cases for the same.

They have a few types of tractors but for this case let us assume they have just one product used in agriculture

Okay, thank you. I have a good idea about the company, I would like to move to the 2nd bucket of customers. What kind of customers do they cater to?

Our tractors are mainly used by farmers

Okay, moving on, I would like to know who are our client's competitors.

Our client has 2 major competitors who are both national-level players.

Okay, and is this issue being faced by both of them? Do we know if there is any region-specific issue in the 3 locations?

No, this is just a client specific issue, and even in the 3 locations that our company caters to, our competitors are performing reasonably well.

Thank you. I think I have enough information to proceed with the case. To analyze the profits, I would like to break it down into revenues and cost. Do we have any data to identify if the client is facing issues in either or both?

The client has seen issues in revenues.

I would like to break down the revenue as price multiplied by the number of units sold. Do we have any information on where the decline has been observed?

The number of units sold has fallen

Okay, since there are fewer units sold. Do we know if it is a supply-side issue from our company or if the demand is low?

It is a demand-side problem.

I would like to break-down the customer journey into 3 segments to understand why we have seen a decline in the number of units sold – Before, during, and after purchasing tractors. Is there any part you would want me to focus on?

You can focus on the pre-purchase part.

Sure, thanks. Within pre-purchase, I would like to analyze 4 buckets- Awareness, Accessibility, Affordability, and Need. Since our competitors are not facing similar issues, I am assuming that there has not been any issue in terms of decreased need. How do the perceived awareness, affordability and accessibility compare with competitors? Is there any particular bucket you would like me to focus on?

Can you focus more on the Awareness side of things and think of any reason how this could affect sales?

I would like to analyze 2 ways in which Awareness for a product can be achieved- Word of mouth and through promotions and advertisements by the company.

There has not been any issue in promotions by the company. The issue is more towards word of mouth but not exactly. The quality of our tractors is at par with competitors, and yet we are not able to sell as much. In just one line, can you think of why awareness could be an issue from the information you already have?

From earlier information, we know that our client is a family-owned business, has there been any kind of negativity due to this?

Yes, that’s correct. Since our client has a family-owned business and our competitors are known on a national level, the farmers are a bit more trusting towards known brands that operate nationally. There are always many complications that arise in family-owned businesses. So, can you recommend any solutions for this issue?

Sure. I would like to divide my suggestions into short-term and long-term. In the short term, the company can provide discounts to sell more units. They can also organize haats and melas in villages to allow farmers to see and interact with their products, so they trust the product quality more. In the long term, they can collaborate with village heads and social groups that farmers trust to gain their acceptance. They can also look to diversify to other geographic areas and try to create a national image.

Okay good, thank you. We can end the case here.

Thank you!

Tractor Company

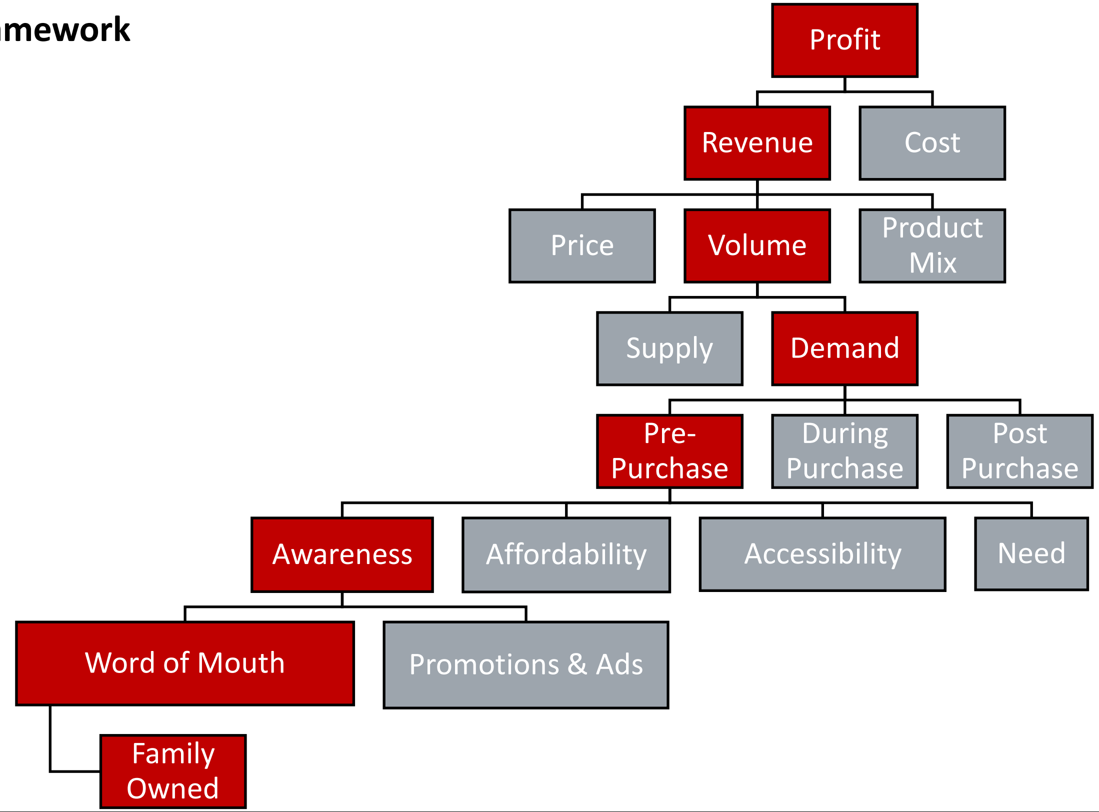
Case Statement

- Your client is a tractor manufacturer
- They have observed a drop in the number of units sold
- Examine the problem and provide recommendation

Interviewee Notes

- Client is a family-owned business
- They operate in 3 geographies- Punjab, Haryana, Chandigarh
- One product for agricultural use bought by farmers
- Demand side issue

Structure/ Framework



Key Takeaways

- Understanding that family-owned businesses operate differently and have a different perception even if their product offerings are at par with competition
- Understand customer journey and communicate each part well in MECE

Data Co.

Your client is Data Co., a market research company. It has been facing a decline in its market share over the past 2 years. You are required to figure out the reason for the same.

Got it. That sounds like an interesting problem statement. Can you tell me more about the business model of the client? Also, how are we defining the market share?

Sure. So, Data Co., like other players in the industry, offers two kinds of services. First, they create market data like growth, sales, etc. in different categories and sell this data to other entities. Second, they also do customised studies for clients, where they gather any specific data needed by them. Market Share has been defined in terms of annual revenues.

Understood, I now seem to have a fair idea about the problem. Are we aware in which category we have lost our share? Also, can you tell me about the amount of decline?

Yes, our share in ready-to-use data has not changed. However, we seem to have lost quite a bit share in the customized studies. The decline is significant enough for the client to worry.

Are we aware whether any other competitors have faced a similar problem or is the problem unique to our client. Additionally, has the decline been witnessed for any particular kind of customers be it their size, industry, contract volume, location etc.? Has the market size also been impacted?

The problem seems to be unique to our client. The decline has been seen across all categories and the market size has not been impacted

Okay, so the market share, that is the revenues, can be broken down into the number of studies conducted and the dollar value of each study, should I focus on anyone of them?

The dollar value has remained the same, however the number of studies conducted has declined

Number of studies conducted can be analysed from a demand and supply side perspective, do we know where the issue lies?

The issue is one the demand side, but before we go in there, what resources do you think are needed on the supply side for the firm, no need to be MECE, just want a general idea.

Also let me know your thought process behind the same

There can be two types of resources involved – Human and Non – Human Resources. Human Resources would include both on the ground and off the ground staff, and non-human resources would include things like front-end resources – vehicles, route maps, surveying equipment, and back-end resources – processing, publishing, analysing, etc. I just compared it to what resources would I be needing to do a survey in a village

Understood, why don't you analyse the demand side now?

Sure, demand can be looked at from five different angles – Need, Awareness, Accessibility, Affordability, and Experience. Do you want me to look at any particular angle?

I would like you to go over and try to figure out where the problem may lie.

I don't think the need for market research may have changed, given the fact that market size has not been impacted. Given that Data Co. is a well-known company, awareness doesn't seem to be much of an issue, however we can still explore that side. I also think the firm will be fairly accessible given the specialized nature of its services. Affordability may be an issue, particularly if our competitors are offering a better price. Experience..

(Stopping in between) You need not go any further, affordability is the issue. Because of recent technological developments, the competitors have been able to keep their costs down and offer 90% of the work at 60% of the prices, leading to our loss in share. (Presents a cost sheet, next page), Can you try to guess why and where are we facing higher costs?

(Looks closely at the costs at each stage) Because of newer technologies like data collection and analysis, other firms have may been able to gather customer preference data from their browsing habits, thereby reducing costs at the data collection stage

That's the right answer! This has been the exact cause for lesser costs of the other firms, and hence their lower price, as they are now required to send fewer on-the-ground staff, and remaining data can be extrapolated from the customer data. Thank you for your time, we can close the case here.

Data Co.

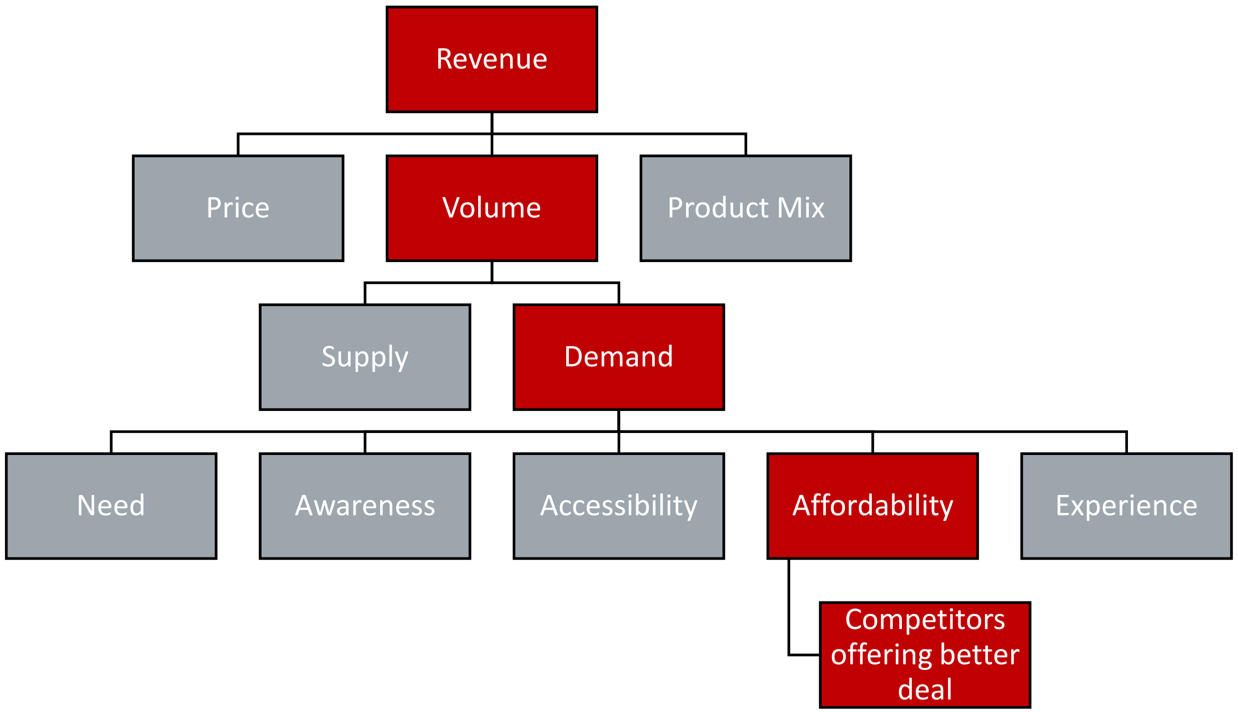
Case Statement

- Your client is Data Co., a market research company. It has been facing a decline in its market share over the past 2 years
- Identify the reasons for the same

Interviewee Notes

- Decline in the number of customized studies
- Problem observed across all types of clients and contracts
- Decline in the market share taken place over 2 years
- Client specific issue, industry has not been impacted

Structure/ Framework



Cost Sheet

Stage	Cost
Planning	USD 50M
Collection	USD 250M
Analysis	USD 100M
Publishing	USD 50M

Key Takeaways

- The interviewer tried to introduce a new element by using the word "market share", but it was essentially a revenue case
- Used the profitability framework – volume and price breakdown of revenues, then doing a supply and demand side breakdown
- Importance of segmenting the revenues according to contract type
- Interviewers may sometimes ask for your thought process and rationale, be prepared for that

Fans Manufacturer

Your client is a fans manufacturer and they have noticed that their costs are higher than industry average. You have been hired to identify the root cause and provide recommendations.

Thank you for the question. I would like to ask a few preliminary questions before diving in the case. Do we have data on the quantum of increase? Additionally, may I know the geography of client's operation, their product portfolio and the value chain?

The costs are 10% over the industry benchmark. The client has presence all over India and they have three product lines – 1) ceiling fans, 2) pedestal fans and 3) table fans. Coming to the value chain, the client has a 60-40 split between manufacturing through 3rd Party and in-house. 3rd party manufacturing costs 5-10% higher after including their margins. The client does their own distribution to retail stores.

Thank you for that. Do we know if the client is witnessing the increase in any particular product line? Additionally, what is the competitive landscape like? Does the industry have a similar split in manufacturing? I want to understand if the client's higher cost is due to a higher reliance on 3rd party.

Good questions. The cost increase is being witnessed across product lines. The industry also follows a similar split in manufacturing, so the problem is internal to our client.

Understood, I have all the information to proceed now. I would like to break the costs into Primary and Support costs. Primary costs include those associated with the value chain – Raw Material Procurement, Manufacturing, Storage, Distribution and Sales. The support costs include R&D, Marketing, Admin, Human Resources etc. Have I missed anything? Do we have data on where the client has witnessed the cost increase?

This sounds comprehensive. The increase has been in Raw Material procurement and manufacturing.

Got it. I would first like to diagnose the reason for high costs in RM and then move on to manufacturing. Does that sound okay?

That's okay, please proceed ahead.

May I know what are the different raw materials that the client procures? I am assuming there will be some commodity metals like steel etc.

There are three major components, steel, copper and electronics. The client uses steel and copper to make the motor and frame of the fan. Electronics are procured separately and integrated.

The procurement costs can be broken down as (# of suppliers) * (avg. qty. ordered per supplier) * (Price/qty). For commodity metals, I do not expect the prices to be higher, however, do we know if we have many suppliers as that increases management and ordering costs? Additionally, are we procuring more quantity of raw material per unit than our competitors? Similarly, do we know if any of these 3 factors are higher for electronics?

Let's take it one by one. For metals – we indeed have seen that the client has a large number of suppliers they are currently procuring from, and we have also seen that they are procuring more material than the competitors per unit. For electronics, we have seen that our prices are higher than competitors.

That's interesting. Consolidating our suppliers will help reduce ordering and supplier management costs. Additionally, it might also help us get better deals with increased volumes although the benefit might be limited because the product is a commodity.
I want to understand the next 2 points further. Are we procuring more material because we have more manufacturing wastage or because of the design of our products?

Good crack, our manufacturing wastage is not higher than industry but yes, we have seen that we are using more material per fan. Let's move on. Why do you think we have higher prices for our electronics?

Higher prices could be because of quality or vendor. Are we procuring higher quality electronics? Are there any difference in our vendors in terms of location, reliability etc. for which they are charging higher prices?

We have found that our competitors are procuring from Chinese vendors who are cheaper for the same quality.

Fans Manufacturer

In that case, our client should also explore procuring from Chinese vendors or renegotiate contracts with existing vendors. Should we move onto the manufacturing costs now?

That will not be necessary. We have covered everything. Can you please summarize and give recommendations.

Sure. Our client wanted to diagnose the reason for higher costs than industry and wanted recommendations to bring them down. The client should-

1) Redesign the products to use lesser amount of raw material without affecting quality
2) Consolidate the number of metal suppliers to reduce management and ordering costs and get better possible bargains
3) Switch to Chinese vendors for lower cost electronics or renegotiate terms with existing suppliers.

Thank you, that was a good discussion.

Fans Manufacturer

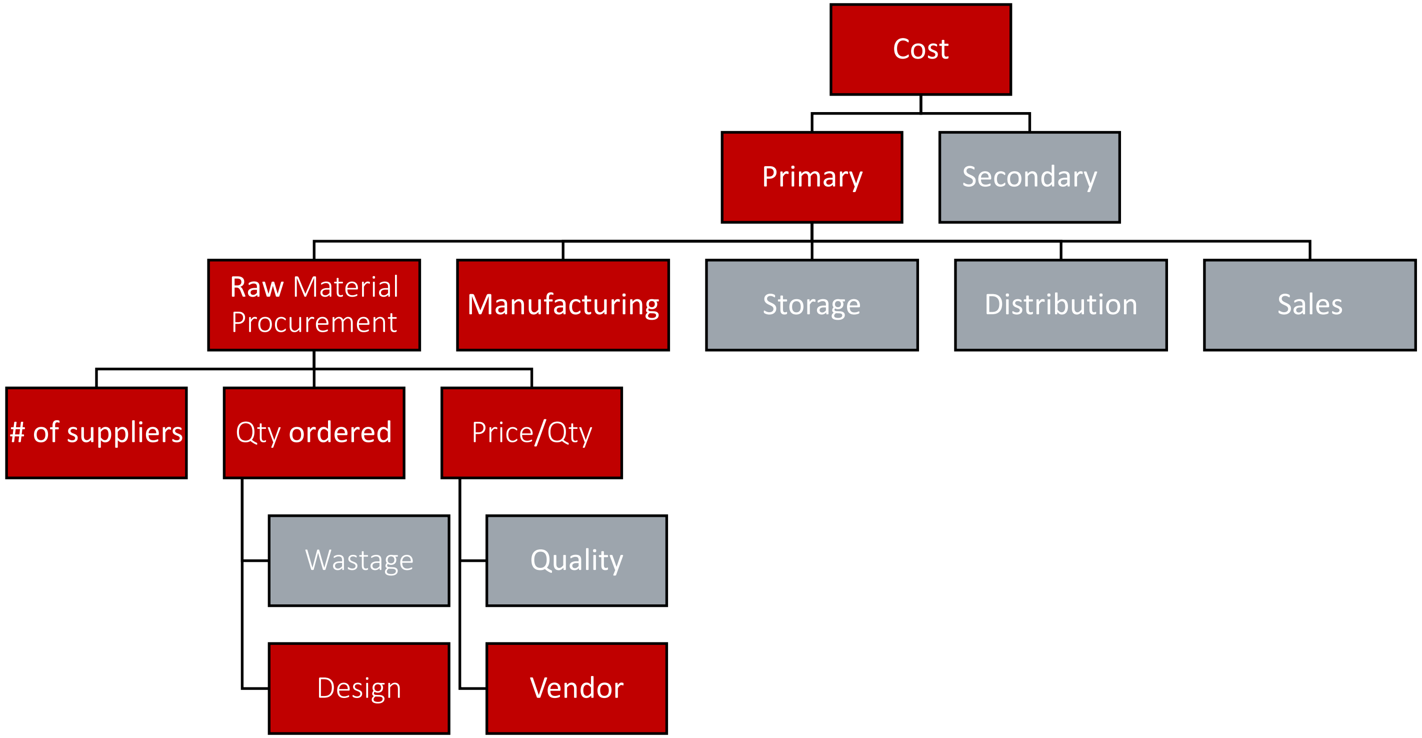
Case Statement

- Costs higher than industry benchmarks
- Find root cause and recommend solutions

Interviewee Notes

- 3 product lines, cost increase across lines
- Internal problem
- 60% manufacturing through 3rd party, 40% in-house
- Increase in costs is across the manufacturing setup
- Competitors have similar split in manufacturing

Structure/ Framework



Key Takeaways

- Raw material costs include both ordering costs and cost due to their usage requirement

Telecom Operator

Your client is an Indian telecom operator that has been facing declining profitability for the past 7 months, you have been hired to identify the problem and recommend solutions.

Thanks for the case. Before structuring the solution for problem, I want to understand a little more about the company and context. Can I ask a few clarifying questions?

Sure, go ahead.

Do they have a Pan-India presence and is the issue persistent across India or is it pertaining to a particular area? What is the quantum of decline in profitability? Where in the value chain does the client lie? For example, does it provide services like tower infra, equipment manufacturing etc. or is a pureplay network operator? Are the competitors also seeing a similar decline?

The client operates in India, decline is substantial, assume that client is pureplay network operator and service provider like Airtel, Jio. Competitors are seeing an increase in profitability.

Got it, I think I have enough information for now to proceed with the analysis. I would like to proceed by analyzing the reason for decline in profits by breaking down profits in 2 components – Revenue and costs.

You can deep dive into revenues first. What do you think are the revenue streams for a telecom operator?

Okay so major revenue streams would include:

1. Call/SMS/internet services (postpaid, prepaid and roaming)
2. Data monetization partnerships (OTT)
3. Broadband and Direct to home service
4. Net network exchange fee

Is there anything else that you would like me to look at?

No, that's very comprehensive. Why don't we begin with net network exchange fee?

Sure, so net network exchange fee can be broken down into receipts from other operators for using client's network and payment to operator for using their network for facilitating the call. Since revenues have fallen, there could be decline in amount received or increment in amount paid.

Alright, let's look at why amount paid has increased

Amount paid can be broken down into # of calls made from client's network to other networks, duration of calls (mins) and charges per minute

Good, # of calls from client's network have increased over the past 7 months

Calls made by any customer can be of 2 kinds: First time primary call, calling back for a missed call. Do we have any data on the kind of call types that have seen an increase?

Callbacks have increased substantially.

Interesting! Here, I would like to map the user journey of a phone call to understand the reason for increased call backs.

Customer dials the number > Phone rings > Wait time > Phone is picked, and conversation happens. For each of the steps there could be following problems: Dialing the number: poor network coverage leading to call initiation failures. Phone rings: delayed ringing because of high network latency, ringing duration too short, wait time: high wait time leading to impatience, Phone is picked: signal issues during conversation.

Yes, ringing duration was the problem identified. Competitors have decreased the duration of ring from 45 secs to 25 secs which is leading to calls drops. Why don't you give me some recommendations for solving the problem and we can then close the case?

So, I would want to structure recommendations in 2 buckets: short-term and long-term measures: Short term: 1) Reach out to TRAI to apprise them of the situation and get the call ringing duration back to normal 2) Reduce own ringing duration to match that with competitor. Long term: 1) Negotiate with competitors on agreements about network usage fees and duration of ring 2) Liaise with TRAI to set regulation on the issue

Telecom Operator

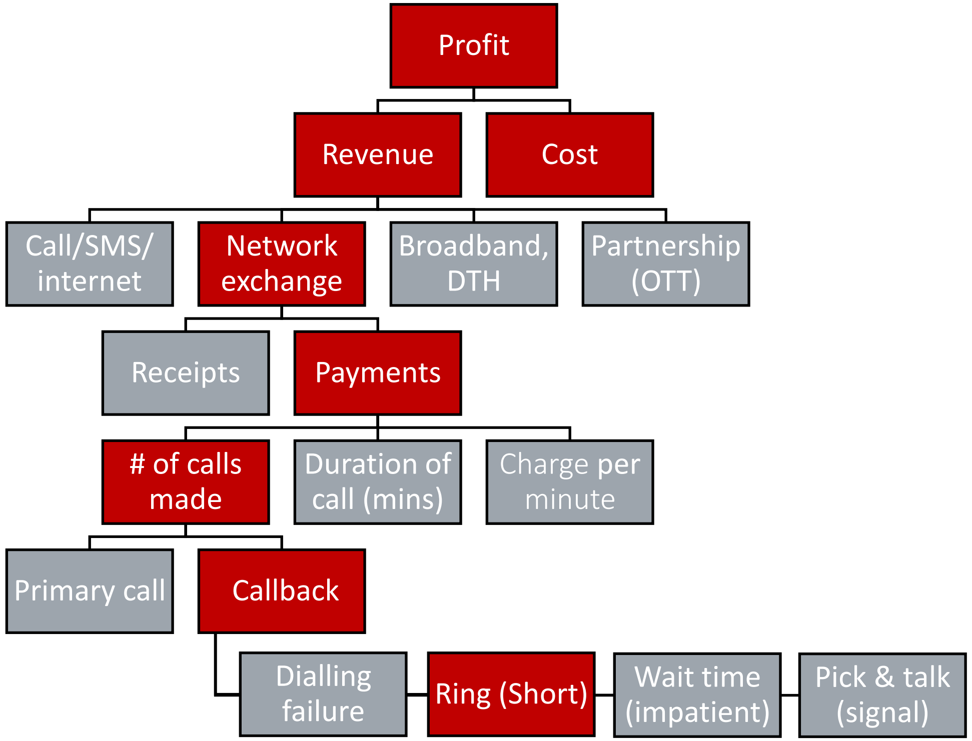
Case Statement

- Your client is a telecom operator based out of India. They have been facing declining profitability issue for the past 7 months
- Identify the problem and recommend solutions

Interviewee Notes

- List down revenue streams for telecom operator
- Net network exchange fee further breakdown into received and paid
- Break down call origination increase in primary call or callback
- User journey of a phone call and map reasons for call drop

Structure/ Framework



Key Takeaways

- Please note that the entire case could be solved using cost-based approach as well, here with the revenue side approach, the interviewer wanted to test the robustness in structure (missing the network usage fee paid can be an easy slip but would be important to consider since the candidate mentioned “net” network usage fee)
- Structuring recommendations makes it easier for interviewer to follow through and appreciate accounting for time period feasibility in providing solutions

Grocery Retail Chain

Your client is a grocery retail chain owner facing declining profits. You have been hired to identify the reason and recommend solution.

This appears to be an interesting case. I have few preliminary questions in mind before I begin the analysis. Can I proceed ahead with the questions?

Sure, Go on.

Is it fair to assume that the client is similar to grocery chains like DMart? Also, I would like to understand the quantum of decline and the time since when we are observing this.

Yes, the client is similar to DMart. We have observed a 5-10% decline in profits in the last 6 months.

I would also like to know whether the client has a pan India presence and the total number of stores it has. Also, is the profit decline witnessed across all the stores or is it limited to specific stores?

Good Question! The client operates across India, and it has 50+ stores. However, the issue is observed in a particular store.

Interesting! I would like to analyze the reason for the decline in profits of this branch by breaking down the profits into two components - Revenue and Cost.

You can focus on the revenue side. We have observed a decline in revenue.

Sure. I would like to analyze the revenue of different product categories. Have we observed a decline across all categories or is it limited to some categories only?

Good Question! Can you come up with a list of product categories first?

Sure. The major product categories are Grocery & Staples, Dairy, Fruits & Vegetables, Home & Personal Care, Home appliances, Apparels.

Okay, we know that the revenue has been declining for Fruits & Vegetables category. Other categories are doing fine.

The revenues could decline due to change in the pricing strategy or a decline in the volume. But given that the pricing strategy is standardized throughout the branches and the issue is only existent in this particular branch, we can rule that out. Is it safe to assume that our volumes have gone down?

Good observation! Our volumes have indeed gone down.

Now, I would like to understand whether there has been supply side issues which has led to low volumes or is it a demand side issue?

You can focus on demand side issues. We are not facing any supply side challenges.

Sure, I would like to analyze the customer journey by breaking down into pre-purchase, during purchase and post purchase. Does that sound good?

That’s good. Please proceed.

Pre-purchase includes awareness, availability, accessibility and affordability. Since the pricing and supply have not changed, affordability and availability does not seem to be an issue. Do we have information on the awareness and accessibility?

The accessibility of fruits & vegetables has increased, in fact, due to rearrangement of the store. You can consider there has been no change in awareness.

Interesting! Now I would like to analyze during purchase phase. I will break it down into 4 steps. First the customer checks the price of the product and compares with the price in the market. Second, he checks the quality. If these two are fine, then the customer would be willing to purchase. He then uses the plastic bags to fill the product. Now, it is possible that the size of the plastic bags has been reduced so that the customer is not able to fill the required amount in one bag and as a result he buys a lesser quantity. Finally, the customer will make the payment. Have we observed any issues in any of these steps.

Interesting points! There has been an issue with the price display. It is very cumbersome to change the prices displayed on the fruits & vegetables. So, they are updated very infrequently and as a result there are often significant differences between the price displayed and the market price of the product. Could you come up with recommendations to address this issue.

Sure, I would like to break the recommendations into short-term and long-term. In the short term, we can use white boards and write the prices of fruits & vegetables. In the long run, we can install electronic displays so that the prices can be easily updated daily. Also, I would look at what our other stores are doing as they are not encountering this issue.

Great! We followed a similar approach. We can close the case now. Thank You.

Grocery Retail Chain

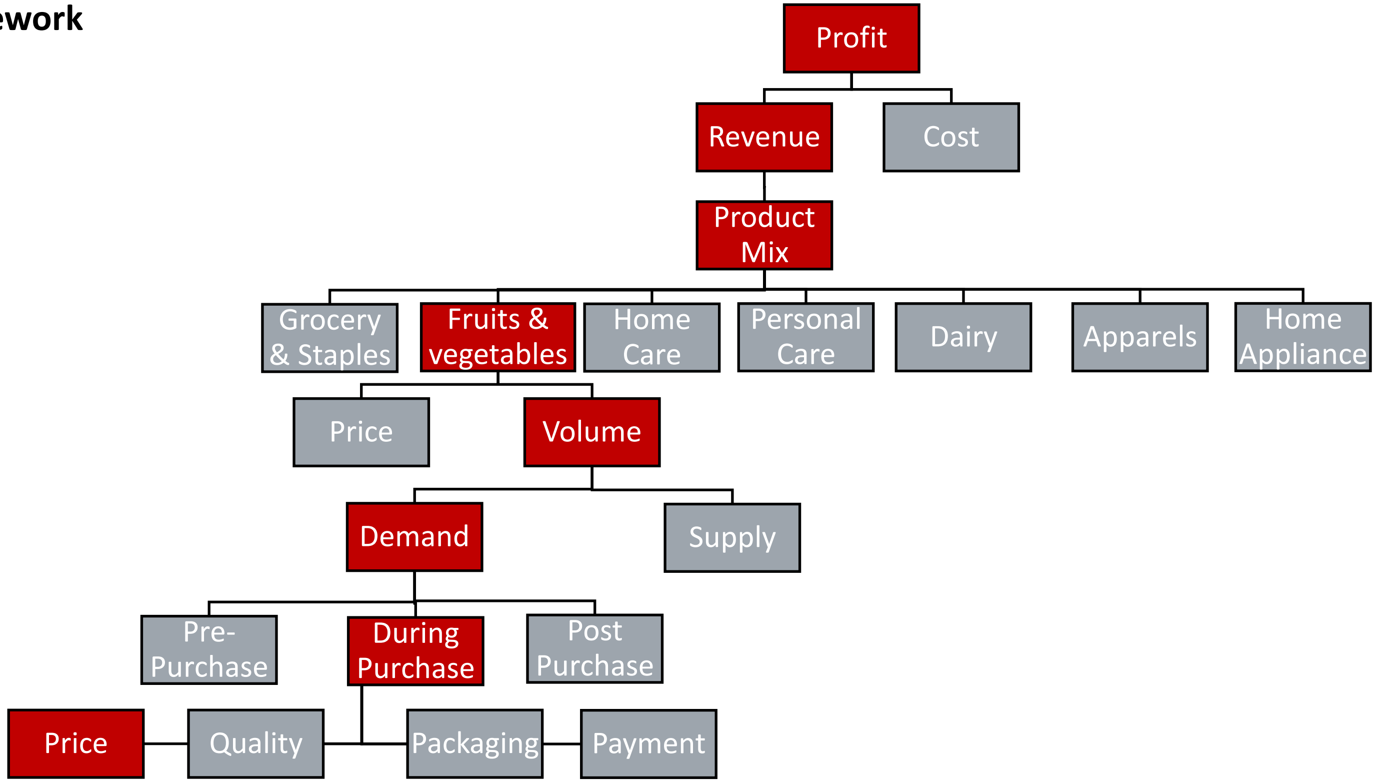
Case Statement

- Client is a grocery retail chain owner
- Facing declining profits
- Analyze reasons and provide recommendation

Interviewee Notes

- Grocery chain operational pan India. 50+ stores.
- 5-10% decline in profits observed over past 6 months.
- Problem pertaining to a particular store.
- Revenue has gone down.
- Only Fruits & Vegetables category impacted.
- Volumes have gone down. Demand side issue.
- Customer journey analysis. Issue with price display.

Structure/ Framework



Key Takeaways

- Ask relevant preliminary questions to understand the client and narrow down the scope of the problem.
- Do not forget to consider product mix while breaking down revenue.
- Analyze the customer journey for demand side issues.
- Break down recommendations into short term and long term.

Commercial Bank

Our client is a major commercial bank based out of India facing declining profits since last few quarters. You have been approached to find the problem and suggest the solutions.

Sure sir, so the key problem for our client is declining profits and I need to focus on finding out the problem and suggest recommendations. Is there any other objective I need to keep in mind?

No, go ahead.

I'll start with a few clarifying questions. Where is our client located? Is the problem specific to a particular branch or any specific region in India?

Our client is present across India and the problem is being identified in the financials of the company, not specific to any specific branch.

I would also like to know more about the competitive scenario of the commercial banking industry. How many competitors are there and are they also facing the same issue?

Our client is one of the leaders in the business and there are about 3-4 competitors, but they are not facing any such problem.

Regarding the customers, as per my knowledge, the major customers are the retail customers and corporates. Am I missing something and what are the customer split for our client?

No, you have correctly identified the customers. For our client, the split is around 80% retail customers and 20% corporates.

How much have the profits declined by? And for how long has the client been experiencing this decline.

The exact value is not available with us, but the value is significant enough to ring an alarm in the top management. They are facing the issue since last couple of years.

Alright, since the issue is with declining profitability, we can say that revenues might have decreased, or cost might have increased, or it may be a combination of both. So, do we have any data to show in which bracket does our problem lies?

So, there is an interesting trend. The revenue and cost both have increased.

Ok, so the rise of revenue should be less than the rise of cost. So, we will be analysing both the revenue and the cost side to find out the problem.

Yes, go ahead.

First, analysing the revenue side, the major sources of revenues are interest on loans, Investments, and income from other complementary services.

Correctly identified on all revenue sources, for our case we can ignore the income from complementary services and 70% of income is from interest from loans and focus on that only.

So, the income from interest depends on the number of customers, avg. loan size, interest rate, and time. Is there any change in any of these attributes?

The number of customers increased massively. As a result of which the average revenue and cost per customer decreased.

Now I would like to try and find the reason behind increase in the number of customers

Great approach, go ahead.

So, there might be some increase in the demand from customer's side to take loans or there must be an increase in supply from our client's side.

Demand for loan was always there but our client expanded recently and opened more branches especially in rural areas.

So, expanding in rural areas decreases the average loan size per customers so decreasing the average revenue per customers.

Greatly analysed the revenue side, go ahead.

Now we will investigate the cost side. The major cost heads are interest, provisioning, and operating costs.

Great, you identified all cost heads. The interest rate is at par with industry standards.

Ok, so the problem may be with the bad debts as they have expanded to rural customers massively and the operation costs might have increased due to the expansion.

Currently bad debt is not a problem. You may focus into the operation costs.

The major sub heads under operation expenses are employee cost, rent and utilities, stationery and postages and maintenance costs.

Yes, correctly identified, the newly hired employees are not efficient as expected. Go ahead with the suggestions.

So, I would like to divide my recommendations into short term and long term. In short term, we may provide training to new employees, new employees should be tagged to an old employee for guidance and old employees should be also posted in newly opened branches on rotation basis. Our client should try to diversify their customer mix by focussing on more and more clients from corporates. In long term, focus on digital transformation that will reduce the time required for customer service. Our client may also try to bring wealthy NRI customers by providing them good services. Our client can merge few of their branches if they are closely located.

Thank you. These are great recommendations.

Commercial Bank

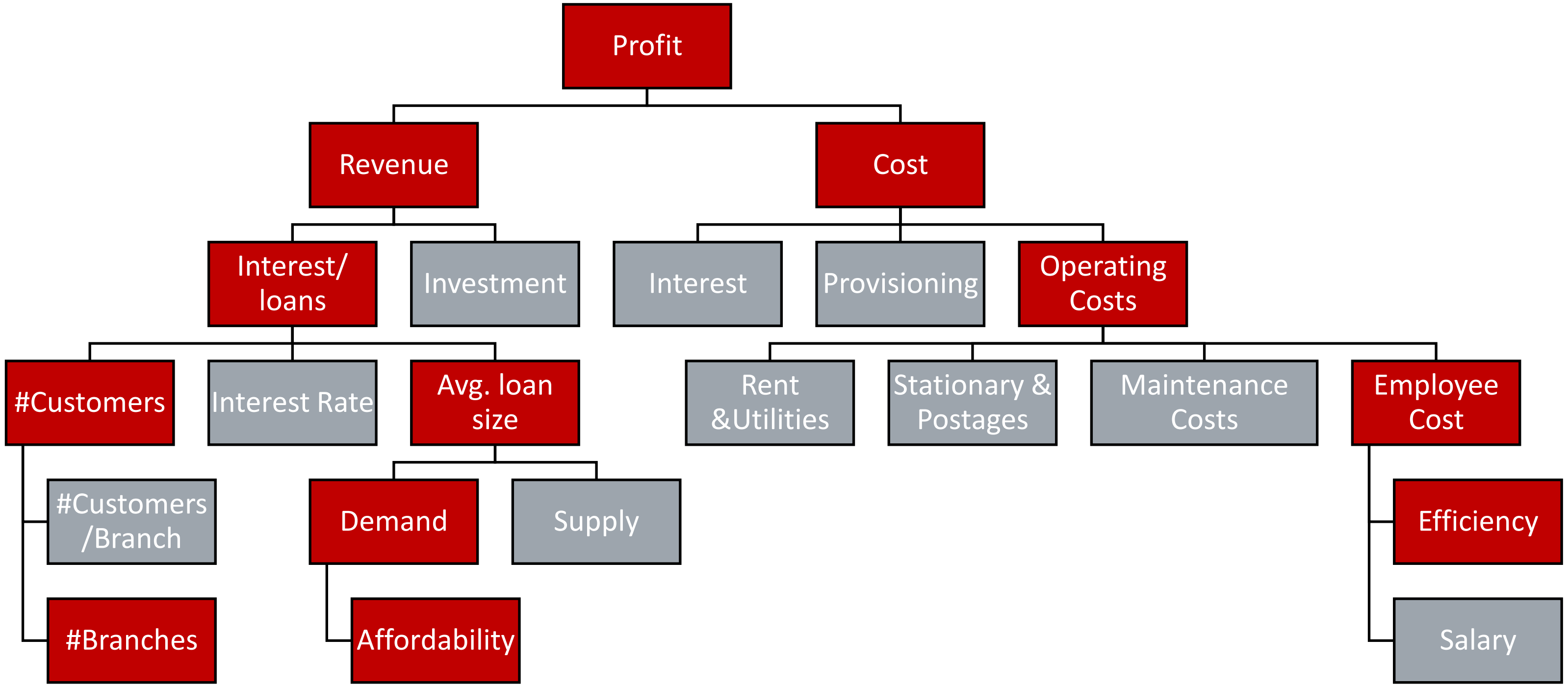
Case Statement

- Our client is a major commercial bank based out of India facing decline profits since last few quarters.
- You have been approached to find the problem and suggest the solutions.

Interviewee Notes

- Pan India based problem since last few quarters
- One of the market leaders in commercial banking, 3-4 other players, but they are not facing the problem
- Both revenue and cost increased
- Average revenue and cost per customer decreased
- Rural area expansions leading to massive increase in low-income segment customers
- Issues Identified:
  - Less efficient employees were hired
  - Cost are growing more than the revenues because of the expansion

Structure/ Framework



Key Takeaways

- Used Profitability framework, cost and revenue both sided problem
- Analyse the revenue and cost heads properly and try to include every possible options
- In recommendation, the data given by the interviewer during the initial phase of the case shows the awareness of the interviewee
- Try to give recommendation not limited to the problems identified

Shoe Polish Manufacturer

Your client is a shoe polish manufacturer and is facing decline in profits. They have asked you to identify the reason and suggest recommendations.

Sure, but before starting I have some preliminary questions about the client. Where is our client based out of and what different products does it manufacture? Also, where is it present in the value chain and what is the competitive positioning of the client?

Our client, based in India, specializes in the manufacturing of a single type of shoe polish can. The client distributes its products through third-party retailers and online platforms.

May I know since when the client has been facing this issue? Additionally, are other players experiencing the same problem?

The issue has been there for the past 6 months. The other player is facing a similar issue, but our numbers have been far worse than our competitor.

Okay, I think I have all the required information. I will break down profit into Revenue – Cost. Do we have any data from our client to suggest which of these heads has faced an issue?

So, our costs have risen, and revenues have dipped significantly. But I would like you to start with costs first.

Okay sure, I will try to do a value chain analysis of our client. So, the typical value chain consists of R&D, Raw materials procurement, Processing, Storage and Transportation, Retail, Marketing & Sales, After sales service and Financial cost. Do you want me to focus on any one of the heads or should I consider more factors?

You have covered all the factors. Focus on the processing costs.

Processing costs can be further broken down into fixed costs, including rental payments, administrative salaries, insurance, and purchasing of machines, as well as variable costs, such as electricity, maintenance, and labor costs for operating the plant. Do you have any data regarding these?

The wages of laborers have increased

They can further be broken down into number of workers * wage per worker. Any data what might have increased here?

The wage per worker has increased. What according to you can be the factors that might have increased this?

The factors can be external as well as internal. External factors will include regulations and influence of union. Internal factors will include the number of working hours which would be a factor of efficiency of the workers. Is there something I have missed?

Yeah, you are right. The efficiency has gone down due to a change in labor contractor. Now let’s focus on revenues now.

Okay. The revenue is a function of No. of units sold * price per unit. Any data from client on what can be the issue?

Prices have remained constant.

The number of units might have dropped due to an issue from either supply side or from demand side. Any data on this?

The supply has been constant, we can focus on the demand side.

To analyze demand, I'll divide the customer journey into three phases: before, during, and after purchase. The first phase considers needs, accessibility, and affordability. During purchase, we'll focus on product selection and billing. After purchase, attention shifts to post-sales experience and customer retention. Should we prioritize one of these phases?

Let’s look at the during purchase process.

Okay, so there might be several factors that might affect the purchase of shoe-polish. The retailers might not be promoting our product, or the competitor might be offering discounts/schemes on their product, or there might have been an introduction of an alternate product which had made our client’s shoe polish redundant, or there might be issues in the billing part. Any data on these aspects?

Though you have listed some interesting factors, all of them have remained unchanged. Think more on the lines of how and with what shoe polish is purchased.

So, shoe polish's purchase might be affected due to change in prices of shoes. It might also be affected by the influence of accessories like shoe polish brush and shoeshine. Any data from client on this?

The issue pertains to the shoe polish brush. Recently, the government has withdrawn all stand-alone shoe brushes from the market due to suspicions regarding the use of prohibited materials in the bristles. Consequently, new consumers are opting for bundled products instead of the traditional shoe polish cans. This shift has led to a significant decline in our sales.

Okay, so to handle the decrease in efficiency of labor, the client should provide proper training and practical experience on machines to workers. It should also collaborate with the labor contractor to ensure skilled labor into the factory. As far as the issue with brushes is concerned, the client should look into coming in a collaboration with other shoe polish brush manufacturers to provide bundled product. In the longer term, the client can further explore the possibilities of manufacturing their own brush with proper quality standards.

Those are some good suggestions. Thank you, we can close the case here.

Shoe Polish Manufacturer

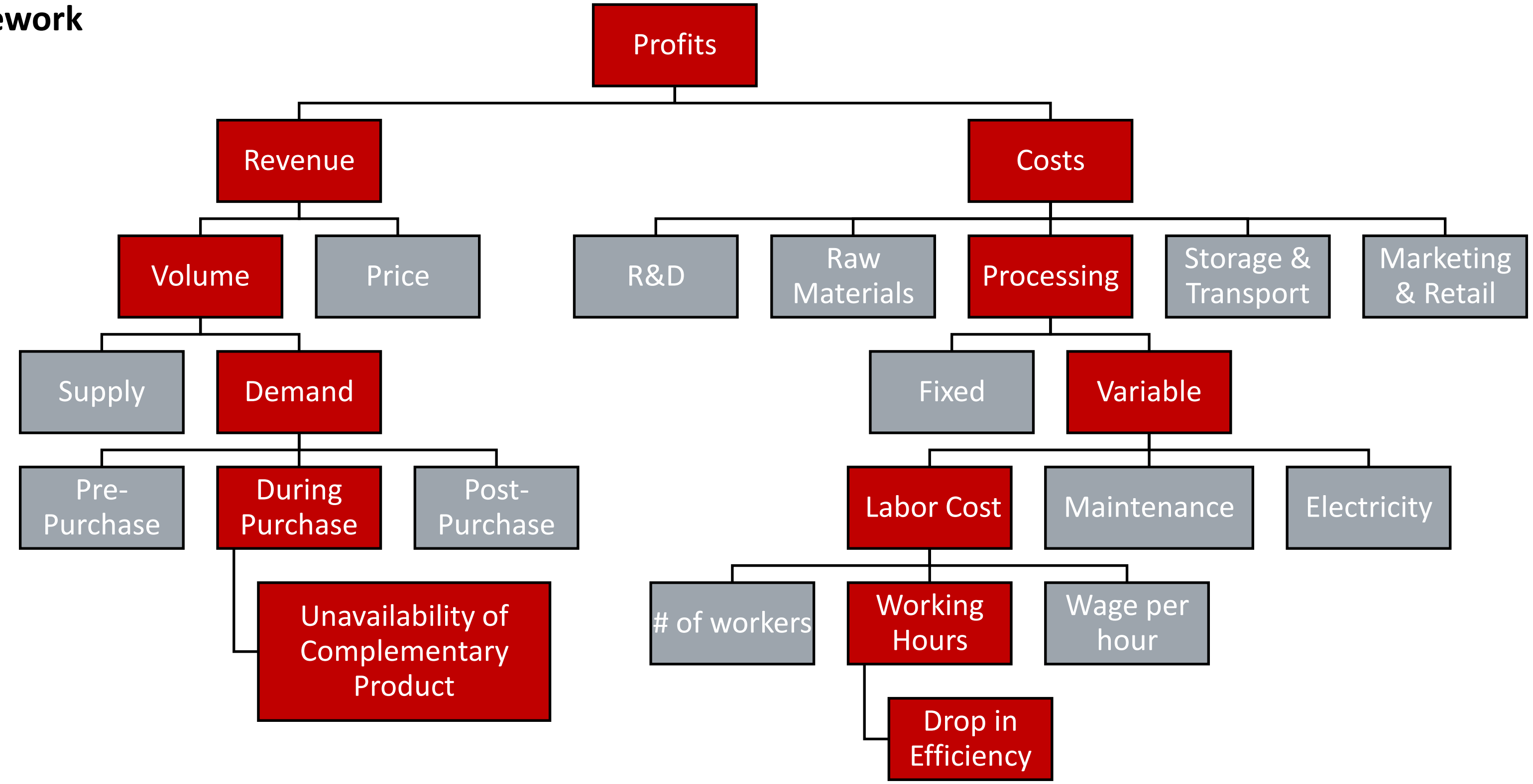
Case Statement

- Decline in Profitability of shoe polish manufacturer
- Find the root cause and suggest recommendations

Interviewee Notes

- Pan-India presence
- Manufacturer sells through 3rd party retailers
- Increase in processing costs – labor efficiency problem
- Decrease in number of units sold – Compliment product problem

Structure/ Framework



Key Takeaways

- To analyse the costs, always break down the cost head into fixed and variable costs to exhaustively analyse all the aspects
- A complementary product is very crucial in influencing the sales of a particular product. In this case, shoe polish brush is an essential compliment of shoe polish and its unavailability in the market resulted in decrease in sales of shoe-polish.

Pump Manufacturer

As a global pump manufacturer, you've observed a long-standing decline in market share, specifically within the Indian market. How would you approach solving this issue?

Thank you for the case. Before delving deep into the problem, I would like to ask a few clarifying questions about our client. What is the geography in which the client operates? What are the client's products? Who are the major competitors of the client?

The client operates pan India. They are mainly into pump manufacturing and selling only. There are some major competitors who have been doing well.

Does our client cater to any specific customer type? What about the pricing of the pumps with respect to the competitors?

Our client caters to medium scale and large-scale businesses. The industry they belong to is not relevant for this case. We are priced lower than all the customers and provide more efficient pumps than them in the market.

As profit can be broken down into revenue and cost. Considering the emphasis on market share, I'll focus on the revenue side initially. Can I proceed with that and avoid looking into the cost side or do you want me to look into it as well?

No, the revenue side is fine, please proceed with it.

To understand the revenue side of the problem I would look into the 1. Pricing of our product 2. Volume of sales. Volume of sales I can look into the repeated purchase and the first-time purchase. Can I proceed with the same?

Sure, please proceed with the volume. We haven't changed our pricing recently. On the volume head please look into the first-time purchase as pumps are most of the time a one-time investment for major players in the industry.

Definitely we can look into the volume aspect. I would like to understand the customer journey for each of the medium and large-scale business. The customer journey can be broken down in three parts 1. Pre- Purchase 2. During Purchase 3. After Sales support. Do you have any particular step in mind and any insight with respect to the customer segments provided to me.

This is a really good approach to look into the customer journey and understand the problem. The breakdown is fine but let me tell you the Pre Purchase phase is where we have the problem.

This means that we are facing the issue of generating proper awareness and converting the customers. Should I proceed with this and deep dive into each aspect?

Yes, correct but I would like to mention that for medium companies we have invested in third party dealers and for larger companies we prefer our own sales representatives.

Thank you for providing me with this information. As I can analyze that for the medium companies the problem can lie with the skillset of the third-party reps, commission model being inadequate w.r.t the competitors or any change in the business model from their end. For the large companies our reps may not be able to reach them on time, explain them the value properly properly, any fault with the delivery timing or misalignment into customers priorities. We can deep dive into each

Very Good points. I should mention that the medium companies have lack of awareness as the problem. We are only able to reach 20% of them, whereas in the 20%, 90% make a positive decision to go ahead with us. Whereas in larger companies we reach everyone on time but only 30% make a positive decision for us.

Thanks for this additional piece of information. Definitely helps me with the case. I can analyze that for medium scale companies as we have third party sales rep, they are not motivated to show our product, and it can be due to insufficient commission and benefits.

So what about the large companies then? Our reps know everything about our product but why aren't they still able to convert customers even with a lot of awareness.

I completely agree that our sales representatives possess the necessary motivation and skill set to effectively demonstrate our product to potential customers. However, it's essential to consider the nature of the customers we are targeting. These customers are capital-intensive companies that are accustomed to making substantial investments in long-term assets, such as pumps.

For these companies, the lower price of our pumps might not be seen as an attractive selling point, as they typically prefer to invest in high-end products that offer superior performance and durability. It’s possible that our sales representatives are currently focusing on the lower price as a key selling point, which might not resonate with this particular customer base. While price is certainly an important factor, these companies are likely more interested in the quality, efficiency, and long-term benefits of the products they purchase. Therefore, it's crucial that our sales team emphasizes not just the affordability of our pumps, but also their high-end features, superior efficiency, and how they outperform competitors in the market. By doing so, we can better align our sales approach with the expectations and values of our target customers, ensuring that they see the true value and long-term benefits of choosing our products.

This is a good point. Thank you so much

Pump Manufacturer

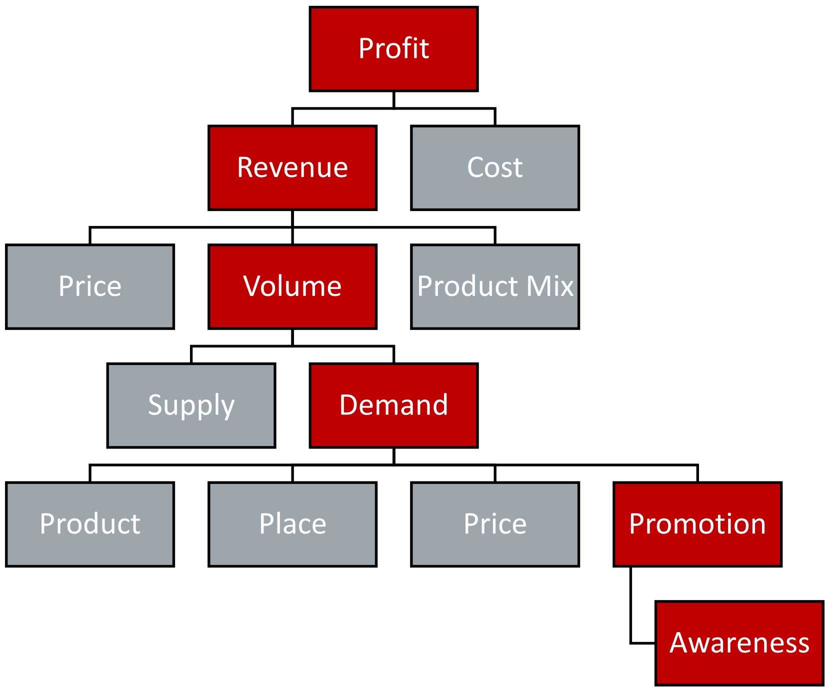
Case Statement

As a global pump manufacturer, you've observed a long-standing decline in market share, specifically within the Indian market. How would you approach solving this issue?

Interviewee Notes

- Rev-Cost analysis • Profitability = Margin/Revenues
- Client specific problem
- Recommendations were essential and needed to include how to tackle the problem
- Look into a realistic view of the world. Understand how dealers work, how they get incentivized.
- The large company solution can only be thought of when considered from a real-world view and understanding how the customer thinks

Structure/ Framework



Key Takeaways

- Customer segmentation is necessary
- Ask about industry and trends.

Industrial Goods Manufacturing

Your client is an industrial goods manufacturing company and experiencing a declining in profits. You are hired to identify the cause and provide the solution for the same.

To ensure we are aligned on the client's situation, our client, an industrial goods manufacturer, is currently experiencing a decline in profits which we need to solve for May I proceed with the preliminary questions?

Yes. Go ahead.

Could you please clarify the specific nature of the industrial goods we produce and our product mix? Additionally, I would like to know the duration and extent of the profit decline. Lastly, could you specify our position within the value chain?

For the simplicity, just assume that we make two types of products: Product X and Product Y. Product X is used by small manufacturing companies and Product Y is used by large manufacturing companies. The profits are decreasing by 10% per year since last 3 years. We operate across the value chain from manufacturing to selling.

This seems like a concerning challenge. What is the industry structure from competition and market share standpoint? How are we positioned in terms of differentiation or cost leadership? Is this an industry wide issue? Are we facing decline in profits in both product types?

Regarding the competitive landscape, there are two major competitors in the market. We hold a 50% market share, while each competitor holds 25%. Despite offering superior quality compared to our competitors, they are experiencing growth while we are facing declining profits, particularly in Product Y.

Understood. Can you tell me what geographies do we serve? And are we facing issue in any specific geography?

We serve pan-India, and we are facing this issue across the country.

Understood. Now I have enough information about the client, I would like to proceed with the analysis. Profits could be further bifurcated into Revenue and Costs. Do we have information, where are we facing the issue?

Yes. Focus on the revenue side.

Revenues can be analyzed through the components of Value, Product Mix, and Volume. While changes in our prices (value) could impact profits, this is unlikely given that the issue has persisted for the past three years. Since we offer only two product varieties and the decline is specific to Product Y, it is plausible that the issue lies in the volume, or the number of customers we serve. Is this a fair inference?

Yes. Good observation. Proceed with the volume.

Are we facing the decline in the number of repeat customers or new customers? And do we have any information, whether it is demand-side or supply-side issue?

We are facing decline in both types of customers. It is a supply-side issue.

Supply-side could be understood through 3 lenses: Procurement, Production and Distribution. Do we have information about where we are lacking?

We are facing issue in the distribution side. What would be the channels for distribution for this industry?

As per my understanding, in this industry, first the consumers identify their product requirements and then they send their demand estimates with product specifications to different suppliers. Then the suppliers contact the customers through agents or call centers and send their price quotations to customers. Then the customers will select the supplier(s) as per their requirements. Is my understanding correct?

Precisely. Our agents take considerable time to engage with customers and struggle to clearly communicate our product specifications, leading customers to switch to other suppliers. I believe we have now addressed the various aspects of the case. Thank you.

Industrial Goods Manufacturing

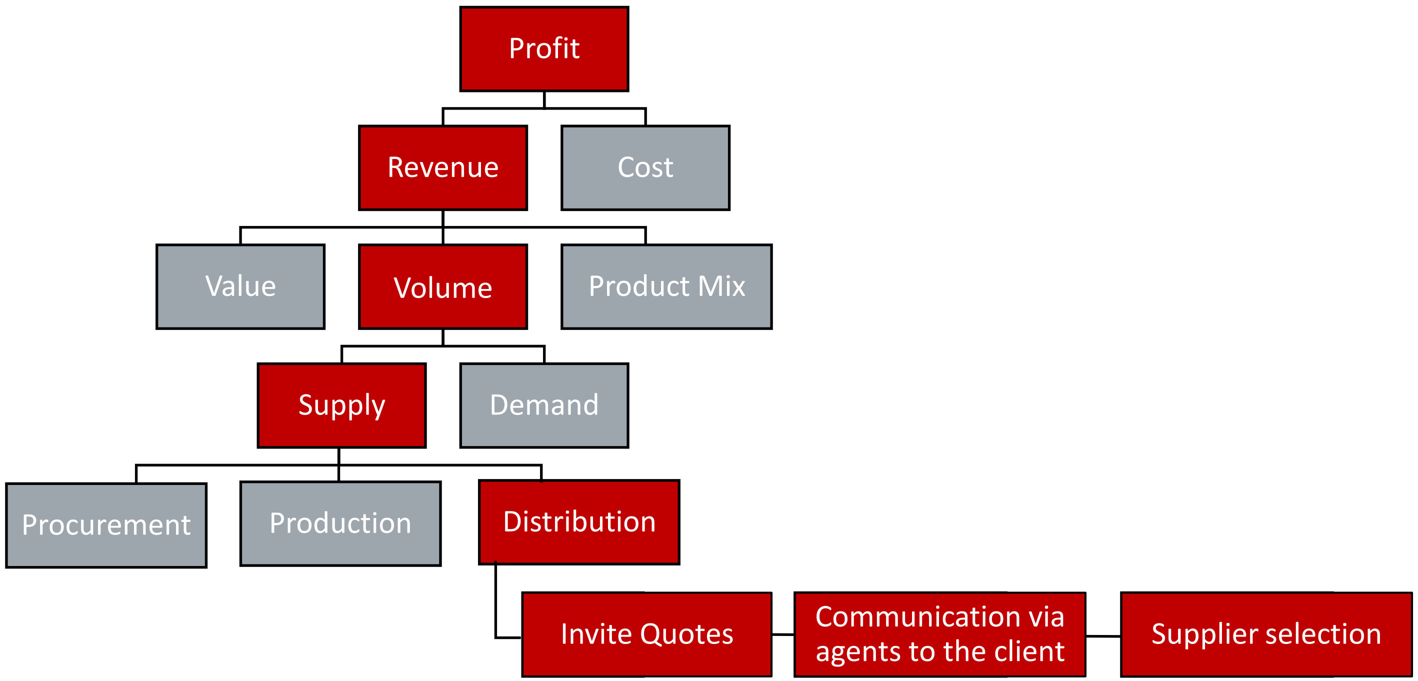
Case Statement

- An industrial goods manufacturing company, details not specified about the downstream industries
- Profits are declining since last 3 years by 10% p.a.
- Identify the reasons

Interviewee Notes

- Pan-India operations with only two types of products
- Problem is seen only in one type
- Breakdown of profits into revenue and costs, and further breaking down revenue
- To the point preliminary questions to have good understanding about the company and situation
- Analysis of Distribution side, clearly stating out the assumptions

Structure/ Framework



Key Takeaways

- Use the Profitability framework
- It is good to have basic knowledge about different industries
- Try to breakdown every step into a proper structure, and clearly state your assumptions and inferences at each step

Your client is a national logistics company, which is in transportation and logistics business for a decade now. But from last 5 years they are facing increased costs of operation. You need to analyze the situation and provide suggestions to the company.

Before we delve deeper, I have a few preliminary questions. Could you please specify what types of goods the company transports and the geographical regions in which it operates?

Our client is based out of North America and transports the freight in complete region.

What is the market share of our client in transport business and who all are the customers they cater to?

The logistics market in America is fragmented and they transport to any customer as per the demand.

Is reducing the rising costs the sole objective for our client, or are there other objectives we should be aware of?

The primary objective is to identify factors that can reduce the increased costs. However, the client is also aiming to boost overall profitability.

I think I have got enough information about the company and services it provides. As we know that the operational costs are increasing, and client also looking for profitability improvement, do you want me to focus on costs aspect of profitability or revenues too?

Why don’t you let me take through the both aspects. You can move ahead with revenues first.

Sure, so the revenue generation can be analyzed through the number of orders received, price our client charges for each order and the product mix of orders. Is the issue in any one of them or you want me to explore further.

What does the product mix consist of?

When referring to "product mix," I aim to delineate the various types of freight orders our client receives. These can typically be categorized into three major types: Heavy load, Medium load, and Low load. Each category necessitates a distinct set of vehicles for transportation.

That is great. Since our client's revenue generation is in line with industry trends, it's not a current concern. We'll maintain our focus on optimizing costs to enhance profitability.

To analyze the costs involved into the logistics company I would like to look for the value chain of the work. Is it the right way to move ahead or you want me to take another methodology.

What other methodologies would you want to delve into?

I am thinking about looking at this issue from fixed and variable costs viewpoint.

Let’s go ahead with the latter approach.

So, for logistics and transport business, we can divide the costs as fixed costs which would entail vehicles, warehouses, and variable costs would include labor cost, inventory cost, fuel cost, and transportation costs like toll and maintenance costs.

The client is currently grappling with wage increment demands from the labor union and escalating fuel costs over recent years. Could you please advise on strategies to mitigate these challenges?

Certainly. To address these challenges, we can explore several options. Firstly, regarding wage increments, we can engage in constructive discussions with the labor union to understand their concerns about the current wage structure and the rationale behind their demands. Alternatively, we could propose alternative benefits such as travel insurance for longer distances. Secondly, to manage rising fuel costs, we can investigate the feasibility of transitioning to electric vehicle (EV) models for our transportation fleet.

Logistics Company

Yes, client is working with labor unions to resolve the issue, and also looking for implementing EV vehicles in the business. Can you tell me some of the factors which would you consider before shifting to EV vehicle from the traditional one?

Yes, we can look for 5 major factors here: Purchase cost, Maintenance cost, Insurance, Mileage, and Fuel cost. Should I focus on any other additional factor?

Certainly. You've highlighted the relevant factors. I would be providing you with some data, let's assess whether implementing electric vehicles (EVs) is a viable option for the client.

Before calculating the numbers, do we have to consider the depreciation of vehicle over the years, or we need to consider it as a one-time investment.

Yes, you can consider the vehicle lifetime value as 10 years.

As from the calculation (on next page) we are getting yearly costs per standard vehicle is equal to that of hybrid model. However, improving demand for EV vehicles and movement of world towards green resources, the implementation of EV vehicles will be having long term positive effects. So, the client can go ahead with the EV implementation in the transport.

That was a great analysis. Thank you for your time.

Logistics Company

Profitability | Moderate | EY Parthenon

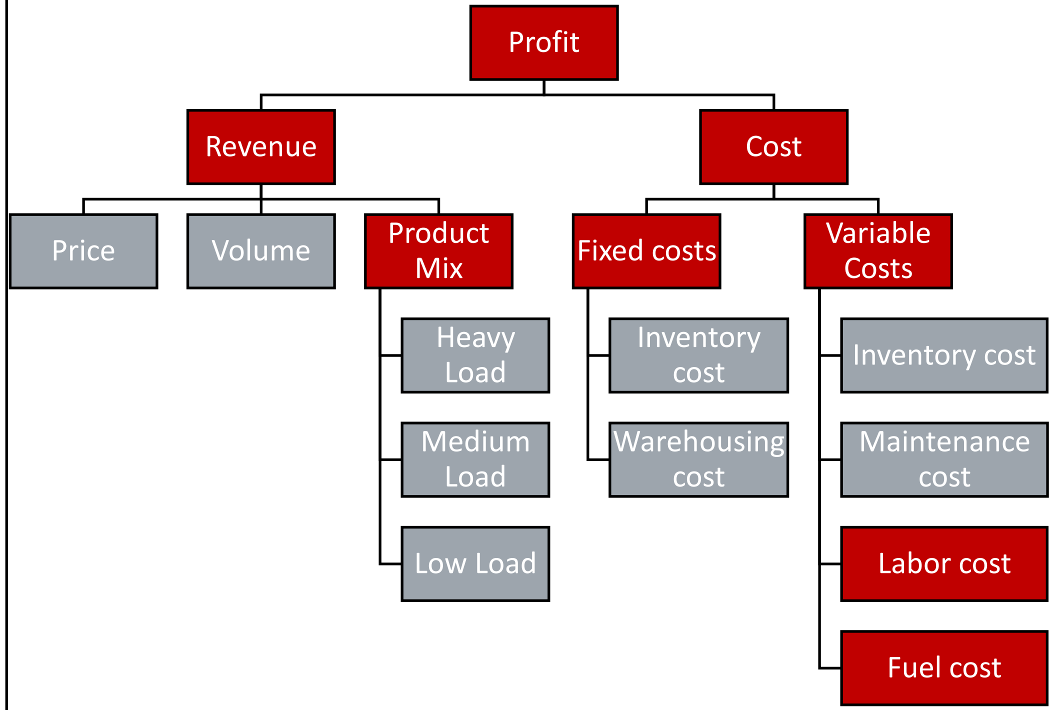
Case Statement

- National logistics company facing rise in costs.
- Looking for profitability improvement.

Interviewee Notes

- Caters to North American market
- The market is fragmented
- PAN location transportation

Structure/ Framework



Given data:

Parameters	Standard Vehicle	Hybrid Vehicle
Purchase cost	$100K	$150K
Maintenance cost	$5K	$8K
Insurance	$2K	$3K
Avg. miles driven	60000	60000
Fuel cost	$3	$3
*Miles/Gallon = $10		
Vehicle lifetime value: 10 years		

Calculated data:

Parameters	Standard Vehicle	Hybrid Vehicle
Gallon of fuel used: Avg miles driven/miles per gallon	6000	3000
Total fuel cost: gallon of fuel used*fuel cost	$18K	$9K
Purchase cost per year	$10K	$15K
Total cost: Purchase cost+Maintenance cost+Insurance+Total fuel cost	$35K	$35K

Key Takeaways

- Always take the buy-in from the interviewer pertaining to your approach
- Do not hesitate to accept your mistake in calculations, if any
- Walk through the calculations as you go ahead and keep the interviewer in your approval

ATM Fee Payout

Our client, a large public sector bank, is experiencing a decline in their ATM fee revenue. Please analyze the reasons for this decrease.

This seems like an interesting case. I would like to know a bit more about the bank and what exactly do we mean by fee payout. Can I ask a few questions to understand the context?

Sure, go ahead.

To clarify, are we considering this as a typical public sector bank that operates ATMs across India? By "fee payout," do we mean the revenue generated from ATM fees? Additionally, could you provide information on the extent of the decline and the duration of this issue? Is this problem unique to our bank, or is it affecting the industry as a whole?

The client operates across major metros in India. Fee payout is the revenue earned when customers of other banks come to our bank's ATM. The client has seen a decline of around Rs. 100 Cr. in the last 2 years. How do you think other banks would be performing? What would your opinion be on the transaction fee?

Since, we know fee payout is earned when customers migrate their ATM usage,
Fee payout = (No. of client ATMs * external customer withdrawals * % transaction fee/cut) – (No. of competing ATMs * client customer withdrawals * % transaction fee/cut)
Now, assuming it's a zero-sum game, if the client's fee payout is decreasing, by default the other banks would see an increase in their fee payout.

That's correct. Other banks have been doing quite well.

Since, we know fee payout = f (No. of ATMs, quantum of withdrawals, transaction fee), we might 1) have lesser ATMs, 2) the client's customers might be migrating to other bank ATMs or they might see a decrease in external withdrawals, and 3) lastly there might be disparity in the % cut. Do we have any data to decide which factor to proceed with?

The client has 12,000 ATMs pan India, whereas the industry standard is 21,000 ATMs pan India. I would also like you to look at the quantum of withdrawals now.

Total withdrawal = No. of customers * withdrawal per customer. Either we have seen a drop in number of customers using our ATMs, or a drop in the withdrawal per customer, or both. Do you want me to focus on any one in particular?

You can proceed with number of customers. The client has seen more and more increase in their customers withdrawing from other competing bank ATMs.

Here, I would like to look at the customer journey, while using the client's ATM. It includes 1) Awareness about the ATM including marketing efforts, connection to app, 2) Accessibility to ATM including location, operating hours, number of machines free for use, etc., 3) Affordability, i.e., any disparity in ATM charges, and 4) User experience would include ease of use, processing time, money availability, denomination, paper quality, etc.

Our client has noticed that the operating hours of our machines are lower than those of others due to an increase in hardware downtime. What do you think could be the reasons?

An increase in hardware downtime may result from several factors, including the age of the machines leading to longer outage times, delays in repairs and resets due to the ATMs not being in prime locations, the high complexity of repairs requiring more time, or productivity issues among the repair engineers. Do we have any information on whether the client owns these ATMs or if they are outsourced to a third party?

The client owns the ATM machines, their machines are old leading to more frequent outages and higher complexity problems. Why don't you proceed with recommendations.

I would like to divide my recommendations into short term and long term:
Short term:
1) Replace older machines with newer ones
2) Set up more ATMs, starting with prime locations, and high-density population areas, in a phased manner to reach industry standard

Long term: Word of mouth marketing, and campaigns surrounding safety of use at night, accessibility, etc. to restore their brand image

Sounds great, thank you!

ATM Fee Payout

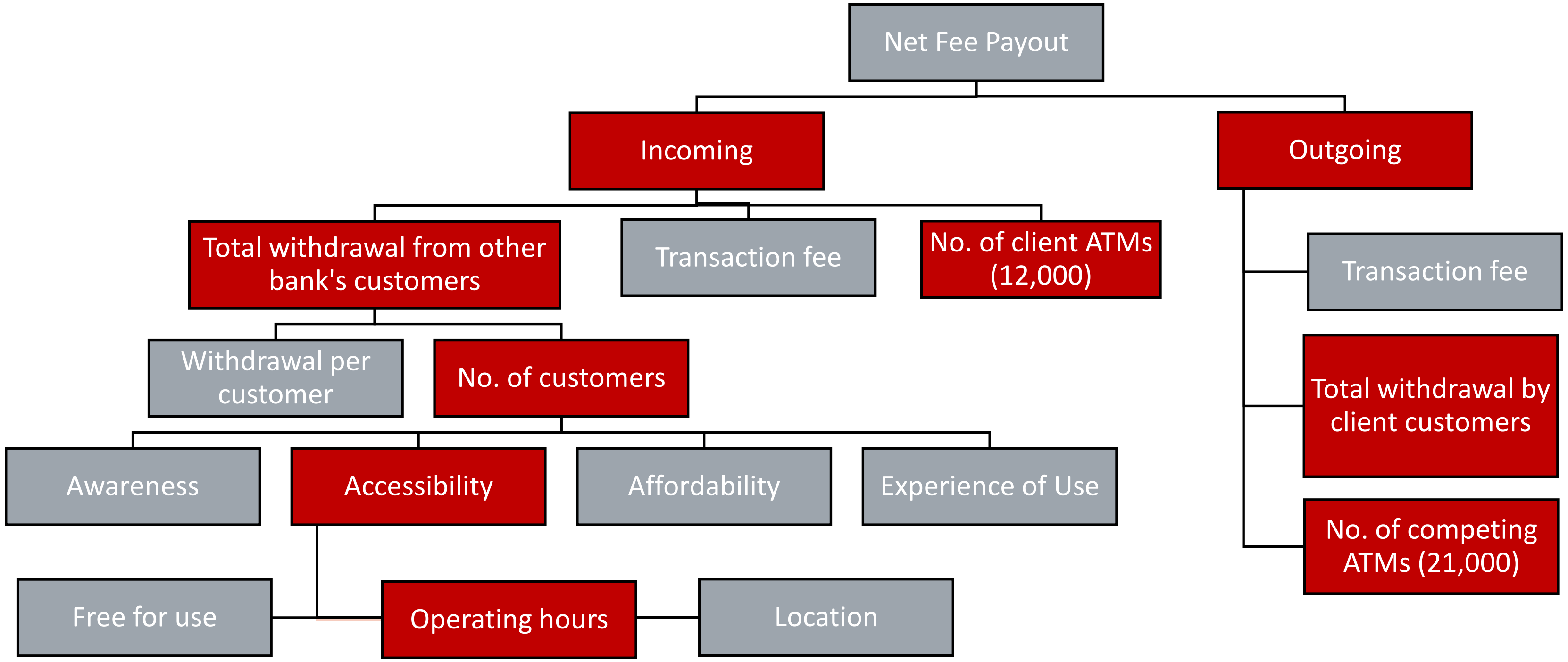
Case Statement

- Your client is a large public sector bank. They are facing a decline in their ATM fee payout. Analyse reasons for the same.

Interviewee Notes

- Understand fee payout and break it down into an equation
- Look at customer journey to find the root cause
- Don't rule out the possibility of it being a supply side issue, like money denomination availability etc.

Structure/ Framework



Key Takeaways

- Understanding and structuring problem statement as a function or equation of different components, this was appreciated by the interviewer
- MECE at every point , feel free to ask follow up questions to understand more e.g. Ownership of ATMs
- Give short-term and long-term recommendations, each addressing the core causes

TV Manufacturer

Your client is a TV manufacturing company facing declining profits. Analyze the reasons and come up with recommendations

Thank you for the case. First, I would like to ask some clarifying questions regarding the client here.

Sure

What part of the value chain does the client operate? What are the products sold by the client and what is the geography that the client operates in?

The client is an end-to-end manufacturer of TVs. You can consider only one type of television for this case purpose. The client is an MNC based out of China. The company operates in a lot of international markets.

Interesting. Given this information, is the decline happening in all the markets, or is it just in a particular geography? Also, do we know anything about the duration and magnitude of the decline in profits?

The decline has happened in pan India for the past 5 years. It is a significant decline.

Ok so we can pin down the problem in India only. Is there any information about the competitors?

Some of the competitors are also facing the same issue.

Ok, thanks for the information. So, Profit can be expressed as Revenue – Cost. Has the Revenue declined, or the costs gone up or both have happened simultaneously?

The cost structure has remained the same. However, revenues have gone down.

Revenue can be further broken down as #No. of units sold X Price. Product mix is not considered as only one type of television is being sold here. Has there been any change in price structure?

Correct! The price structure has remained the same. Number of Units sold has gone down.

The decline in volumes can be either due to a decrease in demand for our products or our inability to meet the demand. Do we have any data supporting either of them?

There has been decline in demand.

To analyze the decrease in demand, I would like to look into the customer journey during the purchase of a TV. The journey can be broken down into Needs, Awareness, Affordability, Availability, Accessibility, Product Purchase and Post Purchase. However I don't think Affordability is any issue here since price hasn't changed. Availability also hasn't been impacted as supply is not a problem. Do we know if any of these steps have been impacted?

Can you analyze the needs?

Sure. Customers will buy a new TV when they are shifting to a new place or changing their old TVs or want to personalize their viewing experience, e.g. Different TVs for different rooms or members of the family. I suspect that with the advent of substitutes like Laptops, tablets and OTT availability, people may not prefer TVs.

That's correct! There has been a shift in the viewing behavior of customers.

Interesting! The shift in viewing behavior does explain the decline in demand. But do we know why it is happening only in India? Shouldn't it be happening in all geographies?

Excellent question! Can you figure it out on the basis of the information provided?

I would like to break this down into two factors Economic Issues and Political factors. India has been recovering steadily in terms of economy after Covid-19. Although there may be dip in sales at that time, it doesn't explain why it has been persisting for 5 years. Another factor here is that Government is openly dissuading people from buying Chinese products and promoting Make in India campaign. This may explain why some other competitors are also facing decline in profits.

You are spot on! Now that we have identified the reasons, can you provide recommendations for the client?

I would like to provide solutions for short term and log term basis to improve the profits of the client. For the short term the client can provide discounts on purchase of TVs, do better promotion and marketing with an Indian theme. For the log term, I would recommend the client to establish a brand, separate from the parent brand which will act as a Shadow brand, not disclosing its Chinese origins. To address the changing needs, the client should come up with unique sleek designs, enabled with internet/Wi-Fi pairing that caters to customers' preferences. The client can also go for partnerships with distributors to push their products to end customers.

Those are very interesting suggestions. Before we end, can you tell me what is the difference between a house of brands and a branded house?

A branded house uses a single master brand to sell its products like Nike while a house of brands like P&G involves a set of brands which are independent. Please correct me if I'm wrong

That's correct. Great work! All the best!

TV Manufacturer

Profitability | Moderate | Accenture

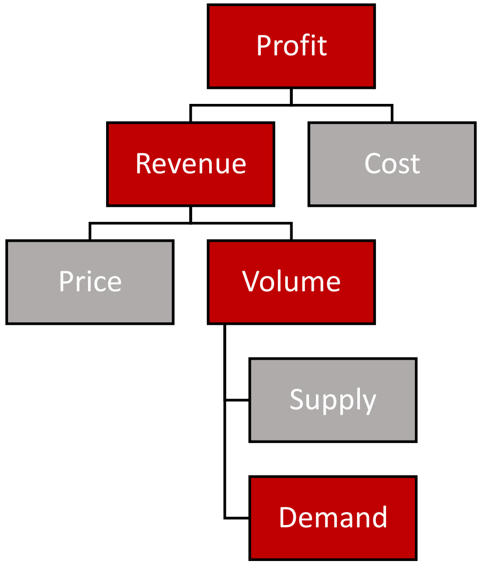
Case Statement

- Client is a TV manufacturer and is facing declining profits for the past 5 years across India
- Find out the issues and provide recommendations

Interviewee Notes

- Client is an MNC based out of China
- Profit decline only in India
- Decline happening for the past 5 years
- Some competitors are facing declines as well
- Decline is pan India
- Volume sold gone down
- Issues identified:
    - Change in need due to changing viewing behavior
    - Political and govt. persuading to avoid Chinese products

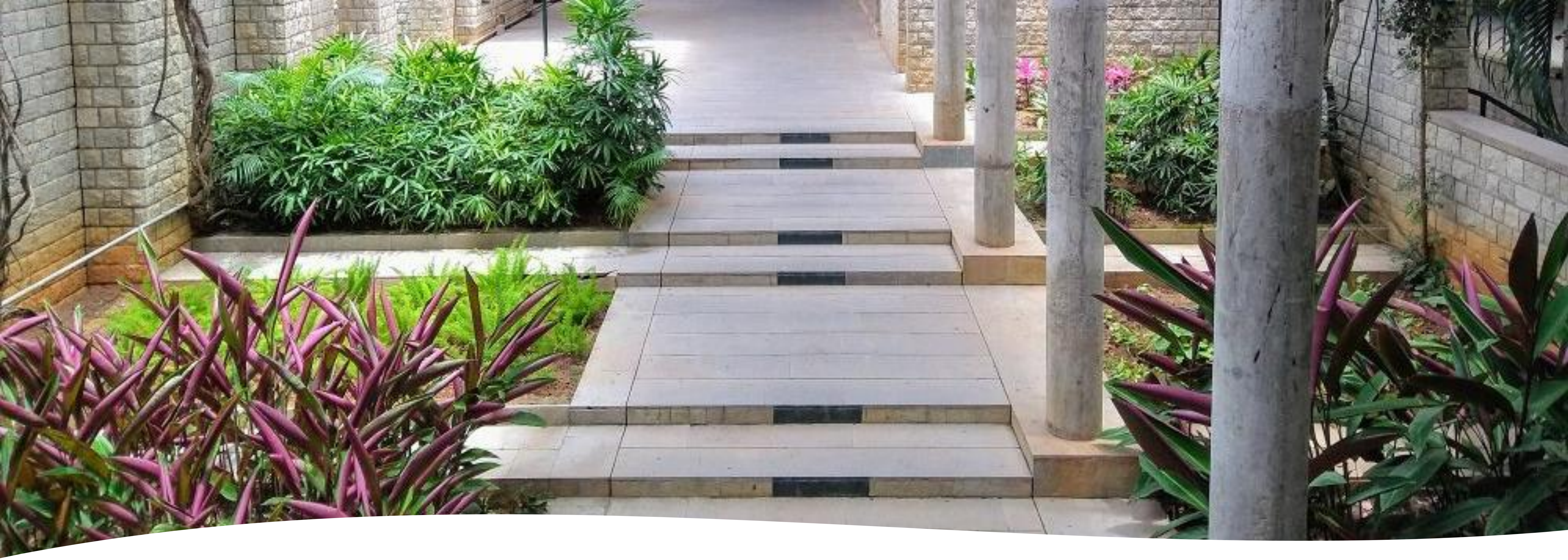
Structure/ Framework



Customer Journey

Key Takeaways

- Important to break down customer journey and understand the exact reason where the problem persists
- The issue happened only in India, so it's important to probe why India only
- The initial clarifying question of Client's Chinese origin helped in cracking the problem. Keep high awareness about what info the interviewer provides
- Providing suggestion for creating different brand was a brownie point



IIMB Market Entry Cases 2024-25

Market Entry Framework

Basic structure

- **Market Entry**
  - **Strategic Objective**
    - Why to enter?
    - Target Metric
  - **Industrial Conditions**
    - **Market Attractiveness**
      - Addressable market
      - Growth rate
      - Profit Margin
    - **Customers**
      - Market structure
      - Reaction to entry
      - Segments
    - **Competition**
      - Price, Product, Place, Promotion
    - **Barriers to Entry**
      - Financial constraints
      - Capabilities/Resources
      - Suppliers
      - Govt. Regulations
      - Patents, IP
  - **How to Enter?**
    - **Organic**
    - **Inorganic**
      - Joint venture
      - Acquisition

Good to know frameworks

1. Using **2 by 2s** for final decision like degree of control vs investments; competition vs own capabilities or your own set of parameters
2. **Porter's 5 forces**: Good to get the context of industry as a whole
3. **5Cs**: Company, Competitors, Customers, Context, Collaborators → very useful in scoping
4. **Value Chains** for various industries to understand nuances of market entry and objective metrics

Market Entry Framework (contd.)

Preliminary Questions

- Clarify objective, growth quantum and targeted timeline
- Geography – Why are we looking into this geography? Have they launched this product in another market?
- Business Model – Where does the firm lie in the value chain?
- What are the existing products/ services, capabilities and expertise of the firm?
- Who are the target customers? Market size and price sensitivity
- Any side-effects of product?
- Pricing – given or required, ask for targeted margin

1. Risks Involved

Risks

- Internal
  - Constraints
  - Resources
- External
  - Industry level
    - Market Attractiveness
      - Addressable market
      - Growth rate
      - Profit Margin
    - Customers
      - Market structure
      - Reaction to entry
      - Segments
    - Competitors
      - Price, Product, Place, Promotion
    - Barriers to Entry
      - Financial constraints
      - Capabilities/Resources
      - Suppliers
      - Govt. Regulations
      - Patents, IP
  - Macro Factors
    - PESTEL
    - Regulations
    - Currency Fluctuations

2. Market Size and Share

Economic Feasibility: Mkt Size x Mkt Share x (Price – Variable cost) – Fixed Cost

Solve the guesstimate to calculate market size, qualitatively find achievable market share

3. Modes of Entry

	Organic	Joint Venture	Acquisition
Advantages	- Retain business control - Build Experience Curve - Boosts Brand Image	- Less investment - Local Expertise - High Scale and Scope	- Extend market scope - Utilise local expertise - Produce synergy
Disadvantages	- High Capex - High Commitment	- Limited Control - Brand Dilution Risk	- Significant Investment - Threat to Brand Value

Chemical Manufacturer

Your client is a leading chemicals manufacturer based out of India. The chemicals are made from vegetable oils. Evaluate different geographies to market and sell products. Also, what will be the different factors that you would evaluate which could be its key to success.

Before starting with solving the case, I would like to ask a few questions. What are the different uses of these chemicals. Also, what do we mean by geographies? Do we need to evaluate specific countries or is it regions?

These chemicals are used in the manufacture of homecare and personal care products. Also, our client manufactures some commodity chemicals but for this case only focus on chemicals which are used in personal care products. By Geographies we mean regions namely LATAM, Europe, Middle East and Africa, APAC and North America.

Thanks, for the information I have one more question before starting to solve the case. Are we looking to directly enter the market or is it through an intermediary?

I think, that is for you to decide.

Okay, sure. For deciding which market to enter I would first like to assess market attractiveness wherein I would look at the market size, growth rate, and barriers to entry. After that, I would look at financial feasibility and finally operational feasibility.

This is a fair approach. Let's elaborate further on financial and operational feasibility.

Financial feasibility can be calculated as (Market Size*Market Share*Average Contribution Margin) – Fixed Cost. Operational feasibility can be evaluated by analyzing the entire value chain, focusing on key aspects such as inbound logistics, manufacturing, and outbound logistics. Since, we only need to market and sell the products I would be assuming that we are manufacturing in India.

Fair. Please elaborate on the value chain.

Firstly, goods will arrive at a port or harbor, where they will be sorted and transported to multiple regional warehouses. From these warehouses, the products will be further distributed to various final retail stores, ensuring efficient delivery.

This is a comprehensive analysis. What factors would you consider while analyzing the competitive landscape in these geographies?

Some factors that could be considered for analysing the competition would be whether there is a price competition in these markets, the number of players present and if any company has monopoly because of favourable government policies. Do we have any data around any of the above factors?

Okay, so we have some data regarding the different regions. In LATAM we are already enjoying pretty good market share. Europe and APAC have a lot of strong local players. Middle East and Africa have a very small market. In North America there are a few Southeast Asian player who enjoy cost advantage. How do you think we should proceed given all this information

Okay so since, Middle East and Africa has a small market it might not be very lucrative for us. Also, I don’t think there would be a lot of scope of expansion in LATAM. Coming to Europe and APAC we might not be able to beat these strong local players. Thus, I think we should focus on North America. There can be two strategies for us to enter, one would be cost advantage and other could be differentiator. Since, other plays are already cost leaders we should focus on a differentiator policy.

What ways do you think we can differentiate given that our chemicals are a commodity product

Some ways that we can differentiate would be ensuring a consistent supply, ensuring a constant quality. Also, if needed we can offer more options of customization of these chemicals for our customers.

This was a good list of differentiators that you came up with. I think we can close the case here; it was nice interacting with you.

It was nice interacting with you too. Thank you!

Chemical Manufacturer

Case Statement

- Chemical manufacturer based out of India wants to expand geographically
- Evaluate different geographies and suggest how to go ahead

Interviewee Notes

- Manufacturing capabilities in India only
- Data about different regions

Structure/ Framework

- Market Entry
  - Market Attractiveness
    - Market Size
    - Barriers to Entry
    - Growth Rate
  - Operational Feasibility
    - Value Chain
    - Competitive Landscape
    - Mode of Entry
  - Economic Feasibility

Key Takeaways

- No fixed structure used, needs to adapt the approach as per the direction from interviewer
- Think from the perspective of competitor landscape as well as value chain

2-Wheeler Manufacturing Company

Your client is a 2-wheeler manufacturing company, and they want to launch a new bike. How would you go about advising them?

I would first like to know a little bit more about our client. What geography do they cater to, what kind of vehicles do they manufacture and what is their current market position.

Sure. Your client caters to the Indian market and manufactures motorcycles. They have two segments currently – one catering to the middle segment and the other is the premium segment. Your client has captured 80% of the market share in the middle segment and 25% market share in the premium segment. They only have one manufacturing facility in Chennai as of now.

I would also like to know what is the decision metric for our client regarding the launch of the new product.

Our client is looking to increase profits. They want to recover the investment made within the next 2 years.

Okay. I believe I have enough information about our client as of now. Since our client has already captured 80% market share in the middle segment, I would like to analyze the launch of a new product in the premium segment.

Seems okay. Go ahead.

I would like to break down the problem into two aspects – financial viability and operational feasibility. I would first like to analyze if the decision metric is being met in the next 2 years and then look into the operational challenges of achieving the set targets.

Sure. You can start with analyzing the financial aspects.

I would first like to estimate the size of the market for which I will make some assumptions. India's population is 1.4 billion. Assuming 5% falling into the high-income segment, the total need for two-wheelers in this segment is 17.5 million, which is 25% of the high-income demographic. With a 10-year motorcycle lifespan, replacement demand is 1.75 million annually, and new demand, assuming 10% growth, adds another 1.75 million.

Thus, the total annual demand for premium motorcycles is approximately 3.5 million. Since we already have captured 25% of this market, with the launch of the new product I am assuming we will be able to capture an additional 5-10% in the next 2 years.

For simplicity in calculations, assume 10%

Okay; so, the additional sales volume would be 700,000 for the next 2 years. May I know the average selling price and cost of the premium segment motorcycle. Also, do we have an estimate of the investment we would need to make in order to launch the new product.

The average selling price is Rs. 500,000 and the cost is Rs. 400,000. Assume an investment of Rs. 100 billion would be required to set up the plant and launch a new product.

Okay. So, the additional revenue generated would be Rs. 350 Billion. The costs incurred for generating this revenue would be Rs. 380 Billion of which Rs. 100 Billion is the fixed costs incurred.

So, what would your recommendation to the client be?

If our client is only looking to recover the initial investment made in the next two years, they can go ahead with the launch of a new motorcycle in the premium segment as per the above calculations. However, if the client wants to make this investment profitable, they will have to increase the time horizon considered. I would also like to investigate the operational feasibility of this decision further.

That will not be required as of now. Thank you.

2-Wheeler Manufacturing Company

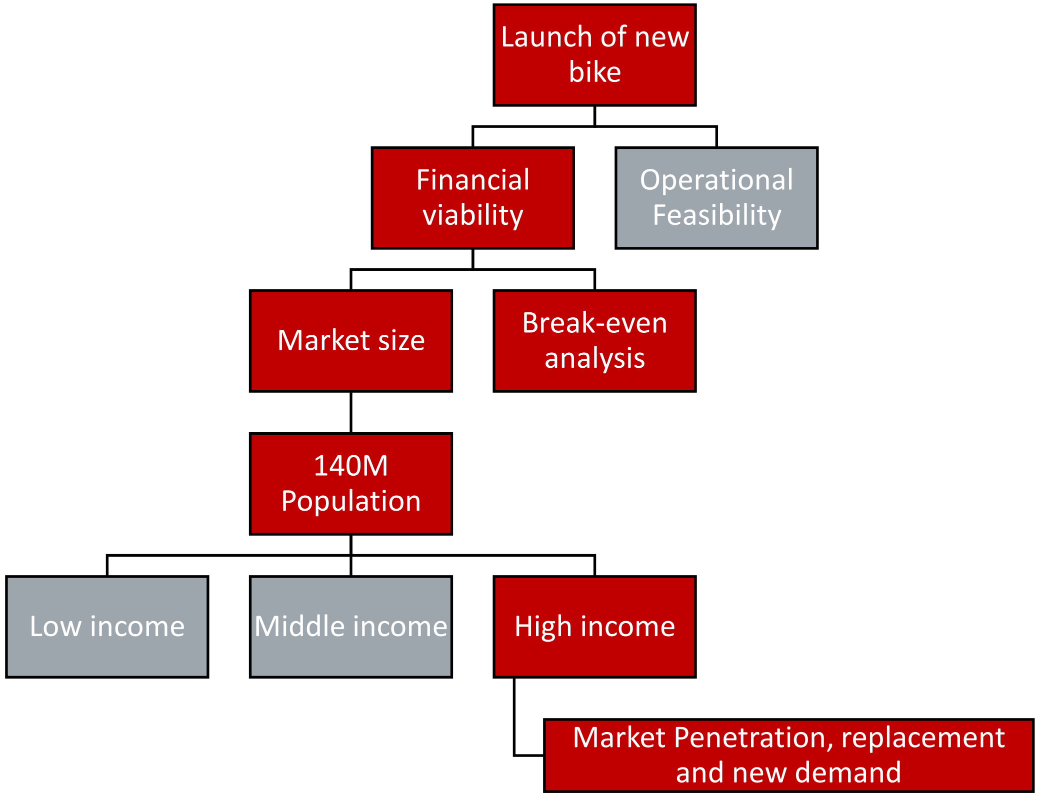
Case Statement

- Client is 2-wheeler manufacturing company looking to launch a new bike.
- They want to analyze in which segment they should launch the new bike and whether they should or not

Interviewee Notes

- Indian manufacturer, only one plant in Chennai
- 2 market segments – middle and premium
- Market share in middle segment is 80% and premium is 25%.

Structure/ Framework



Key Takeaways

- Clarify the objective of launch of the new product in the beginning
- Double check the assumptions made (especially while estimating market size) with the interviewer to ensure that you're on the right track

Your client intends to develop an electric toothbrush (ETB) of replaceable heads with camera. This brush will use AI to generate daily reports of dental hygiene. Please analyze and suggest recommendations.

Thank you for the case. Before I start, I want to understand more about the company. Can you please shed some light over the company and its current market position.

Sure. The client is a premium toothbrush manufacturer operating in India. They have a wide portfolio of both manual and electric toothbrushes. They are leading in the electric toothbrushes and further intend to innovate.

This information is helpful. Before I give me analysis, I need to understand the working of the product. Can you please take me through it.

Yes. ETB represents a cutting-edge toothbrush designed to monitor both dental hygiene and brushing techniques. Equipped with a camera and sensors, the brush records brushing styles and dental care practices. When connected via Bluetooth, this data is transmitted to the user's smartphone. The AI model within the mobile app then compiles a user-friendly daily report for the individual. This is priced at ₹2000.

Thanks, I can now present you with my analysis. In this case I would primarily look at two factors: internal and external. In external factors, I would look at the market attractiveness and industry analysis. In internal factors, I would look at the operational feasibility, financial resources and risks.

Great. You can start by estimating the market size.

For market sizing, I would start with the total country's population and divide it by urban/rural, among these I would divide them by income levels who could afford this expensive toothbrush. I would then divide this group further by age and assign penetration levels to each sub-group. This way I would get the total addressable market. Additionally, we can get the total obtainable market by knowing the competition. Is this approach fine?

We are the only ones in the market to develop this product. But can you think of any other ways to estimate the market.

Yes, earlier I have estimated the market based for the penetration in the total population. Instead, I can also calculate the market by estimating our users- which I primarily would assume to be people with dental issues and calculate the penetration over the income levels. Since, we don't have any competition in this product's market, the total market would be Total obtainable market.

Good. This method looks comprehensive. Can you plug in numbers into it?

India has a total population of 140 crores. Assuming 20% of the India faces dental problems, 30% of the India in urban locations and a very conservative rate of 5% urban penetration rate and 1% rural penetration rate, number come out to be = 140cr*0.2*(0.3*0.05 + 0.7*0.01) = 61L users. The price is 2000 and given the earlier mentioning of replaceable heads, the lifetime can be estimated at 2 years. Hence value is 61L*2000/2 = 610cr.

Very Good. Now continue your analysis with internal factors.

As mentioned earlier, I would look at three aspects of internal factors- operational feasibility, financial resources and risks. For operational feasibility, I would further look at three factors: Development, manufacturing and post sales service. This product has a significant emphasis on AI report generation; hence we need to check if it is viable to develop an AI model with this advance features. In manufacturing, having a camera inbuilt into the product would require upgrades of our manufacturing capabilities since it involves microprocessor. And finally post sales service- unlike our previous products, we might have to start a post sales service division with both software and hardware departments to facilitate the longer lifetime.

Fair enough. In interest of time, Can you wrap up with modes of entry and recommendations.

Given that the client has zero experience in the field of AI development, I would suggest our client to have a Joint-Venture Model with an AI company to develop the AI model and the software application. This should greatly reduce the burden on our R&D division. If the client instead wants to pursue the AI development in any it's other products, It may also buy out an existing AI company and start developing the model on itself.

That will be all. Thank you

Electric Toothbrushes

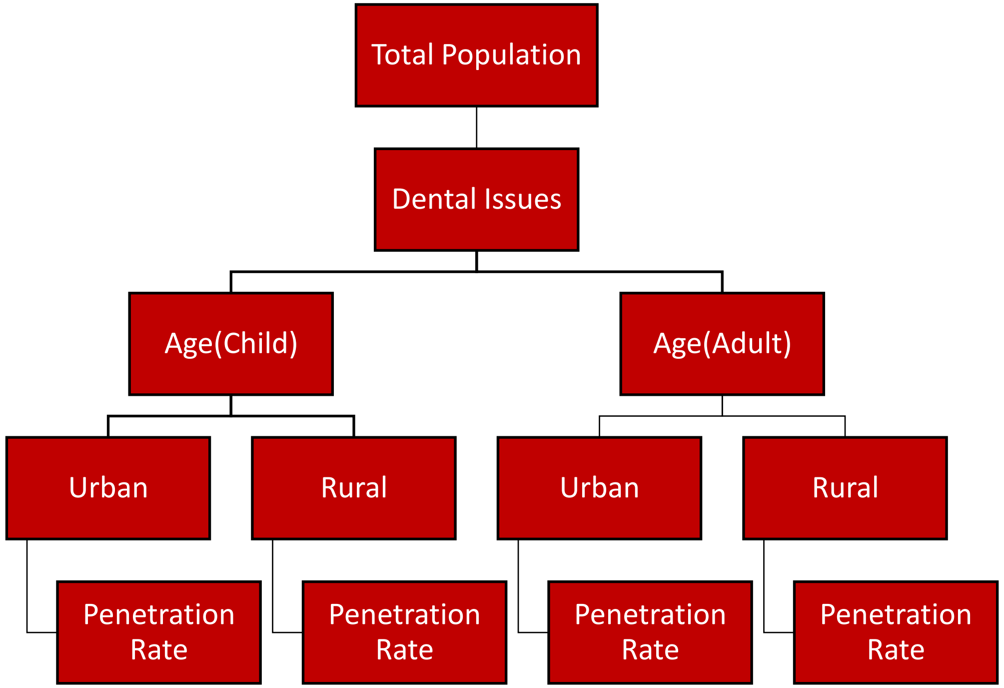
Case Statement

- The client is a premium Toothbrush manufacturing company.
- The client intends to develop a new electric toothbrush with a camera and an AI application to generate daily reports.
- Provide Entry Recommendations

Interviewee Notes

- Client has no prior experience in Software handling
- No other company pursuing this product.
- No budget constraints provided.

Structure/ Framework



Key Takeaways

- To be calm, even if interviewer doesn't accept your solution.
- Ensure that your recommendations are delivered under 1min. Some interviewers time it.

Low-Cost Carrier Airline

So, the case is about proposing an international expansion strategy for a low-cost carrier airline. The objective is to achieve growth and capitalize on growth opportunities in international markets.

That sounds interesting. Before we proceed, can you clarify a few points? Which region is the airline currently operating in? What is the competitive landscape, and where does the airline stand in that competition?

The airline is currently operating in India as a low-cost carrier. The profitability largely depends on economies of scale and scope, with flight frequency being a significant factor. In terms of competition, the airline is among the top three players in the industry.

Has the airline attempted international expansion in the past? If not, are there any successful examples of other airlines entering international markets that we can learn from?

This will be the airline's first international expansion, and there are no specific examples to reference. We need to develop a unique strategy for this scenario. Let me share the proposed framework I have in mind.

Let me share the proposed framework I have in mind.

Please go ahead. What is your proposed framework for the strategy?

The framework consists of three main elements: market opportunities, financial viability, and operational feasibility. In terms of market opportunities, we need to assess demand and identify attractive target markets. Financial viability will involve considering costs such as fleet expansion, fuel expenses, staffing, and airport-related costs. Lastly, operational feasibility will require us to analyze relationships with the target country, social norms, technological challenges, environmental factors, and legal considerations.

How can we determine the attractive target markets? Are there any specific countries we should focus on?

While we can skip the specific market opportunities for now, we should consider countries with segmented markets where we can easily enter and avoid countries with monopolies or oligopolies. For example, airlines like Southwest Airlines can be our competitors. We need to select a market where our low fares can offer a value proposition.

That makes sense. Now, let's discuss the financial viability aspect. What costs should we consider, and are there any additional revenue streams we can explore?

In terms of costs, we will need to invest in a new fleet since the current planes are limited to around 90 seats. We must also account for fuel costs, additional staff, airline and airport expenses, and other operational costs. Additionally, for international flights, we should consider expenses related to food, potential flight disruptions, baggage policies, and other factors. As for revenue streams, charging higher fares for long-duration international flights and attracting tourists from India can contribute to increased revenue.

Good. Let's move on to operational feasibility. What factors should we assess in this regard?

Operational feasibility involves examining relationships with the target country, economic factors, social norms, customer mindset, technological challenges, environmental considerations, and legal aspects. We need to evaluate the potential challenges and ensure compliance with ESG parameters and other relevant regulations.

Are there any external risks we should be aware of?

Yes, there are two types of risks to consider: business risks and external risks. Business risks include failure and the availability of exit options. External risks encompass factors such as the competitive landscape in the target country. These aspects should be carefully analyzed to make informed decisions.

Based on your analysis and framework, what is your final recommendation?

The airline is currently operating in India as a low-cost carrier. The profitability largely depends on economies of scale and scope, with flight frequency being a significant factor. In terms of competition, the airline is among the top three players in the industry.

Low-Cost Carrier Airline

Considering the context, I suggest pursuing joint ventures (JVs) as a market entry strategy. This approach would involve partnering with local entities in the target country, allowing us to navigate challenges and take advantage of their established presence. JVs can also provide potential exit options if needed.

Do you believe JVs can facilitate a smooth exit as well?

Yes, JVs offer a potential exit strategy by allowing us to transfer stakes to our partners in the target country. This way, we can reduce our capital investment and exit the market if necessary. It aligns with the concept of "no code" or non-compete contracts, ensuring a logical and strategic approach.

Thank you for presenting your case. You have covered various aspects and provided a well-structured strategy.

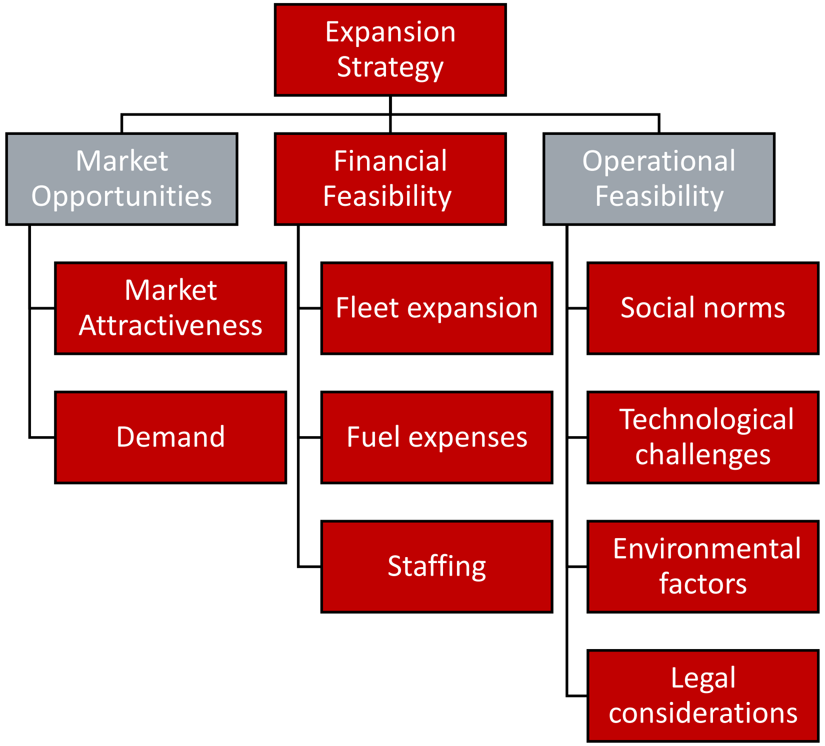
Case Statement

- The case emphasizes the need for careful analysis and strategic decision-making to successfully expand a low-cost carrier airline into international markets. It highlights the importance of evaluating market dynamics, financial viability, operational challenges, and potential risks while proposing a comprehensive and profitable expansion strategy..

Interviewee Notes

- The interviewee proposes a comprehensive framework for the strategy, considering market opportunities, financial viability, and operational feasibility.
- The interviewee emphasizes the importance of selecting target markets with segmented competition and explores the financial costs and potential revenue streams associated with international flights.
- Interviewee also consider operational factors such as relationships with the target country, social norms, technological challenges, and legal considerations.

Structure/ Framework



Key Takeaways

- Develop a structured framework for logical analysis.
- Relate case to real-world scenarios and industry examples.

Indie Band

Your client is an Indie music band and wants to enter the Pune market. You have a meeting with the band's manager. How would you advise them?

Before delving into the case, I would like to ask a few questions to understand the problem better. First of all, is the band already established, or do we need to create the band from scratch?

The band is already established.

Great! Since the band is already established, could you give me an idea of their current subscriber base or the number of regular followers they have online?

The band has around 10,000 subscribers on platforms like YouTube and Instagram, with a moderately engaged audience.

Okay, I will calculate the potential market size in Pune that would be interested in such music through demographic analysis.

At first, the client is interested to know if Pune is an attractive market, and I'd like you to focus on your overall approach.

I'd analyse the attractiveness of the Pune market by first estimating the Total Addressable Market (TAM). Pune has a population of around 7 million, with approximately 30% of this population being youth and young adults (ages 15-34), who are the primary audience for Indie music. This gives us a target demographic of around 2.1 million people.

Out of this demographic, how would you estimate the number of potential Indie music listeners?

I would segment this group further. Assuming that 50% of this target demographic has an interest in music, and around 20% of them specifically enjoy Indie music, we're looking at roughly 210,000 potential Indie music listeners in Pune.

That's a good estimate. But how would you determine the portion of this audience that the band can realistically capture?

Considering the competition from other bands, the novelty of the band, and the band's ability to market itself effectively, I would estimate that the band could capture around 5% of the 210,000 potential listeners, which translates to 10,500 people. This could be the core audience that the band can reach through performances and online engagement, likely increasing their subscriber base from 10,000 to around 20,000 over time.

Great. Now, let's look into how the band can reach this audience.

I would explore different channels such as live performances at popular music cafes like Hard Rock Cafe and Socials. Additionally, I would consider leveraging online forums, social media, and internal networking through friends and family to establish contacts and create buzz around the band. I would also look into collaborations with local artists to increase visibility.

How would you ensure audience retention for the band?

For retention, we need to identify the unique differentiating factors of the band. For example, the band could include a beatboxer to stand out from the competition. This could create a unique sound that resonates with the audience. We can also explore creating a loyalty program where regular attendees get perks such as free access to special performances or merchandise.

Okay, now let's talk about the costs involved. How would you calculate the costs and profitability?

I would break down the costs into setup costs and operational costs. Setup costs would include instruments at ₹2,00,000, transportation for gigs at ₹50,000, recording equipment and avenues at ₹1,50,000, and miscellaneous expenses such as branding and marketing at ₹1,00,000, totalling ₹5,00,000. The operational costs per year would include venue rentals for performances at ₹2,00,000, transportation at ₹50,000, marketing through social media and posters at ₹50,000, and miscellaneous expenses like maintenance and rehearsals at ₹1,00,000, totalling ₹4,00,000 per year.

What about revenue? How do you plan to generate income, and what would be the estimates?

I would calculate revenue based on different streams. Live performances, assuming 2 performances per month with an average audience of 150 people and ticket prices at ₹300, would generate ₹90,000 per month (₹10,80,000 per year). Private events and parties, with an estimate of 10 events per year at ₹30,000 per event, would generate ₹3,00,000 annually. Streaming revenue from platforms like Spotify and YouTube would add another ₹50,000 per year, leading to a total annual revenue of ₹14,30,000.

How would you calculate the break-even point?

The break-even point can be calculated by dividing the total setup costs by the difference between annual revenue and annual operational costs. With annual revenue at ₹14,30,000 and operational costs at ₹4,00,000, the annual profit is ₹10,30,000. To recover the setup costs of ₹5,00,000, it would take approximately 0.5 years, or about 6 months, to break even. However, considering potential fluctuations in revenue and additional unexpected costs, the band could realistically break even within 1 to 2 years.

That seems more reasonable. Thank you for the analysis. We’re done with the interview.

Indie Band

Case Statement

- Your client is an Indie music band and wants to enter the Pune market. You have a meeting with the band's manager. How would you advise them?

Interviewee Notes

- Target audience: Youth (15-34 years)
- Core reach: Live performances, social media, local artist collaborations
- TAM: 210,000; realistic capture: 10,500
- Costs: ₹5,00,000 setup; ₹4,00,000
- Annual Revenue: ₹14,30,000 annually

Structure/ Framework

- Market Entry
  - Economic Attractiveness
    - Total Addressable Market
      - Total Population
        - Interest in Music
          - Interest in Indie Music
    - Willingness to Pay
    - Income Split
  - Operational Feasibility
    - Cost Structure
      - Setup Cost (Capex)
      - Operational Expenditure
    - Revenue Streams
      - Live Performances
      - Private Event/Parties
      - Streaming Revenue

Key Takeaways

- Clarify market position and subscriber base upfront.
- Accurate TAM and cost-revenue analysis are essential for profitability.
- Retention through unique offerings is key for long-term success.

Your client is a big financial services company who wants to introduce a service into India. Please advise.

Oh, that's interesting. Can I please ask a few clarifying questions?

Yes, sure. Please go ahead.

Can I know more about the company and the service? Where are they present geographically? What service are they planning to launch in India?

We do not have much information about the company. Well, assume it to be a big player in any Western country. It's a digital insurance product.

Do they have an idea on which insurance product they want to launch? Also, why India?

Yes, they have an idea, and they want to launch a car insurance service. They believe India is growing and hence attractive.

That is very true! Indian car market is growing and also is the awareness about insurance. Can I understand more about the competitors in this space?

As you know there are a few players. But you can assume that once we enter, we will be able to capture a sizable market.

And is there any objective behind this entry?

Good, and well no particular objective. But like any company they want to be profitable.

I would like to look at four factors. Market Attractiveness in terms of size and growth potential, Industry and Overall Analysis in terms to understanding the impact of other forces, Entering into Market factors such as Financial Feasibility, Risks and finally Modes of Entry. Is that alright or you want me to look into anything else too?

That's exhaustive! Please go ahead.

So, let me size the market first. I will divide Indian population into Urban and Rural. Looking only into urban, I would take a factor of 4 to get the number of households. Within which I can look into income levels and then a car penetration rate to estimate the number of cars post which I will look into a digital penetration factor and an acceptability factor and finally the market share we can capture. Once we get the total number of cars, we can look at the average insurance period to get the annual estimate. Shall I calculate now?

Yes. But for the sake of the problem, assume the number of households you want to look into is 100mn. Take it to be some hypothetical land.

Yes, sure. Is there any information on the income levels there?

Good, yes. Take it as 20% lower income, 60% middle and 20% high income households.

(Moved onto to ask the factors from the interviewer and calculated the size) The total size we can capture comes up to around 12 million. Is that fair?

Yes, it is. Good.

Shall I look into other industry factors now?

Actually, lets park that. What do you think the client would also want to look into?

(Asked for a second to think here) Yes, well the profitability aspect!

Yes, absolutely. Can you help the client with the same?

Yes sure. For this, we will need to look into revenues and costs. Can I take a few seconds to list the revenue and cost heads?

Yes, sure.

The revenue heads would primarily be the premiums and other interest from investments. And costs would include operational costs as well as claim costs. Is there anything I am missing?

No, that's quite fine. I shall provide you with some numbers here. Let's take the initial payment to be 5000 post which each year the premium costs 500. As far as the costs are concerned, the opex is around 20% of the sales and the claim payout will be 10000(fixed) with a probability of 0.25 approval rate. You can take a decent assumption on how many apply.

Thank you for the same. For the sake of calculation of the revenue stream, should I look into time value of money?

Good question, but no. Let's take it as it is.

(Went on to calculate) The venture seems profitable which is a good sign. Again, the growth potential also seems lucrative in a growing industry as this.

Yes, it is. Go ahead.

Now, I will look into the other factors. Assuming it to be India, the industry does have a fair bit of competition extremely with bigger players. And the risks with respect to regulations in this sector persists. However, there is a clear need for the product and the reach is dependent on the distribution and the overall value chain.

Interesting. Why value chain?

Well, in this market and with the growing awareness, we need to be positioned differently at each stage.

Go ahead.

If we break down the value chain as Marketing & Sales → Customer Acquisition → Approval Stage → Claims & After sales service → Regulatory Aspects, it is imperative to ensure seamlessness in all arenas to allow for better penetration. For instance, as we are a digital product, we must ensure the UX journey is easy and intuitive.

That is very interesting. Would love to discuss more on these lines. However, due to interest of time, we are forced to wrap up. Do you want to give a summary before the same? You can add anything that we missed to discuss upon.

Sure, we looked into the opportunity of one entering India with a digital car insurance product. To assess the market attractiveness, we calculated the market size which looked lucrative and then went onto calculate the profit which was lucrative too. Post which, we briefly discussed on the industry forces and value chain to understand our positioning. I believe we need to look into other stakeholders to conclude. Apart from that, since we are talking about a big firm, financial feasibility and operational viability should mostly not be an issue. Looking at the case facts till now, and if we can manage the risks, the company must look into opportunities to enter greenfield and if not, brownfield.

Thank you. It was great interacting with you!

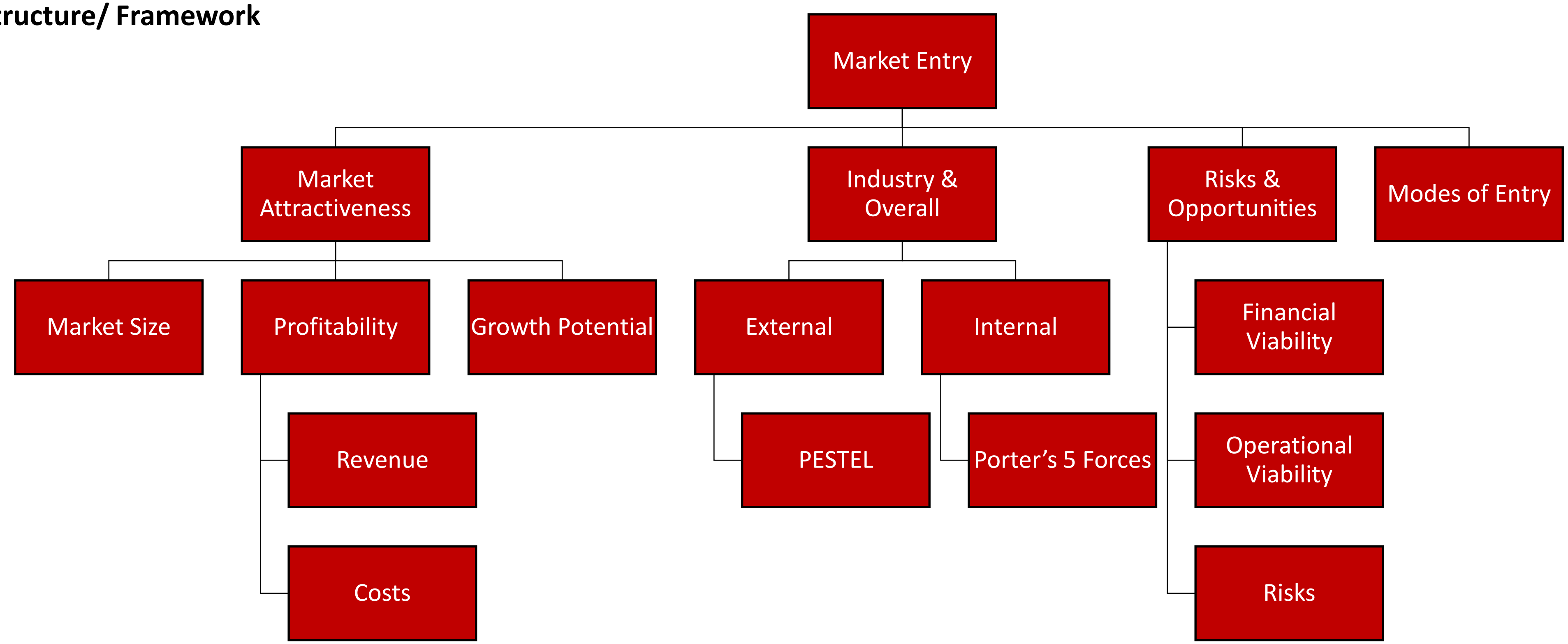
Case Statement

- Market entry of a Digital Car Insurance Service to India
- Client is not present in Indian market before
- No major objective but wants to be profitable.

Interviewee Notes

- Global Company
- Single Digital Car insurance
- Competitive
- Revenue Streams Premium– 5000 + 500(5 years)
- Cost – Claim Payout + Op Ex
- Claim Payout = Claims * Probability

Structure/ Framework



Key Takeaways

- It is imperative to take in the interview's buy in at all stages. Especially during guesstimates.
- Cases are generally a mix of multiple frameworks. One must be ready to pivot into any other approach.
- If given an opportunity to summarize the case in a time strapped interview, try to cover your entire approach despite delving into it or not during the course of the case.

Good Morning. How is everything going on your side ?

Good Morning, Sir. Everything is going well.

Amazing. I want you to solve a problem for our client. Your client is Vivid Sports which is a US based fitness company. It has fitness studios with facilities like gyms, yoga, swimming pools etc. They own the facilities, management, and trainers. Even after Covid, they have not been able to recover from decrease in membership. So, they are looking to offer online courses. How would you evaluate if they should offer the courses themselves or acquire an already existing player?

Great. Just to clarify, the client has already made the decision to enter the online space and wants to know if they should do it themselves or acquire an already existing player?

The latter.

I would like to start with a few preliminary questions. What is the overall market scenario in terms of competitiveness and what other players are present and their market share? Also, any specific customer segment that the company targets?

The market is very competitive and new players are entering into the online space. No data on market share and no specific focus in terms of customer segment

What are the points of differentiation for the client?

No specific points of differentiation. All players provide similar offerings.

Thank you for the info, Can I take a couple of minutes to structure my thoughts?

Sure

I would like to analyse three different aspects to understand if they should venture on their own or acquire an existing player. They are: financial aspects, operational aspects and barriers to entry and risks. Under financial aspects, I would like to look at profits that can be generated in both the cases. Under operational aspects, I would analyze what capabilities we would need to venture on our own and if we are suited for the same. Lastly, in the third bucket I would analyze barriers to onboard customers on the platforms and compare risks of both the strategies.
Does the approach seem fine?

Yes, it sounds good. What would you look at in the operational aspects?

In operational aspects, if we must venture on our own, we will need to look at setting up the website/app followed by content creation. We would need a small IT team for development and maintenance of the IT infra. For content creation we would have to look at two aspects: gym trainers who would create lessons and the creative team which would be responsible for editing and other support activities. Finally, we would have to think about the sales and marketing of the online courses. If we acquire an existing player, all these activities would be taken care of.

Okay. Can you explain how would you go about onboarding customers to this platform?

We can look to acquire new customers, or we can try to target the already existing customers who use our facilities. I suggest we do both.

How would you market these new offerings? Can you list down 4-5 things which you would use while creating the marketing campaign?

Sure. I can think about the following things:
1. Importance of fitness and exercise for people with sedentary lifestyles especially during Covid
2. Brand ambassadors - fitness celebrities - actors or sports persons
3. Importance of eating healthy - can be used to venture into complete health ecosystem
4. Focus on old people - Importance of exercise for them as they were more at risk during Covid
5. Testimonials - How people's lives have changed after adopting such lifestyle

Sounds good. Now let's say the company finds out that it's cheaper to acquire the existing player and we enter a revenue sharing model with them. I will give you some numbers and you need to estimate the percentage increase in revenue. Also, I want you to walk me through your calculation steps. The revenue sharing model is such that we must share 50% of the additional revenue generated per customer with them.

- Existing customer base: 200k
- Monthly subscription: $50
- Increase in customer base : 20%
- Additional subscription fees per customer: $10

- Existing revenue would be 200k * 50 = $10Mn
- Additional customers = 40k
- Additional revenue per customer = $5
- Assuming 20% from the existing customer base will purchase online subscription as well
- Additional revenue = $5*80k = $400k
- So, increase in revenue = 4%

This seems comprehensive. We can close the case here.

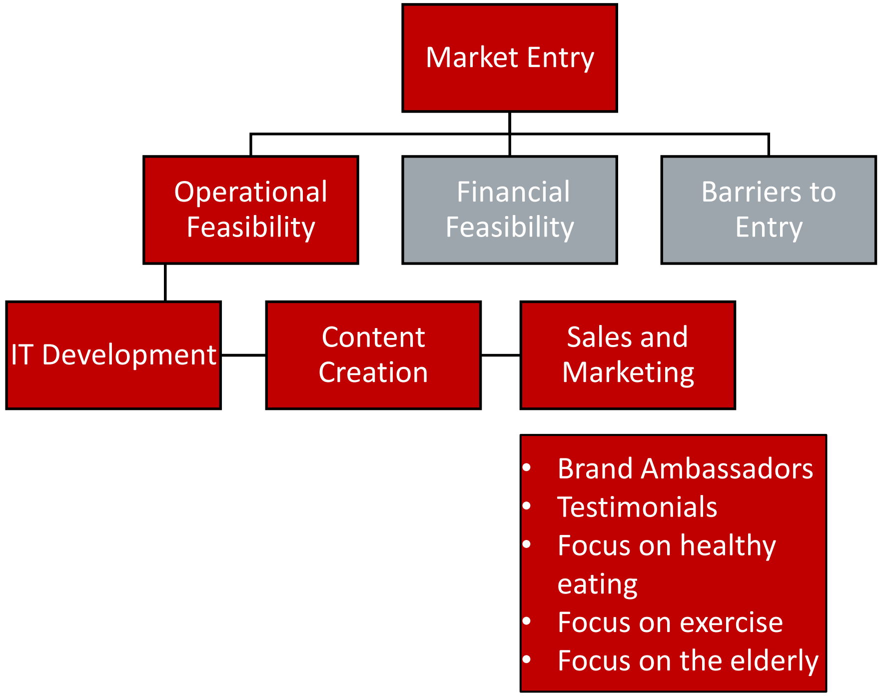
Case Statement

- Your client is Vivid Sports which is a US based fitness company. It has fitness studios with facilities like gyms, yoga, swimming pools etc. They own the facilities, management, and trainers. Even after covid, they have not been able to recover from decrease in membership. So, they are looking to offer online courses.

Interviewee Notes

- Client has fitness studios with facilities like gyms, yoga, swimming pools etc. They own the facilities, management, and trainers
- No specific customer focus or point of differentiation for client

Structure/ Framework



Fact Sheet

Header	Values
Existing Consumers	200K
Monthly Subscription	USD 50
Increase in Customer Base	20%
Additional fees/customer	USD 10

Key Takeaways

- Ask all relevant clarifying questions upfront.
- Following MECE from the beginning to very end is critical to cover an exhaustive set of issues which might be relevant to the case

Your best friend inherited a ferry and wants to monetize it. She is thinking to start a ferry commuting service between North & South Mumbai and needs your help in assessing the opportunity and price it.

Before I delve into the case, I have a few questions. What objective does my friend have in mind for this service?

Your friend just wants to use it as an additional revenue source.

Does my friend already have a business model ? How is the competitive landscape?

She is open to exploring all the possibilities. There is no other ferry service operating currently in the region.

Thank you. Now that I have a basic understanding of the situation, give me few moments to structure my thoughts.

Sure!

I will start with understanding the potential customer segments and accordingly assess the market opportunity. I will later move on to delving into the revenue model and pricing the service.

That sounds fair! Please go ahead.

Starting with customer segments we can target both daily commuters and tourists for the service. Daily commuters would be the sum of employed and unemployed commuters. Daily Employed commuters would be equal to number of companies multiplied by average workforce. Unemployed commuters can be assumed to be 20% of the total daily commuters. Number of tourists can be assumed based on the historical data available. Do you want me to get into the numbers now.

That's not required, let's move on to pricing the strategy.

For pricing this service, we can follow cost based, value based or competition-based methods. Since we are the first movers, we can focus on cost based or value-based pricing.

Sure! You can focus on cost-based pricing.

The major cost heads can be divided into fixed costs and variable costs. The fixed cost would include- licensing fee, employee cost, maintenance costs and marketing costs. Variable costs include fuel costs, ticketing costs, food and refreshment costs. The total cost would be sum of fixed and variable costs. The total annual variable cost is equal to the number of trips/day * cost per trip * no. of operational days in the year. Do we have information for these? Also, to estimate the total number of trips, can you help me with the time taken for a single trip.

You can assume the total fixed cost to be 12.5 Crs and the variable cost to be 20000/trip. It takes 20 mins for a single one-way trip.

Assuming total number of trips in a day to 10 (4- morning peak- 2, 4 – evening peak 2, 2- no- peak trips). The total cost comes to be around 18.5 crs.

Okay! Can you can calculate the break-even price given that the capacity of the boat is 200.

Assuming 100% occupancy during peak hours and 80% occupancy during non-peak hours. Daily commuters comes out to 1920. The break-even price comes down to be Rs. 320 per person. I have an understanding that autos do not ply in south Mumbai and only cabs and Mumbai locals do, I would like to check the prices of these substitutes to price my service.

Given that the cab services costs Rs. 350 and Local costs around Rs. 100. How would you price your service?

There is no supply constraint of passengers for our service as we can target both daily commuters and tourists. Besides, ferry is comparatively faster and convenient than cabs and local. We can price our service above cabs to be at Rs. 500 and position it as both functional and a tourist attraction

Great we can close the case here!

Ferry Service

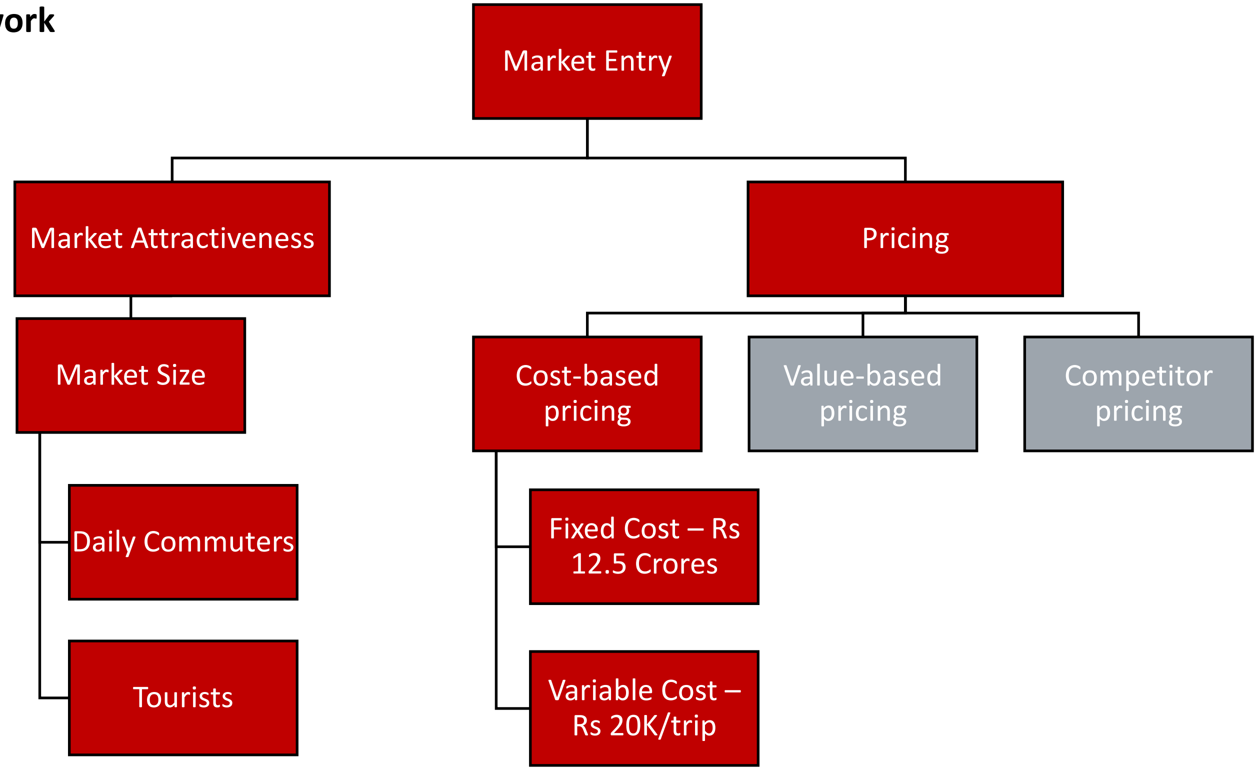
Case Statement

- Your best friend inherited a ferry and wants to monetize it. She is thinking to start a ferry commuting service between North & South Mumbai and needs your help in assessing the opportunity and price it.

Interviewee Notes

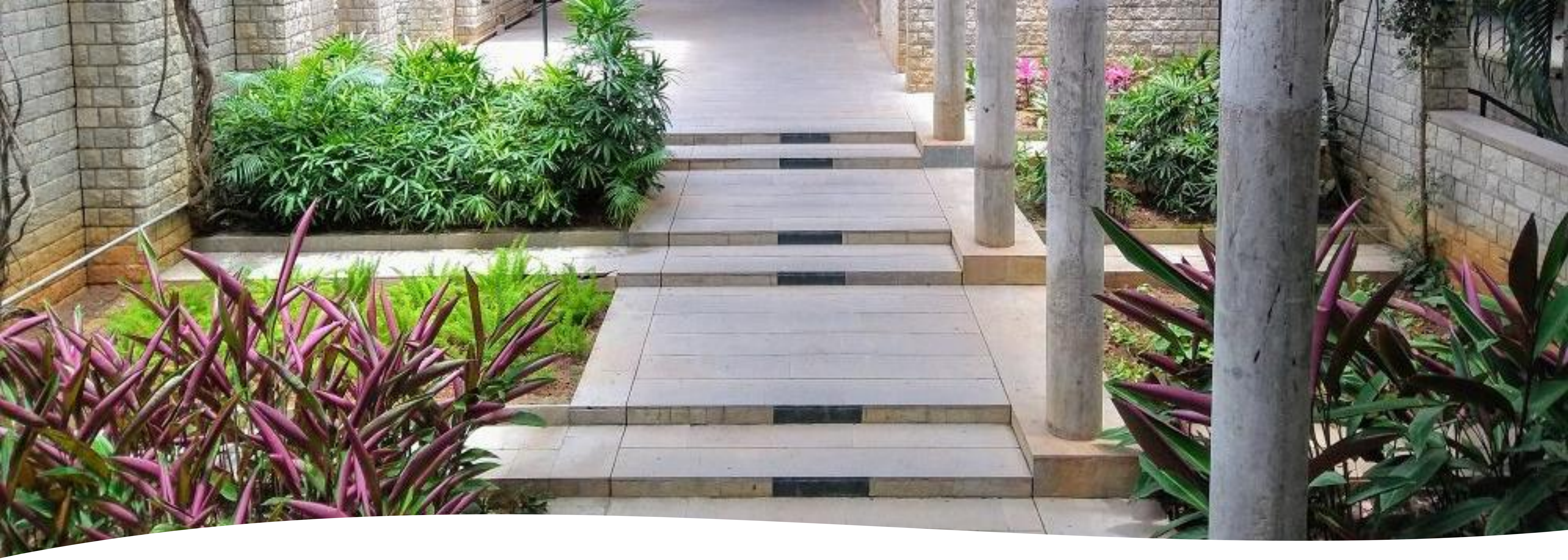
- Ferry Capacity – 200
- Cab Cost – Rs 350, Local Cost – Rs 100
- Assumptions – 100% capacity during peak hours, 80% capacity during non-peak hours

Structure/ Framework



Key Takeaways

- It is imperative to take in the interview’s buy in at all stages. Especially during guesstimates.
- Cases are generally a mix of multiple frameworks. One must be ready to pivot into any other approach.
- If given an opportunity to summarize the case in a time strapped interview, try to cover your entire approach despite delving into it or not during the course of the case.



IIMB Pricing Cases 2024-25

Pricing Framework

- Market Price
  - GAP
  - **Value to consumer**
  - **Profit to seller**
    - Brand
    - Quality
    - Innovation
    - New-found utility
- Cost

- Pricing
  - Inward Looking
    - Cost Based
      - Costs
        - R&D, one time costs
        - Production costs – Fixed & Variable
        - Other specific costs
      - Returns
        - Markup
        - Margins
        - Breakeven Period
        - Payback Period
  - External Looking
    - Benchmarking
      - Industry
        - Structure
        - Feature of Others Substitutes, Complements or other proxies
      - Features
        - Additional Features
        - Differentiating
        - Others' Price range
    - Value Based
      - Willingness to Pay
      - Opportunity Costs
      - Extrapolate Benefits

Paint Manufacturer

Your client is a paint manufacturer. Their R&D division has come up with an innovation which is a type of paint that lasts for 10 years. They want you to formulate the pricing strategy for this paint

Before diving into the recommendations of pricing strategy, I would like to ask a few clarifying questions to understand the client's business in a better way. May I ask a few of those questions for a better understanding of the problem statement?

Sure, go ahead.

I would like to know more about the firm & the product. What kind of products do they currently manufacture, part of value chain that they operate in and the geography they cater to? Who are the current customers? Do the competitors have this technology?

They only manufacture paint which currently last for 2 years. The client is manufacturer & distributor and has business across India. Current customers would include households in tier 1,2 and 3 cities. Our client is the first company to have this technology

In terms of pricing, we can consider three approaches. Initially, we can set the product price to align with competitors. Another option is to establish the price based on the costs incurred, coupled with the expected margin. The third approach involves assessing the price consumers might be willing to pay. As there is no competition, we can eliminate the competition-based pricing. Of the remaining 2 approaches, which one would you like me to proceed with?

Let's look at the consumer's willingness to pay approach

Alright, I'd like to know what is the current price and quantity that we sell of the existing paint. Any additional costs that the customer incurs during the repainting every 2 years?

Current product sells at INR 200 for a 100ml can. Client is planning to keep the same packaging for the new paint as well. Additionally, customers incur a labor cost of INR 100 associated with usage of 1 can.

So, the customer will incur an overall cost of 300 per can. Since, this paint is changed every two years, the total cost per can that the customer would incur would be 1500 in 10 years. Hence, the maximum willingness to pay would be 1400 for 1 can of new paint. Here, we also need to keep in mind the perceived value of benefit that the customer would have as customers might have trust issues with this new technology of paint and hence might not be willing to spend exactly 1500 per can (this got me brownie points)

Yeah, the perceived value by the customer was INR 1000 as per the market survey conducted by the client. Let's now move on to the cost-based pricing model

Sure, may I know what all costs associated with the new paint technology might be. I'm assuming the packaging and distribution costs might have remained the same as the normal paint.

Yes, the client incurred INR 80 lacs in the R&D of this technology and expected to sell 10000 units of new paint cans in the first year. They also incur an overall cost of INR 20 in manufacturing a single can of this new paint. Provide a price that the client can charge assuming just the 1st years sales.

Are we also looking at a specific profit margin value that needs to be incorporated in the pricing

Yes, so the company expects to have a 20% margin per can. Also provide your recommendation on which approach should the client consider for pricing the can finally

Total cost comes to INR 82 lacs, 20% margin would give us INR 98.4 lacs for 10000 cans of paint. Hence, per can cost would be INR 984. Considering that the client wants to recover the investment in the first year itself, hence we should be going ahead with the cost-based approach for pricing and charge INR 984 per can which can subsequently be reduced in the next year if the client faces a problem in capturing the market in this space

This was a great discussion. We can close the case now.

Paint Manufacturer

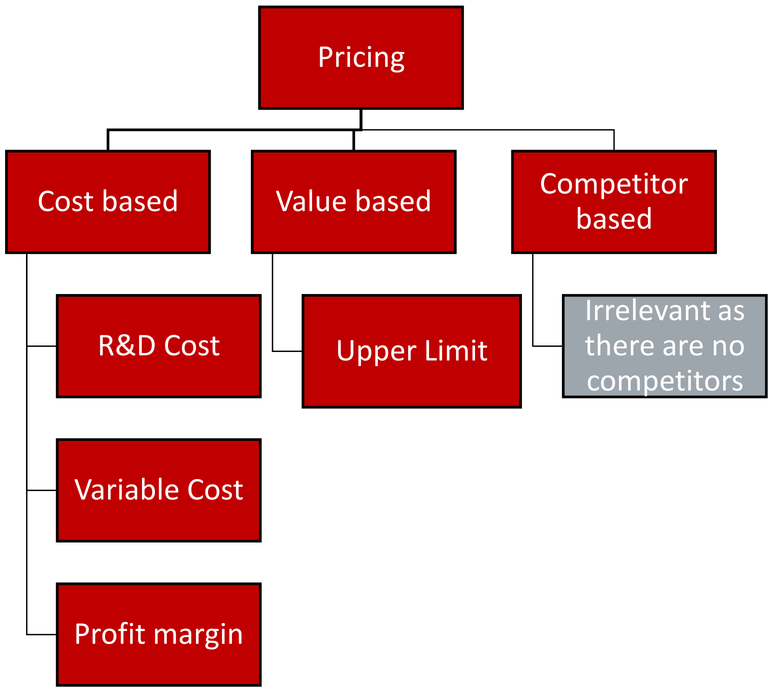
Case Statement

- A Paint manufacturer has invented a new paint technology that ensured that the paint lasts 10 years and is looking for deciding on the appropriate pricing that would work for them
- The client is the first company to manufacture this paint, hence there are no competitors in this space

Interviewee Notes

- Standard paint currently sold can be used as a proxy for the value-based approach
- Distribution and production does not incur any additional cost for the client
- R&D spend to be taken into consideration for cost-based approach
- Expected profit margin is 20%
- There are no competitors, hence competition-based pricing strategy can be ignored

Structure/ Framework



Key Takeaways

- The customers might not be willing to pay exactly the upper limit of the price from the value based (Proxy) approach due to changing paint trends & scepticism over the paint lasting 10 years
- Client's objective of having a 20% profit margin in the first year needs to be taken into consideration as well

Power-Plant

Since you've worked in the power industry, let's discuss a related case. Your client intends to construct a 1000 MW coal power plant on the outskirts of Bangalore. Determine the pricing strategy for one unit of electricity. Please outline your approach; we're interested in your methodology rather than specific numbers.

Firstly, I'd like to inquire about our client's primary business domain.

Assume that your client is an EPC contractor handling all engineering procurement and commissioning internally.

Understood. There are three pricing approaches: cost-based, value-based, and competitive-based. Considering electricity as a commodity, I'd suggest proceeding with either cost-based or competitive-based pricing. Which one would you like me to go forward with?

Let's proceed with cost-based pricing.

In that case, I'll begin by listing all the costs associated with constructing the power plant. Then, based on the determined breakeven period, I'll decide the per unit electricity price. Does this approach align with expectations?

Yes, please continue.

I'd like to categorize the costs into fixed and variable. Fixed costs entail land acquisition, EPC expenses (covering power plant system design, equipment procurement, and commissioning), labor, operational and maintenance costs, and permits for environmental compliance. Variable costs include coal purchase and transportation for the plant's fuel. Is this breakdown comprehensive?

Yes, proceed.

To calculate the total cost, could you provide the breakeven period?

What factors should we consider for the breakeven period?

So, we can consider it, let's say 5 years and then fix the price accordingly.

Are you sure? Isn't the period too short and would lead to a very high per unit price which will not be competitive enough. Reconsider your approach in deciding the breakeven period. The hint is , consider the life cycle of equipment.

So generally, the life cycle of equipment is 20-25 years. We need to break even before that period. So, to break even and earn some revenue after that, we can consider half the period of the life cycle of equipment for break even i.e., 10-12 years. Therefore, total cost equals land acquisition, permit, EPC, and operating expenses calculated based on 340 operational days annually.

That approach is reasonable. Now, let's focus on variable costs. Assume one ton of coal generates 1 MWh.

Given, the intended capacity of the plant is 1000 MW. Hence, total units (MWh) produced in 10 years will be 1000*(10 years)*(365 days/year) * (24 hrs. /day) = 87600000MWh. Hence, 87600000 tons of coal will be used. So total costs= tons of coal used*price of coal/ton.

Aren't you forgetting something about plant capacity? You have taken a wrong assumption while calculating total units.

Yes. So, plant will only be operating at 60-70% of its total capacity. So, plant will on average running on 650 MW capacity. Hence, we need to take 650 MW instead of 1000 MW in the earlier calculation. Thus, total costs comprise fixed and variable expenses. To establish the breakeven price, total costs = the price per unit * the total units generated in 10 years.

Correct proceed

Thus, total costs comprise fixed and variable expenses. To establish the breakeven price, total costs = the price per unit * the total units generated in 10 years.

You're overlooking an essential economic concept in setting the price.

We'll incorporate discounted operational costs to determine the net present value. Then, we'll equate this cost with the product of the price and the total number of units generated in 10 years. Hence, we must price one unit higher than the break-even value.

Sounds good. We can end our discussion here. Thank you!

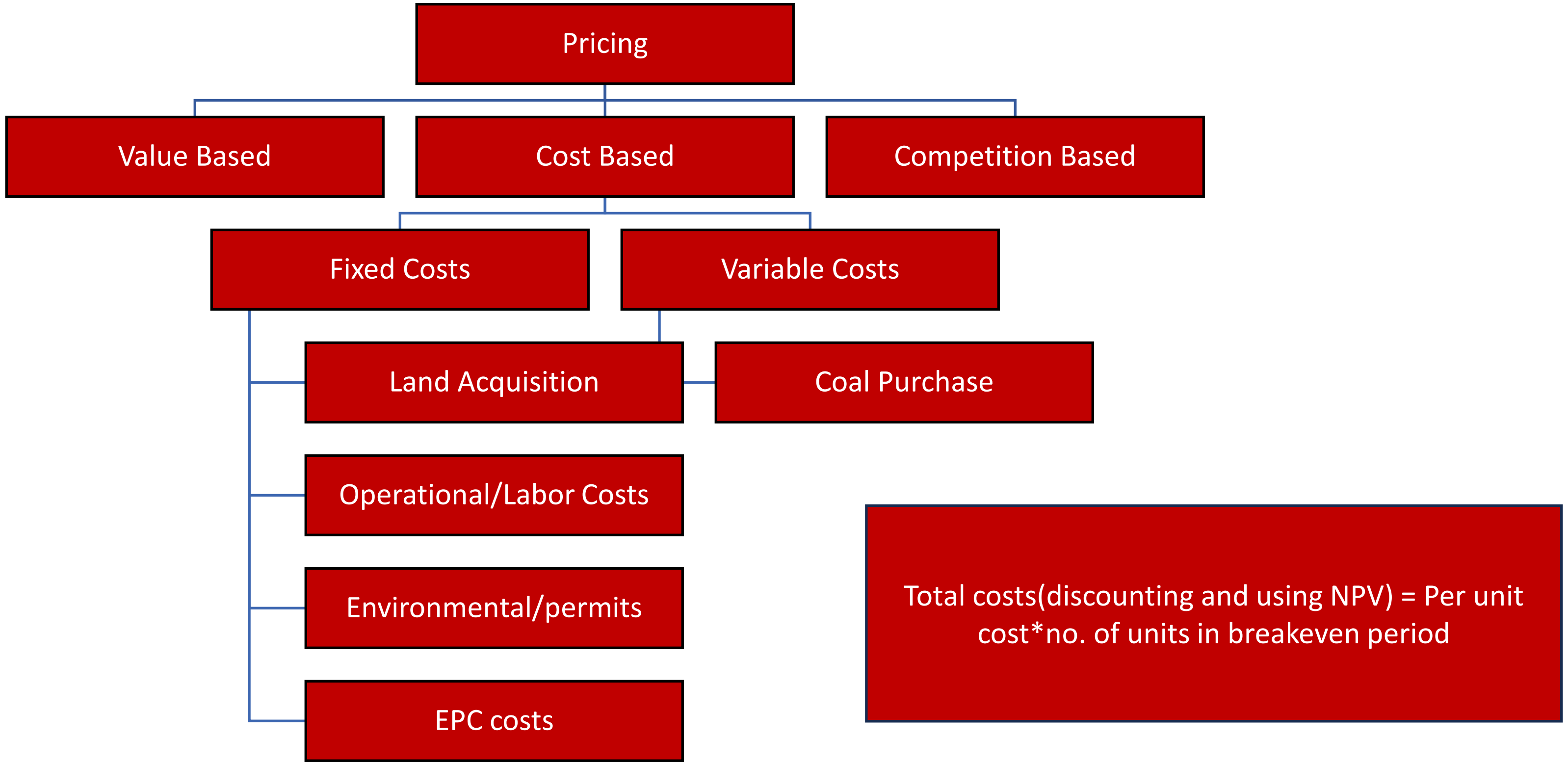
Case Statement

- Your client intends to construct a 1000 MW coal power plant on the outskirts of Bangalore. Determine the pricing strategy for one unit of electricity

Interviewee Notes

- Client- EPC contractor
- all engineering procurement and commissioning internally.
- . Assume one ton of coal generates 1 MWh.

Structure/ Framework



Key Takeaways

- Structure the problem following MECE approach at each stage.
- Revise important figures relevant to the industry you have worked in.
- Buy-in the interviewer at every step.

New Medicine Launch

A Pharma company has developed a new product to control diabetes for patients in India and need your help in pricing it.

That's an interesting problem. Can I ask some questions to better understand the client?

Sure, go ahead.

What is the objective of pricing? Is it to maximize the profit or something else

Yes, it is to maximize the profit.

Can I have more details about the product? Basically, how it is different from normal insulin injection & information on how restricted its availability be i.e.. Will it be available over the counter or requires a prescription? And how is the competitive landscape in the market

It's an oral tablet instead of an injection and has lesser side effects. It'll be available over the counter and the market is highly competitive.

I want to breakdown the Pricing of the tablet into three broad strategies - 1) cost based 2) Competitor based 3) Value based pricing
The final price will be dependent on all the three factors

Yes, that sounds fine. Why don't you list down all the factors. I don't want you to go into details. Just tell me all the factors.

Okay, let me start with Cost based approach. Over here Total cost is composed of one-time R&D costs + Cost of production which again can be divided into Fixed cost and Variable cost. This along with our production volumes will give the minimum price for the tablet. We need to now find profit margin in top of that. Profit margin can either be something company is targeting, or we can use some proxy to find it.

Yes, that's sound fair. Let's explore other factors you have listed now.

So now we can look into competition and substitutes for our product and figure out a price based on our product's position with respect to them. For that, I already have the information on lesser side effects and the fact that medicine is in oral form which makes it superior to the injection-based insulin. Is that fair to assume?

Yes, the new product is superior to insulin.

In that case, we should certainly price our product more than Insulin as we are providing more value than insulin. Again, how much should be the markup depends upon the perceived benefits of our product amongst the consumers.

Yes, that's correct, anything else you want to consider here?

Yes, we can also consider substitutes in the form of Ayurveda, Homeopathy which might eat up on our Market share if we price too high.

That's a fair assessment. Let's move on.

Okay, now I want to consider how much value we are providing to the customer and how much we can capture it. For that we can do price elasticity analysis of the product to arrive at a price which maximizes the profit and can also investigate Supply v/s Demand gap of the existing market to determine the best price of the product.

Yes, that's a detailed enough analysis. Let's stop the case here.

New Medicine Launch

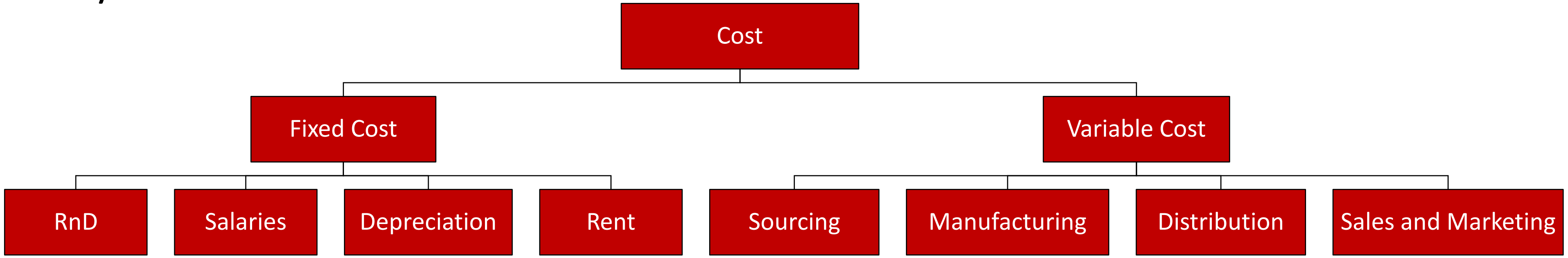
Case Statement

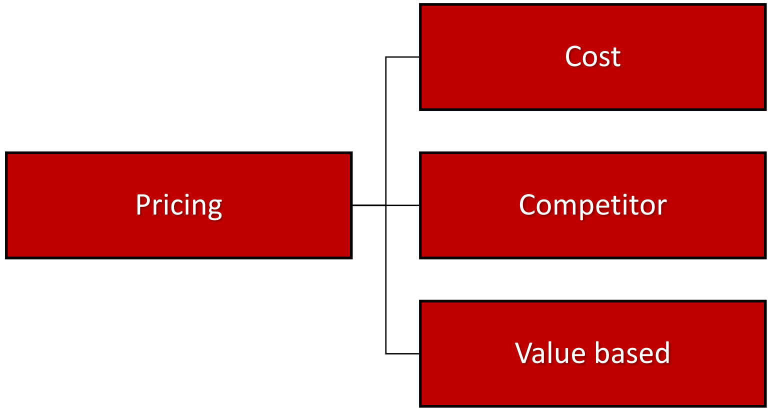
- Oral tablet for diabetes patients
- Lesser side affects
- High competition in the market

Interviewee Notes

- Follow a qualitive approach rather than a quantitative one

Structure/ Framework





1. Cost of production - fixed cost and variable cost
2. R&D expenses

---

1. **Competition**: Insulin injection
2. **Substitutes**: Ayurveda, homeopathy
3. **Value Addition:**
   - Lesser Side affects
   - oral tablets instead of injection

---

1. Willingness to Pay: Elasticity analysis
2. Supply and Demand tradeoff

Key Takeaways

- As interviewer hinted for qualitative discussion, the candidate made sure that all the factors were listed out before going in detail to anyone.
- The interviewer was trying to speed up the case. Make sure that you are not taken aback by it
- My case ended abruptly when interviewer started asking me about one of my resume points, make sure that you are confident in such situations, and be thorough with your resume. Don't lose the structured approach even if you are asked a question from your resume.

Your client is Coca Cola. The firm is planning to increase the price of its product. What would you advise them?

So before going ahead I would like to ask some preliminary questions to have a clear idea of the problem statement. May I proceed?

Sure, go ahead.

So can you tell what is the objective of the firm in increasing the prices? Has there been change in the products to justify the price increase?

They want to increase their revenue. That is the only reason for the price increment. There has been no change in product portfolio.

Fair enough. Coca Cola has a large product mix including PET Bottles, cans, etc. The price increment is applicable to which of these and in which geography? Also, do we have any data regarding the current price and the planned increment?

The pricing change is planned for canned beverages in India. The current price is Rs 23 per can, and the increment is Rs 4 per can.

Great, the data gives me a clearer picture. I would like to know If we have any data regarding Coca Cola's market share and the competitive landscape?

Sure. Currently Coca Cola has 50% of the market share. Main competitor is Pepsi, which holds about 45% of the market share, and the remaining 5% is held by local fragmented players.

So now that I have a clear idea about the company and its competitors. I would like to look at the economic feasibility involved in hiking the price. Can I go ahead with this approach?

Yes. It sounds good to me. Tell me how would go about evaluating the economic feasibility?

Sure. Firstly, economic feasibility can be assessed by using cost – benefit analysis conducted for the two scenarios with below formula-
Economic Feasibility = [Market size * Market share * Growth rate * (Price – Variable Cost)}

We have data regarding the market share and the price points. Can you give me some data regarding how our market share or growth rate will be affected if we increase the price and if there are any additional costs that would be incurred due to this

It is a valid question. We have data insights from the industry analysis that increasing the price by Rs 4 will reduce the growth rate from the current 6% to 1% per year. Additionally, there would be no increase in costs due to this price increment.

That is a useful insight. Considering that our variable costs won't change since we are not making changes in volumes of production or the process. I am not sure about the exact market size of the carbonated drinks market that Coca Cola is into so I will assume a market size of 2 billion. Can I go ahead with these assumptions in mind for the analysis?

Yes, you can proceed with these assumptions.

So, in the case where we change the pricing:
Economic Feasibility = 2 bn * 0.5 * 0.01 * 27 = 0.27bn
If we don't increase the pricing:
Economic Feasibility = 2 bn * 0.5 * 0.06 * 23 = 1.38bn
So, increasing the pricing doesn't seem like a good decision given that there is a drastic change in growth rates and the resultant potential profit becomes negative. Does the analysis look intensive enough or do you want me to consider some other approach?

No, your analysis looks good. Can you tell me when would be the pricing change justified ?

Sure. Given that we are not making any changes in the product currently, an upgrade in the can design, beverage quantity or a new product variation can help justify the price increase as these factors can help us expand the market share itself and, also give a boost to the growth rate which is currently forecasted to be 1% post pricing changes are implemented probably due to undercutting by competitors post the price increase.

Fair Enough. We can end the case here. It was a good discussion.

Coca-Cola Pricing

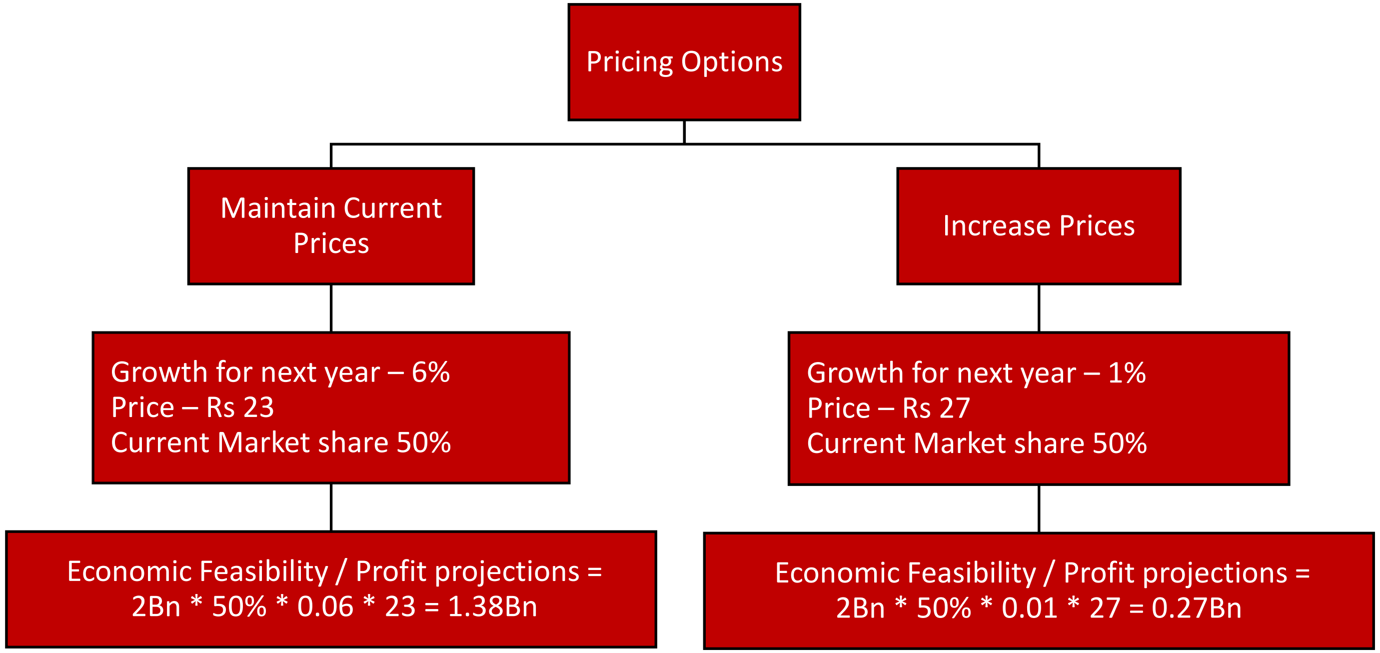
Case Statement

- Evaluate if increasing the price would be a feasible decision for Coca Cola
- Price change to be applicable in India for their canned beverages
- Client wants to increase their revenues

Interviewee Notes

- Market share of Coca Cola – 50%
- Main competitor Pepsi holds 45% market share
- Current price of Can products is Rs 23. Price to be increased by Rs 4
- Current YoY growth of Coca Cola is 6%
- If Pricing change is implemented the growth rate falls to 1%

Structure/ Framework



Key Takeaways

- Details about objective, product, competitor landscape, current pricing and growth rate should be asked in the beginning
- Confirm with the interviewer at each step if your approach seems logical. Voice any assumptions that you are making or ask for any data you feel necessary to go ahead with your analysis
- Have a set of preliminary questions and framework draft in your mind. Navigate the framework as you proceed with the case.

North-South Bombay Route

Imagine you are a billionaire, and you own a full-fledged yacht. You wish to generate some revenues using the yacht and want to start a ferry service. The client has come to seek your help for deciding the pricing of the ferry service.

What is the objective of the client? Is there a specific region or route the client wants to serve?

Objective is to maximize profits. The client sees the route between North and South Bombay as a potential for setting up the service.

What kind of ferry service is the client looking to enter – daily commute or experiential? Also, does the client have a profit margin in mind?

Focus on daily commute. The client simply wants to maximize profits.

Okay, now that I have all the answers, I can suggest the client three types of pricing to begin with – cost based, value based, and competitor based. Under cost-based we can go to cost benefit analysis and see if the client has a profit margin in mind that we can aim to achieve. Under value-based pricing we can analyze alternative modes of travel between North and South Bombay and use time saved per journey as a measure to set the upper cap of pricing. And under competitor-based pricing, we can analyze other ferry services operational on the same route or a similar route in India. Both private and government run ferry services can be included in the competitive analysis.

Let's focus on cost-based pricing as this will be the first ferry service in India. What information will you require?

We can look at the fixed cost and the variable cost for the yacht to understand what the cash expense is incurred on a yearly basis.

What do you mean by fixed cost here? The client has inherited the yacht

The yacht can be evaluated as per current market conditions and would have a valuation associated with it which he/she can earn by selling if the ferry services business is not Profitable. Also, under variable costs we can look at operational costs to run the ferry service which includes both maintenance and labor costs, any regulatory costs to be paid to the government and other minor utility costs.

Okay, so you can assume that the current valuation of the yacht is at Rs. 50 crores. To make it easier you can assume there is a 70 million fixed cost incurred per year and the cost to run one trip on the yacht is Rs. 20,000. Now, how will you proceed?

Thanks for providing the data. Now, since we know the per trip cost of running the ferry service, we can estimate the total number of trips annually to calculate the total cost (fixed and variable) of running this ferry service annually. To calculate the price of one ticket, let's proceed by calculating the potential revenue.
Revenue = Total no. of trips * Total no. of seats * Price per ticket
So, to price one ticket, we would at least like to cover the total costs by charging our passengers and then we can see what extra profit margin we can look at. Should I first proceed by calculating total number of annual trips for the ferry?

Yes, go ahead

Okay, so let's first calculate what is the maximum number of trips the ferry can complete in a week. Considering that the crowd in Mumbai will be using this service for daily commute to their offices, let's assume the ferry service is only operational during weekdays and not weekends. I hope that is a fair assumption to make.

Yes, please go ahead. You can assume that on 250 days during a year, the service will be operational.

Now, we can also consider the seasonality factor in Mumbai to account for extreme weather conditions when the service will not be at its peak, but let's assume uniform demand throughout the year to begin with. Now, to calculate the number of ferry trips possible in a day, I would require the following information: travel time of the ferry for one trip between North and South Bombay and the peak vs non-peak hours for the ferry service.

North-South Bombay Route

You can assume that one side journey of the ferry takes around 20 minutes.

Great, so that means one round trip would take 40 minutes and in an hour the ferry can complete 1.5 round trips. But let's also account for time spent in docking and boarding of passengers. So in an hour the ferry can complete one full round trip. Here, I would also like to assume the operating hours of the ferry to be from 8 am to 8 pm. Hope that is a fair assumption

Yes, please go ahead

Now, let's split the total time duration into peak and non-peak hours. Since Mumbai sees both white-collar employees and creative jobseekers, let's assume the peak hours for reaching office are between 8am and 12pm and the peak hours for returning from office are 4pm to 8pm. During the peak hours let's assume full capacity, which means 1 round trip per hour. So, there would be 8 round trips in 8 hours. During the non-peak hours between 12pm and 4pm, let's assume 50% capacity. So, there would be 2 round trips in 4 hours. This gives us 10 round trips in a day, which means 10*250 = 2500 round trips in a year. Do we have any information on number of seats in the yacht?

Yes, there are 200 seats in the yacht.

So that means on an annual basis we can expect 200*2500*2 = 1 million passengers. To set the price for one ticket, we can look at setting a base price to cover the annual cost. Since we know the cost of running the yacht once if Rs. 20k, for 2500 round trips the cost would be 20k*2500*2 = 100 million. Fixed cost per year is 70 million. So total annual cost is 170 million. To cover the cost, the price of one ticket should be at least Rs. 170. We can look at alternate sources of transport to set the actual price of a ticket.

Great, so the target customer for ferry either uses local train or taxi for their daily commute. Travelling on local train takes 40 minutes and the ticket is priced at Rs. 60. Travelling in taxi takes 1 hour and it is charged at around Rs. 300. The ferry takes 20 minutes, and the client wants to price it at Rs. 350. What will you suggest to the client?

The price of Rs. 350 will cover the costs, however the client can still charge higher, maybe 10-15% higher at 400. This is because the time saving between taxi and ferry is quite a bit, around 60%. While it cannot be charged very high since there is additional cost and effort to reach to and from the ferry port. The price can be increased later since it can be a more convenient option as booking taxis also takes a lot of time. As for people travelling via local train are difficult to pitch since the customer segment is different, people travelling in local would be looking for lower prices even if it takes slightly longer to reach.

North-South Bombay Route

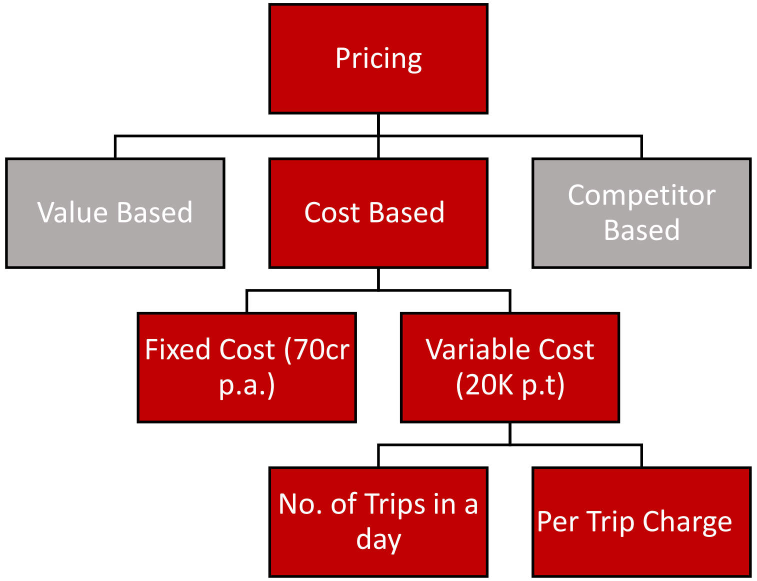
Case Statement

- This case revolves around a billionaire yacht owner who seeks to generate revenue by starting a ferry service on the North-South Bombay route. The objective is to maximize profits through daily commute ferry services. The client is in need of assistance to determine the pricing strategy for the ferry service

Interviewee Notes

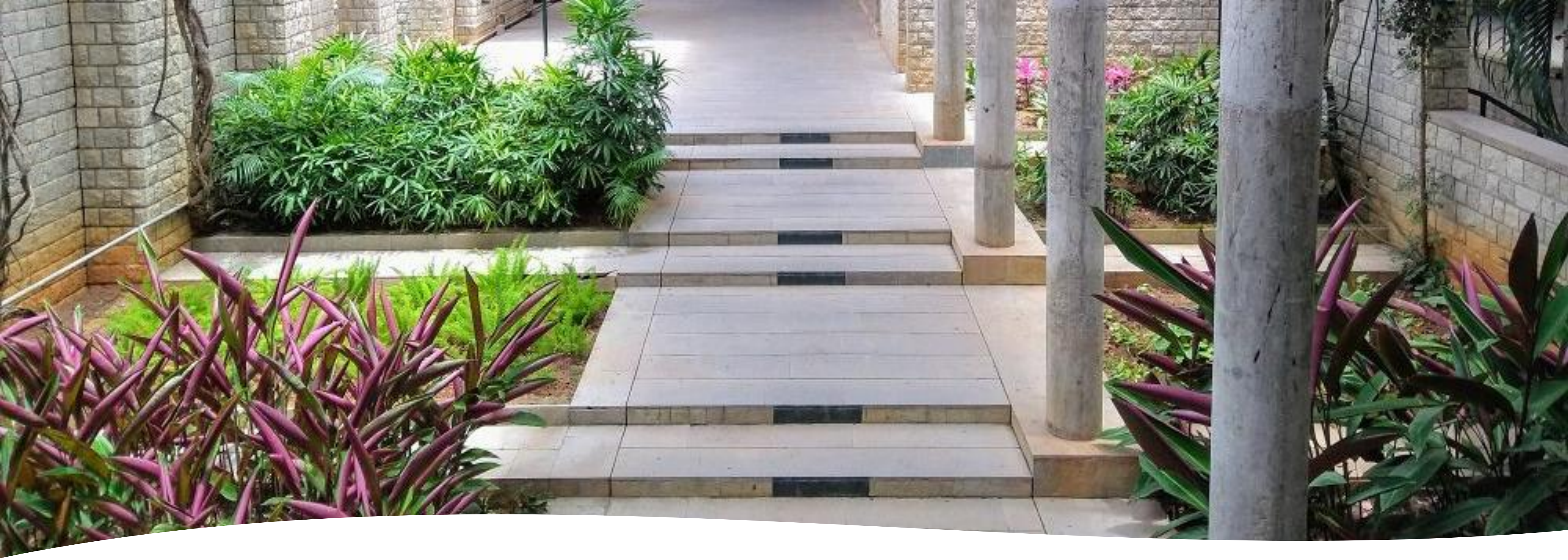
- The interviewee suggests three pricing approaches: cost-based, value-based, and competitor-based. However, the focus is primarily on cost-based pricing due to it being the first ferry service in India.

Structure/ Framework



Key Takeaways

- Key learnings on how to approach other cases based on interviewer's feedback or candidate's experience

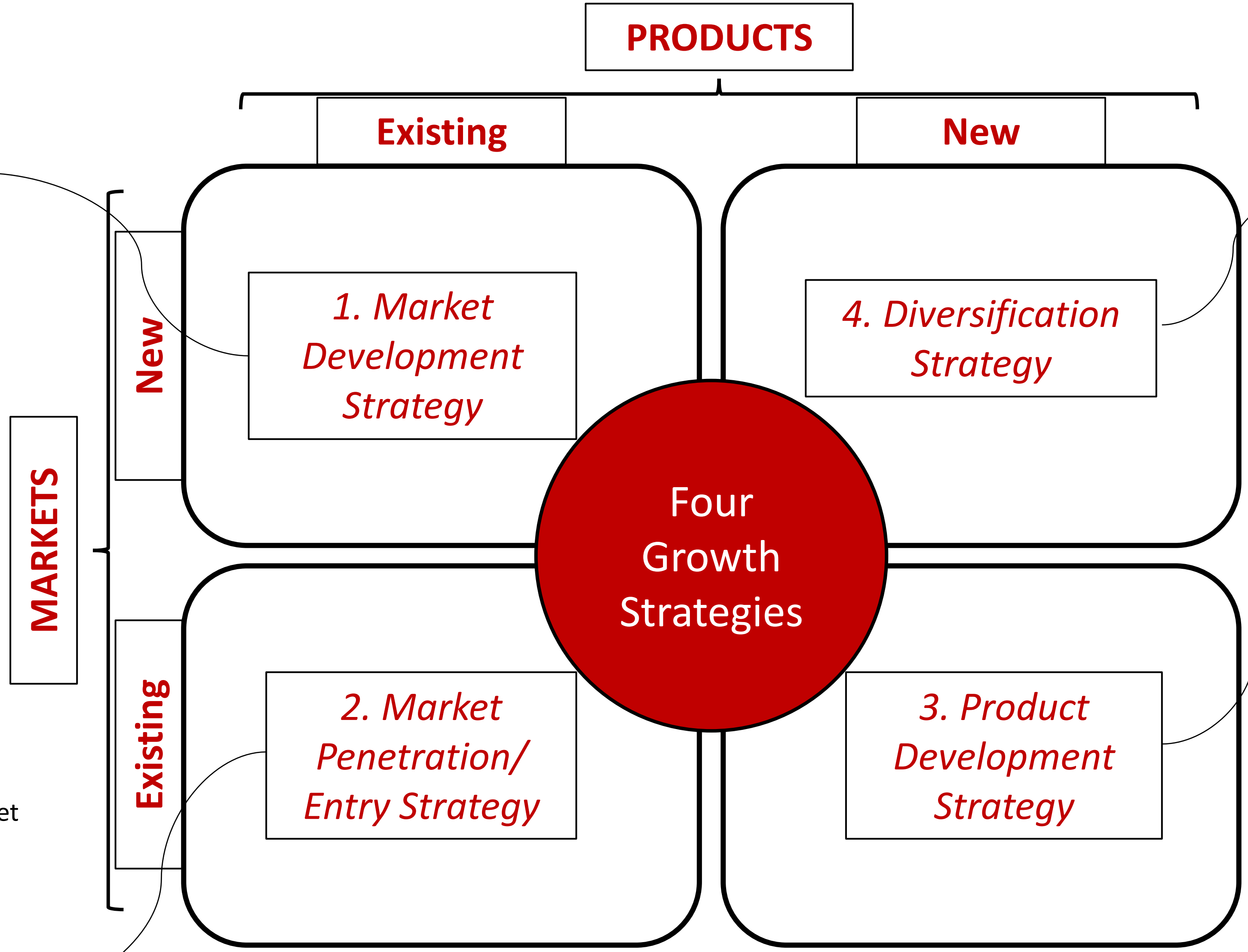


IIMB Growth Strategy Cases
2024-25

Growth Strategy Framework

- Market growth rate lower than management's growth expectations
- High market share w.r.t. closest competitor
- Concentrated in a small market
- Demand in other markets
- Typical Market Entry Case!!

- Market growth rate in line with management's growth expectations
- Low market share w.r.t. market leader
- Growth rate w.r.t competitor
- A derived profitability case!!



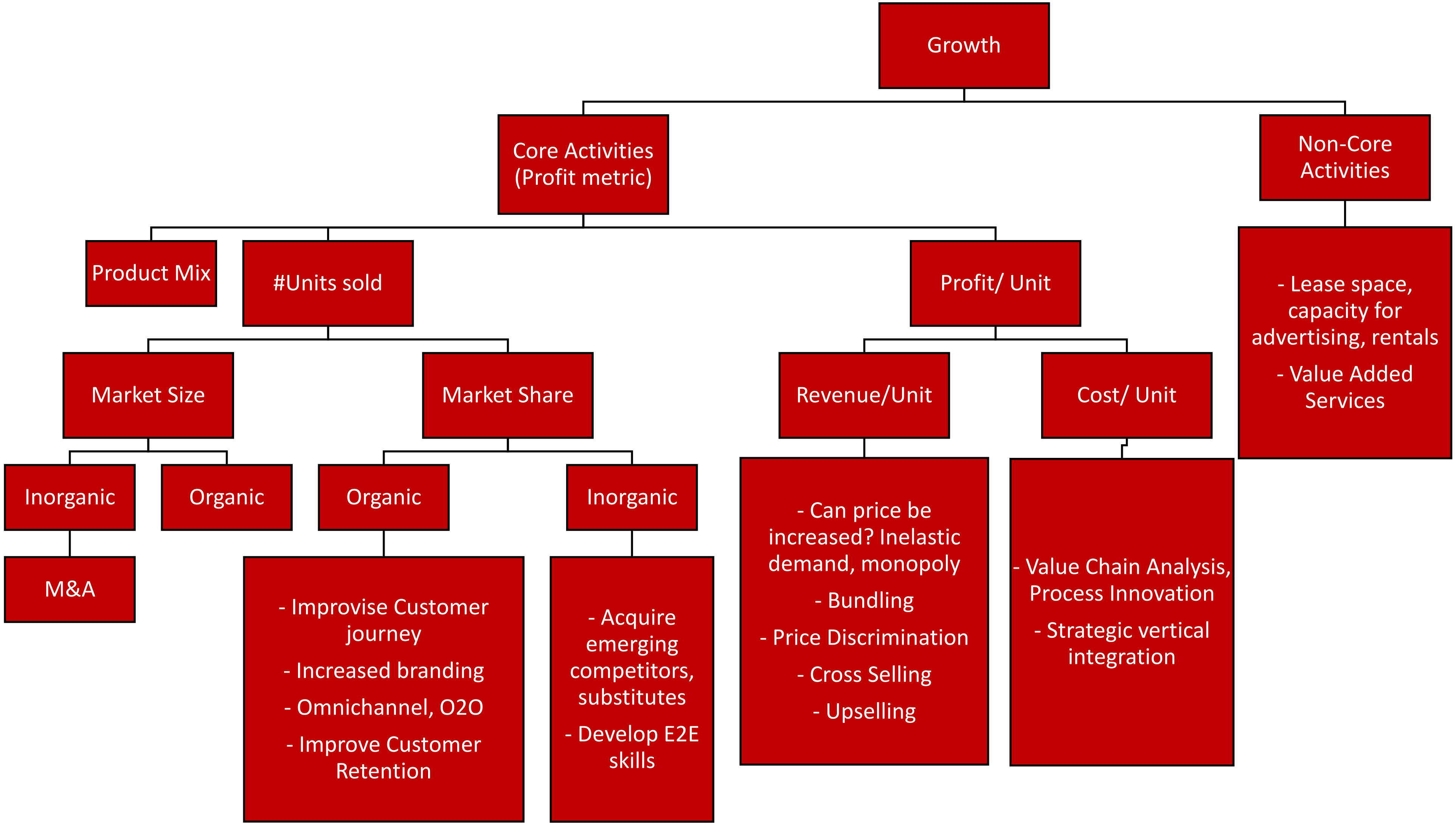
- Product - Market growth rate lower than management's growth expectations
- Management's objective
- High concentration in a single product/ category
- Diversification strategy case!!

- Market growth rate lower than management's growth expectations
- Product in maturation or decline phase
- Product Launch Case!!

Growth Strategy Framework (Alternate)

Preliminary Questions

- Clarify objective and quantum of growth, timeline
- Business Model – Where does the firm lie in the value chain? What are its revenue streams and distribution channels?
- Understand customer segments
- What is the product mix? Any differentiating/ new features in products?
- What is the competitive landscape?



Your client is a fitness studio chain and offers services such as classes, gyms, online workouts via their app etc. They have approached you to chart out a growth plan for them.

Before delving deeper into the case, I would like to understand more about our client. Where is the client operating and what is the customer profile? Also, do we have any KPI when it comes to their growth plan?

They are a market leader in Tier 1 cities in India and cater to the younger segment between the age of 20-40 years. They are looking to expand their customer in terms of markets and types of audience they cater to. Additionally, they want to increase the loyalty for their customer segments.

Interesting. For charting out a growth plan, we could look at better market penetration in our existing markets which are the Tier 1 cities for improved loyalty and look at new markets which are Tier 2+ cities for diversifying customer base.

Sounds good, what features would you add in the current offering for Tier 1 cities?

I would look at making the product offering more holistic in terms of adding better services over the existing workout products we have to offer. We can divide it into three segments – Nutrition, Apparel, and Equipment. We can either create these product lines under our own brand name or create a marketplace model. Under Nutrition, we can integrate the app and partner with new brands that are booming in India to cater to the needs of the customers. Under clothing, we can start with our own product line or have a marketplace model where we introduce apparel from different brands. Under Equipment, we can launch our own product line and cross-sell it with our online workout programs.

Okay, they seem to be viable. What would be the risks associated with these?

There would be a financial risk associated with offering our own product line as we would need to invest in our own products. Since tier 1 customers are more brand loyal, the payback period on our investments might be longer and returns might get delayed.

Let’s move to Tier 2 customers, what features would you change?

For entering Tier 2 cities in the same customer segment (20-40 years), we should play on pricing since Tier 2 customers are more price sensitive. Additionally, the fitness trend is more apparent in Tier 1 cities, so we should get into ICE activities to educate the customers. In these markets, we can venture into offering better promotions and have a freemium pricing model wherein we offer online workouts for free and have a membership for accessing our studios.

Fair, let’s move to the new customer segment that is in the age of 40+.

For 40+ customers, we should look from the point of view of their needs, and alter our offering accordingly. We can offer additional services such as doctor consulting via telemedicine channels. With this, they would be able to get expertise from some of the best doctors. Additionally, we can offer more health-oriented services such as physiotherapy, nutritionists etc. So, we would be offering a one-stop solution to fulfil their health and lifestyle needs.

Okay, seems fair. So, let’s estimate the demand for apparel business. We can do it qualitatively. You can just outline the approach.

Sure, for assessing the apparel demand, I can look at one city and then extrapolate for other Tier 1 cities since their demand preferences are similar. We can start with Delhi NCR, and the demand would entail Population * Age bracket * Income * Gender * Propensity to buy * Frequency of purchase of apparel * Avg. Price of apparels.

Okay, we can close the case here.

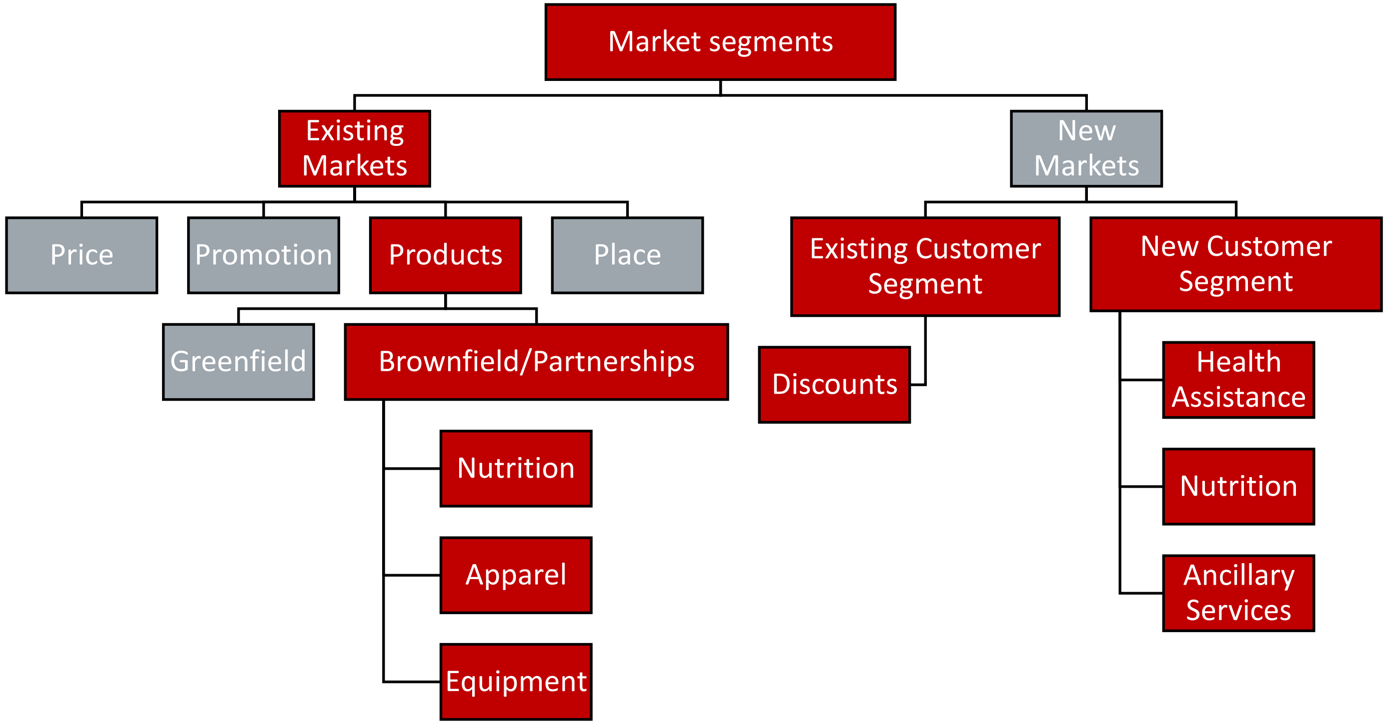
Case Statement

Your client is a fitness studio chain and offers services such as classes, gyms, online workouts via their app etc. They have approached you to chart out a growth plan for them.

Interviewee Notes

- Client caters to Tier 1 customers with their online and offline services.
- Their key customer segment is between the age of 20-40 years.
- They want to look at growth in terms of customers and build loyalty.

Structure/ Framework



Key Takeaways

- Ask all relevant clarifying questions in the beginning.
- Mention risks associated with each idea and elaborate on ‘Right-to-win’ strategies after talking about customer acquisition ideas.
- Offer an overview of the approach before getting into the details of each funnel.

Your client is a cable manufacturer in India, currently they are at the 10th position, they want to get to top-3 in terms of both revenue and EBITDA. Suggest them ways to achieve this.

To start with the case, I would like to know more about the client's products and customers, do we have information available on that?

Yes, the client sells wires like high-tension cables, and our clients are mostly high value B2B customers like railways, electricity department, etc.

Is there any timeframe by which they need to achieve this target?

Around 3-5 years.

What is our current revenues and EBITDA numbers and how far are we from the top-3 players?

We are currently generating a revenue of 1,000 Cr annually with a 10% EBITDA. Top player in the market has 10,000 Cr revenues and 25% EBITDA, they own 15% of the market. The 3rd player makes 6,000 Cr in revenues with 15% EBITDA.

Where does our client operate currently, and where do they lie in the value chain?

Our client operates and sells in India, they have inhouse R&D, Manufacturing and directly distribute to the B2B customers.

Are our competitors doing something differently, which allows them to do better than us?

Our competitors have similar kinds of products as us. There are 2 kinds of customers in the market, one is the high-value B2B customers, other is the low-value segment, which comprises of MSMEs or direct consumers. The low-value customers are reachable through a dealer network, which our competitors have.

Is there any information on market share split of the two-types of customers, and difference in the profitability of two segments.

Low-value segment owns 30% of the market, rest is with the high-value. EBITDA of the low-value segment is 20%, while it is 10% for the high-value segment.

To summarize, our client, who is a cable manufacturer in India, currently at the 10th position with revenue of 1000 Cr and 10% EBITDA, wants to get in the top-3 position. Our customers are majorly high-value B2B players, while our competitors also serve to the low-value segment, which comprise of 30% of the cable market. We need to suggest strategies which can help them achieve their target of top-3. Can I proceed with solving?

Yes, sure.

There are four ways by which our client can grow, they can launch new products for existing or new markets. They can stay with the current products, penetrate more in the existing markets or enter new markets. Since they are already at par in terms of products with competitors, it doesn't make much sense to launch new products. Is it a fair assumption?

Yes, they are not looking for new products. Also, there are a lot of regulatory issues in entering newer markets even with existing products.

So, we are only left with penetrating more into the existing markets. For this, they can work upon targeting the low-value segment which are reachable through the dealer network and comprise 30% of the market.

Right, how much do you think we need to capture the low-value segment to reach our goal?

The top player owns 15% of the total market with a revenue of 10,000 Cr, so total market size comes out to be around 67,000 Cr, 30% of this comes out to be 20,000 Cr, which is the market size of low-value segment, is this data correct?

Yes, please move ahead.

Since we need to reach total revenues of 6000 Cr, we at least need to tap 25% of the low-value segment, which will give us around 5000 Cr from the low-value and we are already earning 1000 Cr from the high-value segment.

What about the EBITDA, will we be able to reach the desired levels with 25% share in low-value segment?

Our current profits is around 100 Cr (10% of 1000 Cr) from the high-value segment. Given that the profitability of low-value segment is 20%, and we have 5000 Cr worth revenue from there, we will make a profit of 1000 Cr from the low-value segment. Our total profits will be 1100 Cr, with 18% profitability, so yes, we can get to the desired levels.

Okay, good analysis. Do you think we will be able to capture 25% of the low-value segment in the given timeframe?

It’s a little difficult to capture such high share due to 2 reasons:

1. We don’t have the dealer's network which is required to tap into this market. It will be difficult to build the whole value chain and poach dealers given that some of them must be already working for our competitors.
2. The top player in market has a share of 15%, so it is a little fragmented market, even if we go aggressive, it difficult to reach 25% for a particular segment. Even if we can, we will see a lot of backlash from our competitors.

Correct, we can close the case. Thank you!

Cable Manufacturer

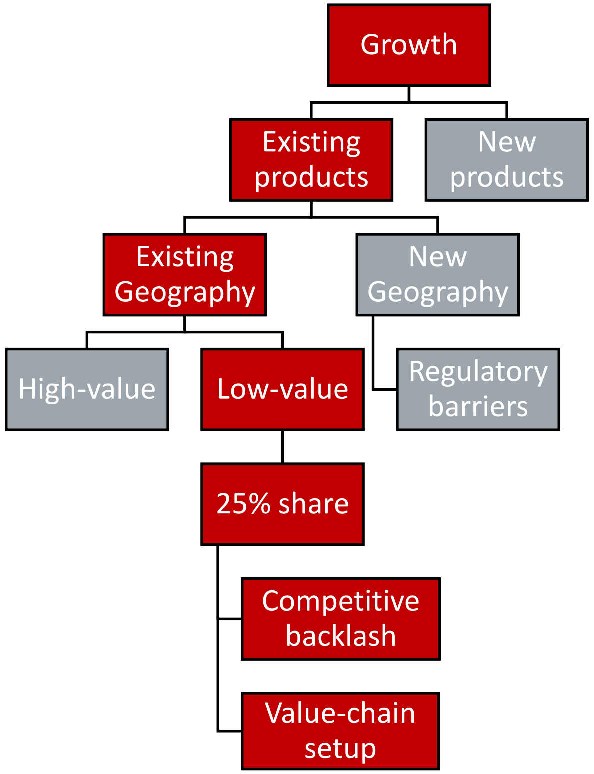
Case Statement

- Client is a cable manufacturer in India.
- Wants to improve its position from 10th to Top-3 in terms of both revenue and EBIITDA.
- Suggest ways to achieve this target of theirs.

Interviewee Notes

- 3-5 years timeframe
- Current revenue: 1000 Cr
- Current profitability: 10%
- Top player's revenue: 10000 Cr
- Top player's profitability: 25%
- Top player's market share: 15%
- No. 3 player's revenue: 6000 Cr
- No. 3 player's profitability: 15%
- High-value segment: 70%
- Low-value segment: 30%
- Client: Only High-value
- Competitors: Both
- Low-value segment: via dealers
- Low-vale profitability: 20%
- Market size: 67000 Cr
- Low-value segment: 20000 Cr
- Capture 25% of low-value
- Post-revenue: 6000 Cr
- Post-profitability: 18%

Structure/ Framework



Key Takeaways

- Data given during the start of the case, was used extensively at the end, keep a track of things properly.
- Whenever assuming, always take confirmation from the interviewer, here assumption was taken on not launching of new products.

Your client is a women's Indian ethnic wear brand. In FY2022, their marketplace channel sales have grown from 40Cr to 300Cr whereas their D2C channel sales has been growing only by 10%. Identify the reasons and recommend solutions.

Before structuring the problem, I would like to know more about the client's business. What is the product and price range? Who are the target customers and where does the client operate? Is this revenue trend similar to that of the industry or nearest competitors?

The product is all kinds of ethnic wear for 16+ year old women. The client operates PAN India. The average price of our products is ₹2500. This revenue trend is limited to our client. Let's start with your understanding of marketplace and D2C model.

Sure. Marketplace model involves listing our product on Amazon/Flipkart with a fixed fees (~30%) and additional marketing fees. The marketplace company would pick up the product from our warehouse or store. In D2C model, we have our own website where we list our products. The products are shipped through our own logistics or 3rd party logistics.

Good. Let's deep dive into the client's sales growth issue.

As mentioned above that the marketplace channel sales have grown by 7.5x and D2C by only 10%, let us first analyze the customer journey of buying a product through D2C website. Can we proceed?

Okay, we are going in the right direction. Let's explore this.

First, the customer should have accessibility and visibility of our website. After entering the website, the client will search for the desired products. The products will be added to the cart. The customer will apply coupon codes, if any and then checkout the cart. The final payment will be done. Post payment, the product will be shipped to the customer and delivered. It will be returned in case of any issues.

That's quite exhaustive. The client is facing issues in almost every step. Let's analyze them one by one. There is not enough traffic on the D2C website.

One of the reasons could be low accessibility due to domain link issue or slower loading rate of website.

There could be low visibility due to customer preference of marketplace websites.

How can you resolve these issues?

We need to invest in website development from capex POV and focus on search engine marketing of our brand website. This will help our client to attract customers to the website.

Okay, but what after inviting the customers to our website? They aren't hooked to the website. The cart conversion is also low.

What is the first thing that pops up on the website when a customer visits? Do we have any brand story that the customers relate to?

No, the client doesn't have a brand story. The want us to craft a communication strategy to improve the hook.

We can look at 3 probable options here. 1. Story based interaction model based on values – confidence, sentiment and body. 2. AR/VR tryout. 3. Local influencer marketing. Do you want me to analyze further?

No, these suggestions seem fine. Let's move to the payment issues.

The payment phase can be broken down into : successful coupon code applied, selecting mode of payment – Cash on delivery, UPI, Credit Card, Debit Card, Netbanking and finally successful transaction.

The client doesn't provide COD payment option yet. This is leading to less conversion.

The client can incentivize customers for prepaid payment options, but customers are generally risk averse in case of D2C websites. The client can partner up with better logistics partners who can support us with cash management.

Good suggestions. Please summarize the case and we can end it here.

D2C Channel for Apparel Brand

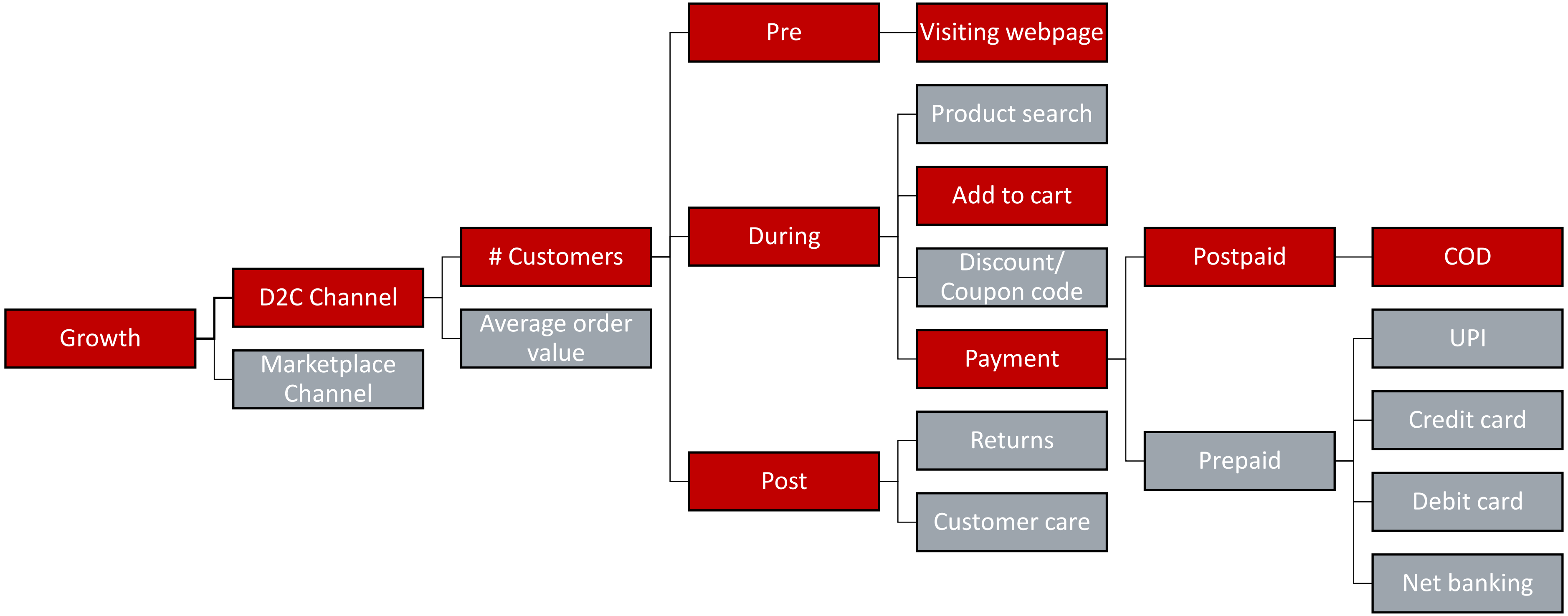
Case Statement

- The client is an Indian ethnic wear apparel brand
- Lower growth rate of 10% for D2C channel as compared to 7.5x of marketplace channel
- Identify the reasons and recommend solutions

Interviewee Notes

- Indian ethnic wear brand
- Operates PAN India
- Marketplace sales from 40Cr to 300Cr (7.5x)
- D2C sales growth – 10%
- Age group : 16+ women
- Average product price - 2500₹

Structure/ Framework



Key Takeaways

- The interviewer is interested in knowing your prior knowledge about e-commerce and consumer business
- Better to MECE at every level and get a buy-in from the interviewer after each MECE level
- Analyzing customer journey will give the key breakthrough

Your client is a Food Delivery App. They want to increase their Daily Active Users (DAU) on their App. They need your help in increasing their DAU.

Before diving deep into the case, I would like to ask a few preliminary questions. What all does our client do? Are they only into food delivery, or groceries business as well. Also, what do you mean by Daily Active Users?

They only provide food delivery service and DAU is someone who visits their App for at least 15 seconds in a day once.

Where is it available, and who are their competitors?

The app is available in Urban areas, or you can say 20 metropolitan cities. Competitors are not important in this case.

What is the magnitude of increase that we are looking for?

Nothing as such.

I think I have enough information to start the case. I would like to take a minute to gather my thoughts and develop a structure for the analysis. Would that be okay?

Sure. Go ahead.

Daily Active Users for the app can be increased through 2 ways:

1. Increasing new users
2. Increasing the percentage of existing users' daily visit

Would you like me to focus on either one of the two?

You can start with increasing new users.

Sure, New users can be increased in 2 ways - either by increasing new users to platform or poaching the competitors. Is that fine?

Yes, Please go on.

We can increase New users to the platform by advertisement or using sales agent. For poaching users from other platforms, we can focus on promotions and providing attractive discounts.

Why don't you use user journey approach to approach the case.

Sure, user journey can be done before downloading the app which means how to increase chances of people downloading the app and post downloading which means increasing percentage of users using the app.

That seems fair. Please proceed.

User journey before downloading involves seeing an advertisement, going to play store/app store, searching the app or having it in top recommended, downloading, and setup. To increase the downloads, we can advertise to unexplored segments, introducing a lite version because some time app size becomes an issue, and breaking the setup procedure as per the requirement, which means asking the important information as per the usage like payment info when the user is ordering something.

Let's now look at the journey once they have set up the application.

User journey after downloading the app starts with a ping or a nudge, user opening the app, exploring the app, selecting a restaurant, selecting the food, pay, and wait for the order to get delivered. I would be exploring the ways to increase DAU under each, do you want me to take any thing else into consideration?

No, that seems fine.

Sure, to increase DAU the app can send personalized notification based on user history for breakfasts, lunch, dinner, and midnight cravings, interface could be made gamified where users gets coupons for playing games. Apart from that the client can add other offerings in the latter part of user journey. Do you want me to explore that as well?

No, Thank you. We can close the case now.

Food Delivery App

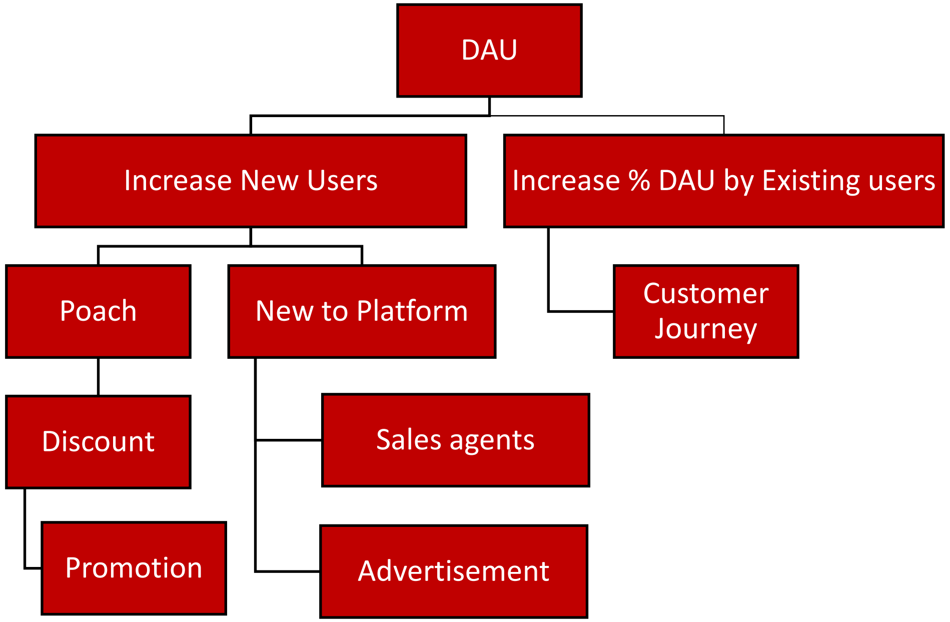
Case Statement

- Your client, Food Delivery App wants to increase the Daily Active Users
- Need to devise a growth strategy to increase their Daily Active Users

Interviewee Notes

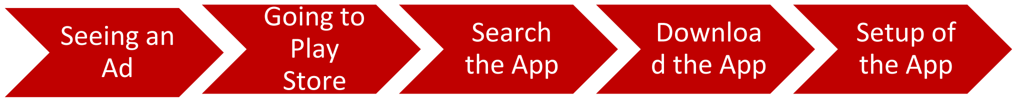
- Food Delivery App
- Need to increase Daily Active users
- App is available in urban area
- No info on competitors

Structure/ Framework



Customer Journey

1. Before Downloading the App



2. Increase % of existing users using app

Key Takeaways

- No conventional framework is used
- Using a structured approach was important
- To identify ways to increase DAU, better to MECE at every level and get a buy-in from the interviewer

Farm Equipment Manufacturer

Your company is a MNC who manufacturers farm equipment and their Indian arm is facing a stagnated growth of 3-5% in the volume market share, while the competitors are doubling the share. Suggest how can we grow the business.

Thank you for the problem statement, I have a few preliminary questions before I proceed. May I know what products are we manufacturing and if the stagnated growth is across products? What is the tenure of the problem? Any particular geography facing this issue?

Assume the client only manufactures Tractors for now. The problem is since the last decade. The issue is pan-India but of course you can assume the market is dominated in the agriculturally dominant regions.

Right, the target customer would be the farmers of the rural areas across the country. I want to understand the product a bit better, what is the price point we sell it at? Are the features similar to the competitors?

The price point is similar, but our product is far superior to the competitors.

Okay. I want to understand how the market is, is it fragmented? Where do we stand amongst the competitors? Is the industry growing?

We stand at the 7th position and hold a small market share. There are other big players who hold 40% of the market share. The industry doubles every 3-4 years.

Understood. Does our client have a manufacturing plant in India or do we import? Also, what part of the value chain do we control?

The client has its manufacturing plant in India, and partners with distributors and retailers.

Thank you for this information. I would like to summarize the case facts [summarise]. I would proceed by first understanding the reasons for the stagnation, and then suggest the growth strategy.

Seems right, go on

The # of units sold has remained constant. This could be a supply side issue or demand side problem.

The supply side is fine, focus on the demand side

Given we are selling in the rural areas, I would focus on the customer journey. I will divide this into – Pre purchase, during purchase and post purchase. Under the Pre-Purchase I would understand the awareness for the brand, any positive/negative reviews, accessibility (if the product is available at the nearest distributors). During Purchase the Affordability, the financing or EMI options matter a lot for farmers. And Post purchase the warranty, availability of OEMs or spare parts and mechanical support is important.

Spot on. Let's focus on Pre purchase for now. There are no bad reviews, the users have positive things to say, if they use the product.

The company is at the 7th position, which means the brand loyalty and awareness may not be high due to lack of advertising, or the accessibility may be low, i.e., the closest store would be far from the town.

Let's focus on the awareness bit.

As it's a rural product, ATL marketing will not work. BTL promotion like banners or poster, or radio, ambassadors from the local farmers, showcase in village fairs/melas is necessary to catch the attention of the superior product at a competitive price.

Spot on. The awareness is low, and the competitors usually take the tractors to a field to showcase the product, which we haven't been doing. Now move to the during purchase phase assuming the product is in the consideration phase but isn't selling.

The issue could either be internal or external. The internal issue would be the distributor support, pricing or discounts/offers. External issues would be government financing deals or credit opportunities for competitors.

Spot on, the issue is on the internal side with the distributors as they are not pushing the product.

The distributors would either not have training and skills to sell the product, or the margins and markups on the competitors are better. Another issue can be that the other brands are offering some loyalty programs that makes the distributors push the competing products more.

That is correct. They do not have the training to push the advanced features our product offers.

I would like to summarize the case before moving to the growth strategy.

The growth strategy is pretty straightforward, you can summarize the case, and we can end it here.

[Quickly summarizes the case at a very high level]

Farm Equipment Manufacturer

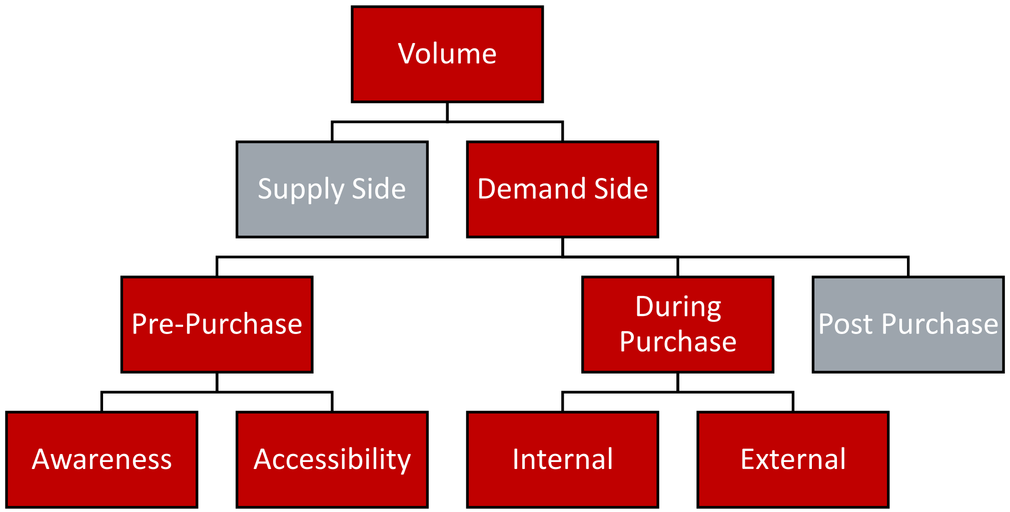
Case Statement

- Company is a MNC who manufacturers farm equipment
- Stagnated growth of 3-5% in the volume market share
- Identify the reasons for stagnation and develop a growth strategy

Interviewee Notes

- Client only manufactures Tractors.
- Company is at the 7th position with a small market share.
- Owns manufacturing and partners with distributors and retailers.

Structure/ Framework



Key Takeaways

- To identify reasons for stagnation, better to MECE at every level and get a buy-in from the interviewer.
- Though it was initially told be growth case, it can actually turnout to be something like a profitability case. Ask and move in the direction that the interviewer wants to.

Your Client is MAMA Earth. Recently they launched their IPO. Hence, they want to increase their sales. Give suggestions for the same.

Before we start with case, I would like to ask some preliminary questions. Where are we currently located? Are we looking to enter a new market ? What are our products?

Certainly. MAMA Earth is currently based in several major cities across India. While they have a strong presence in urban areas in India. As for their products and scope of this case, MAMA Earth is known for their baby care products.

Coming to the point of competitors, I would like to know what is the competitive landscape of the baby care industry in India and our market share. Also, what is our current sales and what is our target.

Our major competitor is Johnson and Johnson. They are the current market leaders. Currently our sales through all product lines is 1500 Cr. We are targeting to reach 5000 Cr in next 5 years. Our current market share is 10%. Out of our total sales 30% sales comes through baby care products.

Thank you for the information. Firstly, I would like to conduct a market feasibility analysis. Where I will check if the market has enough potential to reach our target.

Go Ahead.

The population of India is almost 140 Cr. The birth rate is 1.7%. Hence, the number of babies born per year is 140*1.7% = 2.5 Cr. Let us assume that these products are used by children until age 2. Hence total target customers become 5 Cr. Now divide the population into urban and rural. We are mainly targeting urban customers. Almost 40% of the population stays in urban areas. Hence total target customers become 2 Cr babies from urban India. Is this a fair way to calculate the market size? And what is the average spend per baby per year in a middle-class family?

Yes, It is fair approach. You can consider the spend as 5k per year per baby in middle class family

Let's divide the population based on their income brackets. 20% population has lower income. 40% population is lower middle class, 30% is upper middle class whereas 10% is rich class.
Assuming that Lower income segment does not use rich baby care products. Lower middle class spends 4k per year, Upper middle class spends 6k per year and rich people spend 10k per year.
Hence total market of baby care products becomes 2Cr*(0.4*4000+0.3*6000+0.1*10000)
Which is equal to 5800 Cr. Over 5 years, assuming the market will grow with a CAGR of 10%.
Also,, MAMA earth is a very fast-growing company. Hence the market looks attractive to enter. And there is potential for us to reach our target.

Seems fair. Let's now go ahead to the next part i.e. growth strategy for the company. You can look into organic growth of company and ignore the rest.

Revenue = Number of Customers * Revenue per Customer*Product Mix
Are we focusing on any of these components?

You can look into Number of customers and the product mix. Ignore the revenue per customers as we are not planning to increase the price of products in upcoming days.

There can be 4 different scenarios based on the market type and the product type.

1. Market Development Strategy for new markets with existing products
2. Market Penetration Strategy for existing markets with existing products
3. Product Development Strategy for new products with existing markets
4. Diversification Strategy for new products with new markets

Good. Can you tell me what strategies will you use in each of these strategies?

Yes, Sure.

Mama Earth Post IPO

1. Market Development Strategy

Identify untapped geographical areas or demographics where the existing products have potential demand e.g., we can focus more on market in rural areas.

Tailor marketing and distribution strategies to meet the specific needs and preferences of the new market.

2. Market Penetration Strategy

Implementation of aggressive marketing campaigns and promotional strategies. Also, pricing strategies can be implemented to capture larger share of existing customers.

Now you can look into the other ones in brief.

3. Product Development Strategy

Here, we need to analyze the market and identify the unmet needs of the market. Also develop and introduce these products to existing customers. We can leverage our existing network to capture market.

4. Diversification Strategy

Conduct thorough market research to understand the dynamics and needs of the new market. This is the most difficult kind of strategy to be implemented.

Great! It was wonderful interacting with you. We can close the case.

Mama Earth Post IPO

Growth | Moderate | EY Parthenon

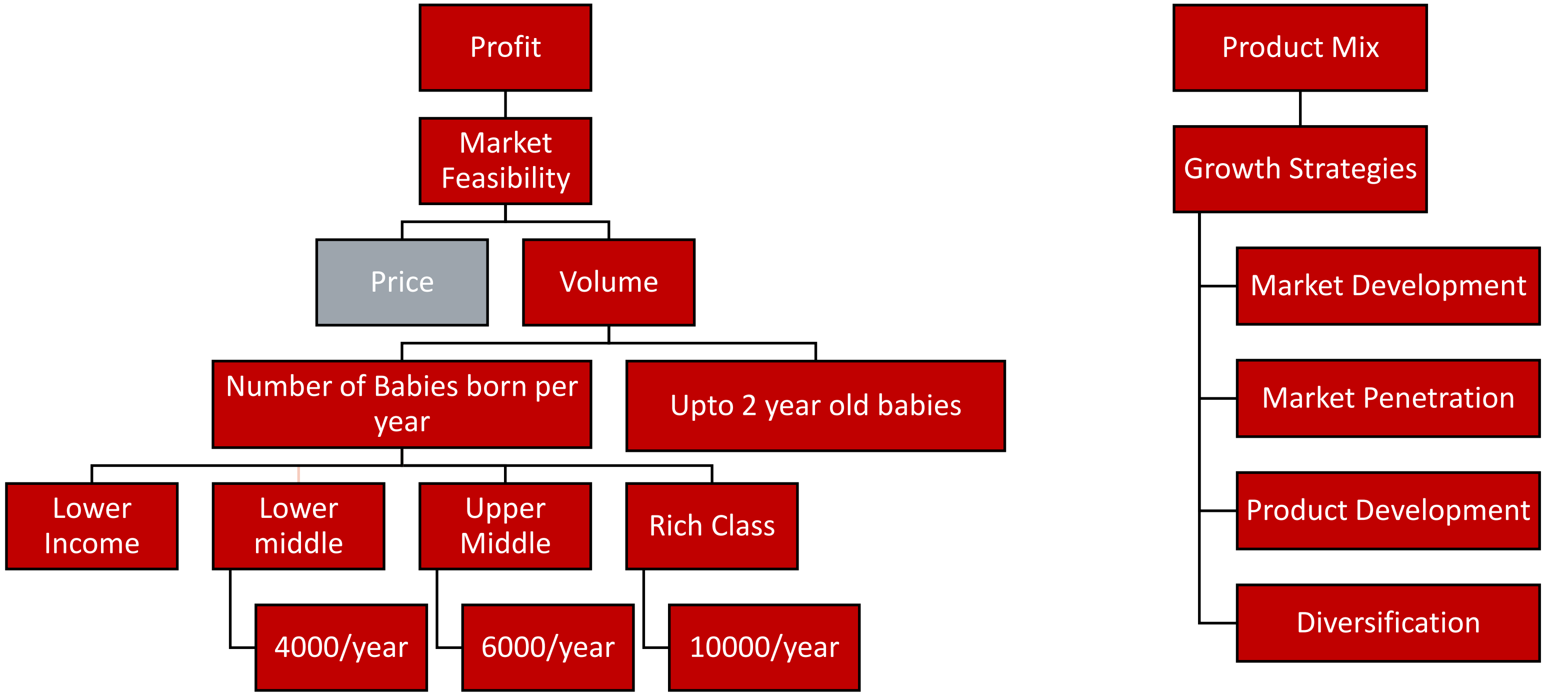
Case Statement

- Your Client is MAMA Earth. Recently they launched their IPO.
- They want to increase their sales. Give suggestions for the same.

Interviewee Notes

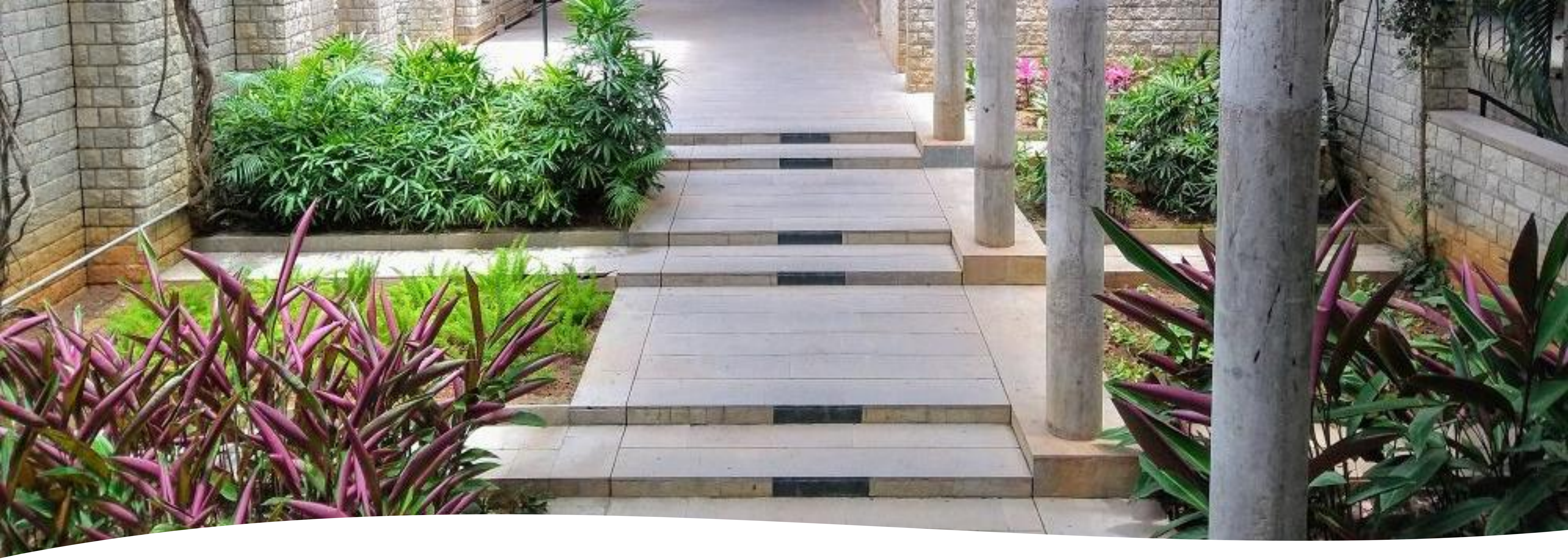
- J&J is market leader
- Our market share is 10%
- Majorly targeting urban area in India
- Look into baby care segment
- Current sales is 1500 Cr and targeting to reach 5000 Cr is % years
- Baby care products comprise of 30% of share from MAMA Earth

Structure/ Framework



Key Takeaways

- Case was a combination of Market entry and Growth
- Interviewer expected in depth analysis of all the components of the case



IIMB M&A & PE Cases 2024-25

PE/VC Framework

Factors to be evaluated for the time-period of investment	Financial Feasibility		Synergies and Business Model		Exit Options and Risks	
	Financial Factors	**Acquired Firm's Factors**	**Synergies**	**Business Model**	**Exit Options**	**Risks**
	Market Size (Guesstimate)	Unique Value Proposition	Demand-side Synergies	Company's Evaluation	Total Exit	P E S T L E
	Growth Rate	Competitors	Supply-side Synergies	Operations	Partial Exit	
	Profitability	Current Equity Structure	Efficiency Synergies	Financials	IPO	

$$\underbrace{\text{Use information from above parameters to calculate Free Cash Flows (FCFs) to estimate the valuation of the company being acquired}}$$

Factors needed to analyze a company

Structure	Systems	Style	Staff
What structure do we need to execute the strategy?	Business system needed to execute the strategy?	Analyzing Leadership style and cultural qualities	How should we help our managers in their growth?

Strategy	Structure	Shared Values
What should we do to solve the business problem?	What structure do we need to execute the strategy?	Current Values and culture of the firm

Your client is a global impact fund of US$200 MM and is looking for investment opportunities. Please provide suggestions.

Thank you for the case. To my understanding, PE firms prefer to make majority investment and follow up on the main investment with add-on investments or bundle the new investment with the existing portfolio to bring about synergies. Before I proceed, I had a few preliminary questions to better understand the ask. Can I go ahead and ask them?

You are right about how PE firms operate. Please go ahead and ask any questions that would help with the ask.

Great, so I understand the client is an impact fund, but it would help to understand how the current portfolio of the firm looks like. Further, is there any specific scope of the fund related to catering any specific segment of the social impact?

They are a sector agnostic firm and are open to investing in any socially impactful business as they have investments in multiple avenues.

Okay, got it. Also do we have any information on what is the objective of the investment by the client? Or any constraints on the number and the amount of investment?

The client expects a minimum 15% return on their investment and are looking to invest in EBITDA positive companies and the ticket size would be anywhere between US$20-30 MM.

Okay, so for deciding the investment opportunity, I would like to focus broadly on these decisions in the same order to shortlist a few options and then look which option aligns with the existing portfolio: a) Geography b) Industry c) Company d) Exit Options
Should I go ahead and elaborate on each of these a bit more?

That sounds fair. Yes, please go ahead.

First is selecting the geography where the client wants to invest, since we already know that the client is a global impact fund and hence choosing the location would be an important factor. When selecting the location, the client should focus on the kind of country they would want to invest (under-developed, developing, developed) and the future trends of the economy. Also important are the risks such as tax laws, regulations, political unrest and the foreign investment policies.

Yes, that's correct. Let's move ahead and look at the other factors.

Sure, now moving on to industry. The major factors would be the social impact created by the industry, industry attractiveness (in terms of market size and growth rate), competitive landscape, risks (regulatory, legal, and technological) and future trends.

Fair enough. Please continue.

Now that we have selected the geography and the industry, next step is finalizing the company where we would like to invest. This can be divided into two parts: financial and non-financial. Under financial, we will look at the projections of the financial numbers of the company, valuation of the company and the ESG scores of the company. Under non-financial, we would look at the qualitative aspects of the company such as management performance, credit rating, core competencies and competitive advantages.

That is quite an exhaustive list. Under qualitative factors what do you think is the most important criteria for investment?

Competitive advantage is the most important factor to look at since it allows a company to achieve and maintain superior margins, a better growth profile, or greater loyalty among current customers consistently.

Great! That's correct. We can close the case now. Thank you.

Private Equity Investment

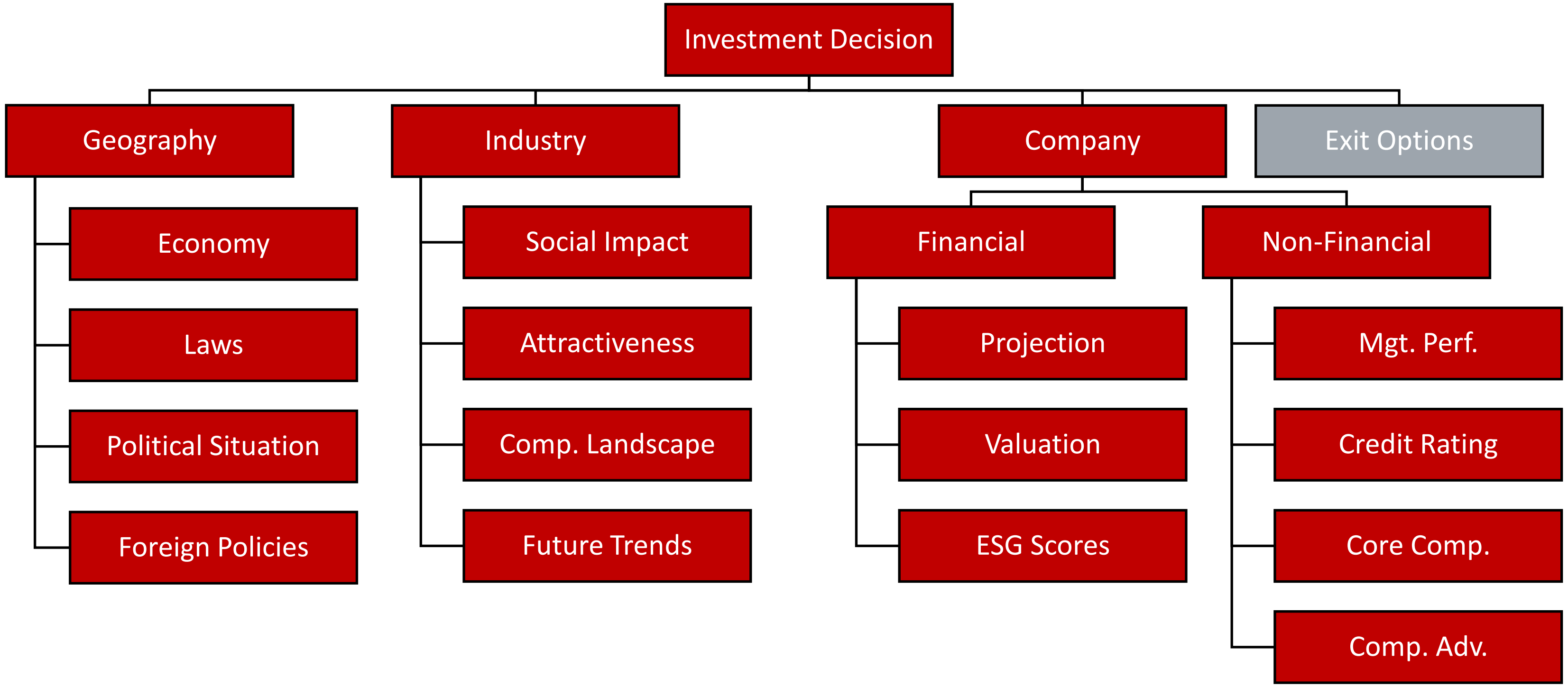
Case Statement

- Global impact fund of US$200 MM and is looking for investment opportunities
- Provide suggestions

Interviewee Notes

- The fund is a 'global impact' fund
- The client needs suggestions on where to invest

Structure/ Framework



Key Takeaways

- In a PE case, it is important to understand the objective and constraints of the client
- Try to bucket various decision-making questions in order to bring a structure to the case. Think logically in a sequence to come up with parameters

Your client is a PE firm looking to make an investment in the EV industry in India. What advice would you give to them?

Thanks for the problem statement. Before proceeding, I would like to understand more about the client. Could you tell me about their existing portfolio? Have they made an investment in EVs before? Also, do they want to invest in any specific industry segment, like two or four-wheelers or charging stations?

They have a very diversified portfolio and have invested in EVs before but not in India. They have the two-wheeler segment in mind.

What time horizon are they looking at, and are they looking at any particular firm in the two-wheeler EV segment?

5-10 years. Can you tell me what all elements you would look at to analyze this case?

First, I would start by analyzing the attractiveness of the two-wheeler EV industry. Then I would look at the attractiveness of the firm in question in terms of its financial and operational capabilities. I would look at the financial aspects of the investment, like the expected return, and finally, I would consider the integration and investment specific risks that the client could potentially face. Do you want me to consider some other factors?

No, these seem comprehensive. Could you please elaborate on each of the factors?

Under industry attractiveness, I would analyze the market size of the two-wheeler EV industry, the growth rate, the competitive scenario, the bargaining power of suppliers and buyers, and the presence of substitutes. I would also look at the barriers to entering the industry to understand threats from newcomers.

Okay, how would you evaluate the attractiveness of a firm in the EV industry?

I would look at the firm’s operational and financial capabilities. Regarding functional capabilities, we can look at R&D, sourcing of components, relationship with suppliers, manufacturing capabilities, distribution, marketing and branding, return and maintenance, etc.

Is there anything specific in terms of suppliers which you’ll focus on?

Yes, since we are talking about the EV industry, the availability of Lithium-ion batteries is an issue. Also, on the customer side, the lack of charging infrastructure deters people from buying EVs.

Correct. Can you list a few risks that the client should look out for?

With respect to the investment specific risks, we can broadly categorize them into industry-wide risks or firm-specific risks. Industry-wide risks could be regulatory (changing regulations regarding EVs in India), technological (new technologies that might render the current EV technology obsolete), supply risks due to the unavailability of Li-ion batteries, etc.

Firm-specific risks could pertain to any event that endangers the firm's current capabilities, e.g., the locking of suppliers by competitors, etc. We can examine the value chain and identify such risks at each stage.

In addition, we also need to analyze the integration risk, i.e., the problems our client might face in synergizing the investment with its existing portfolio. Should I go ahead with that?

No. In the interest of time, let’s close the case here.

EV Industry

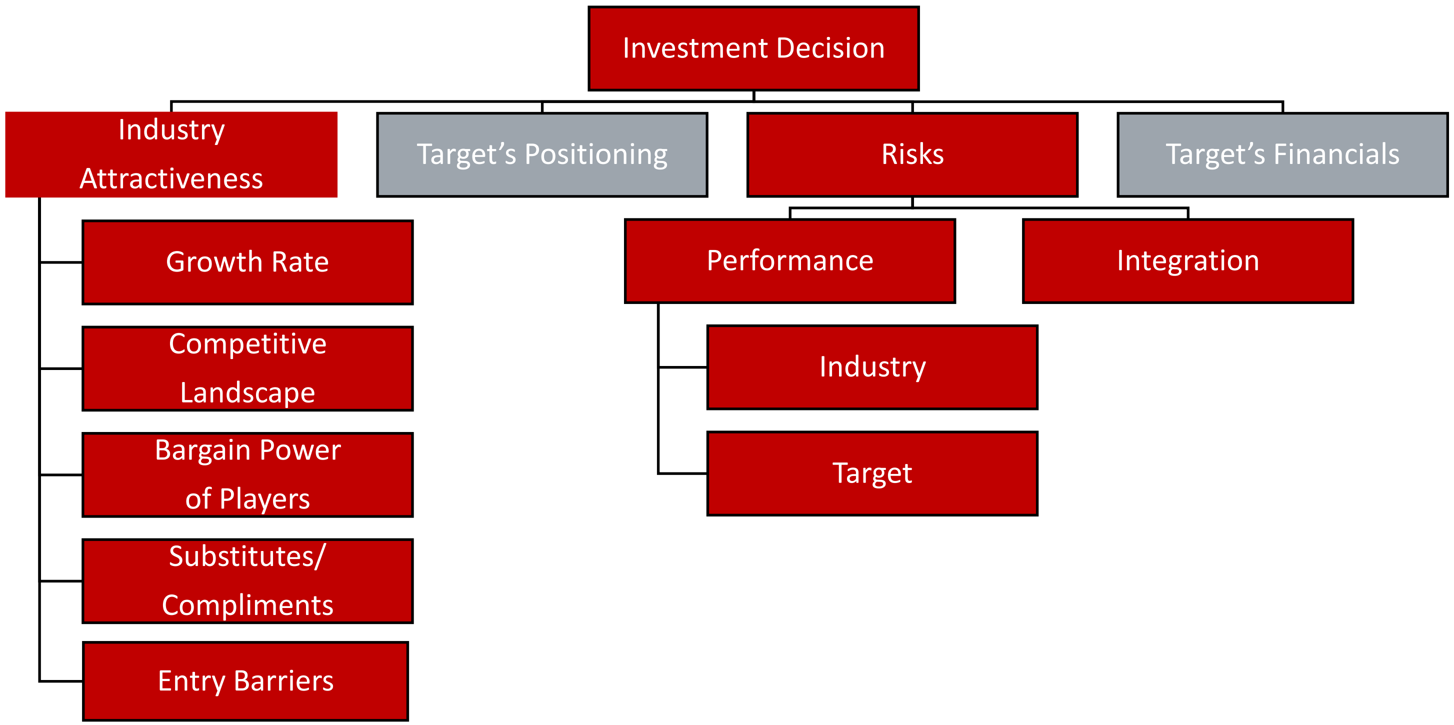
Case Statement

- Client is a PE firm looking to make an investment in EV industry and want advice around the same

Interviewee Notes

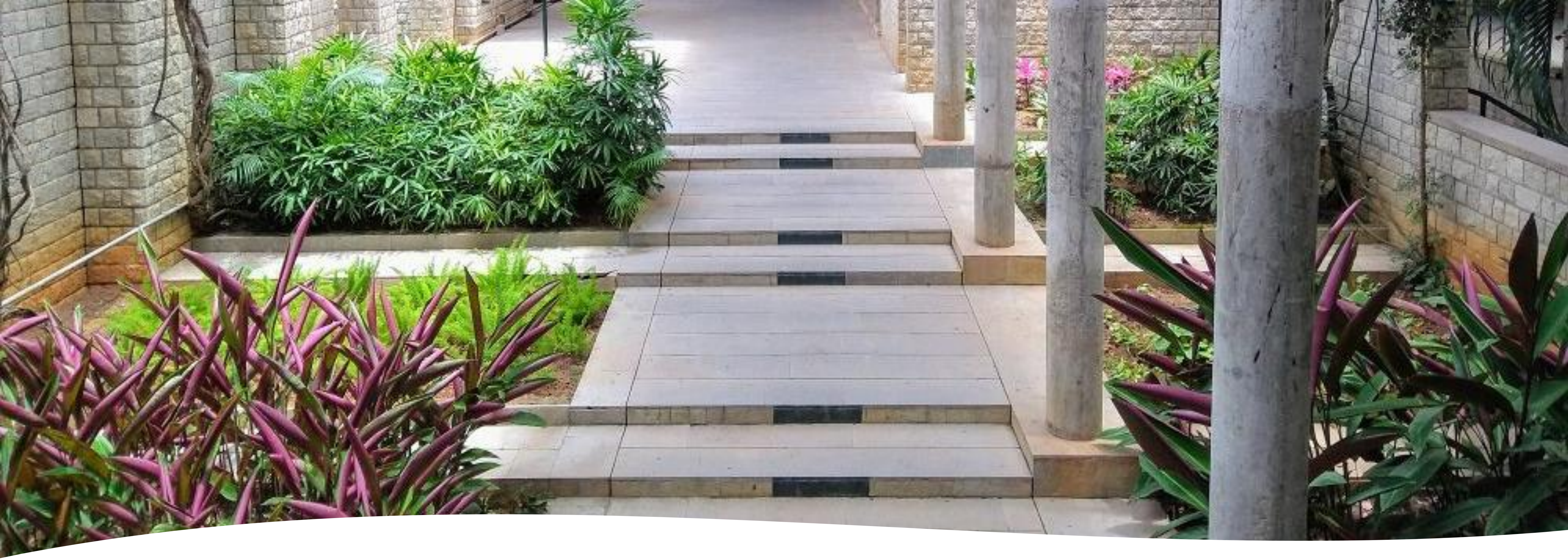
- Client has a diversified portfolio and has invested in EV before but not in India
- Client have 2-wheeler segment in mind

Structure/ Framework



Key Takeaways

- It’s always advised to familiarize oneself with client and their needs
- Explain your approach in the Market entry cases with all the factors
- Giving a comprehensive list for measuring the attractiveness of the industry was a plus



IIMB Unconventional Cases 2024-25

Poultry Farm

Your problem statement is, should the chickens run?

Thank you for sharing the problem statement. Before I delve into the problem, may I ask few preliminary questions about the same?

Sure, please proceed.

I would first want to understand where are the chickens? And who decides whether the chickens should run? I would also want to know the target destination for the chickens.

The chickens are in the poultry farm of a burger joint. The manager of the butcher house decides whether the chickens should run. The chickens need to reach the butcher house of the burger joint.

What other options do the chickens have, if not running? Are there different varieties of chickens that we are considering? Also, what difference will it make if they choose any one alternative over the others?

For the sake of simplicity consider we do not have any vehicle services to transfer the chickens. We have a dedicated path on which the chickens have only two options either to walk or run. Consider we have only one type of chicken. The number of chicken burgers made per hour get affected depending on the alternative chosen. Every chicken reaching the butcher house gets slaughtered and chicken burger is made of it.

What is the pattern of movement of the chickens? Do we have any data around the time taken by each of the alternatives? Do we have any operating constraints?

One chicken can go at a time. When first one reaches the butcher house, the next one starts from the poultry farm. The chickens can cover the distance in 1 min when they run and take 3 min when they walk. Consider the chickens to be unlimited. The only operational constraint is that the butchered chicken needs to be used instantly and can't be stored.

I think now I have all the relevant details to delve into problem solving. Basis my understanding of the problem this would require me to estimate the demand of chicken burgers per day.

I can estimate this by: (**seating capacity* occupancy rate* burgers per person* # of operating hours)/ (turnaround time).** Do we have these data points with us, or do you want me to make suitable assumptions?

We have the data available with us. The seating capacity is 100, occupancy rate of 80%, on an average a person eats 1.5 burgers, we are operational for 8hrs, and the turnaround time is 45mins.

Thanks, so by plugging in the numbers we arrived at 1280 burgers per day. Considering we are operational for 8 hours; we would require 160 burgers per hour to meet the demand. Now, I would like to know how many burgers can we make from a single chicken?

From a single chicken we can make 4 burgers.

Okay so this gives us 40 chickens per hour as the demand.

Great! Now that you have arrived at the numbers, what do you suggest the butcher?

Sure, so for 40 chickens/hr. we can suggest the butcher to make the first 30 chickens run that would take 30mins and then the rest 10 chickens can walk taking 30 mins summing up to 1hr.

Good, are there any other limitations that you feel can change this strategy?

Yes, this number can get altered if we consider different varieties of chicken, or if the number of dedicated paths increase.

Great Analysis! That would be all, we can wrap up the case here.

Poultry Farm

Unconventional | Moderate | Kearney

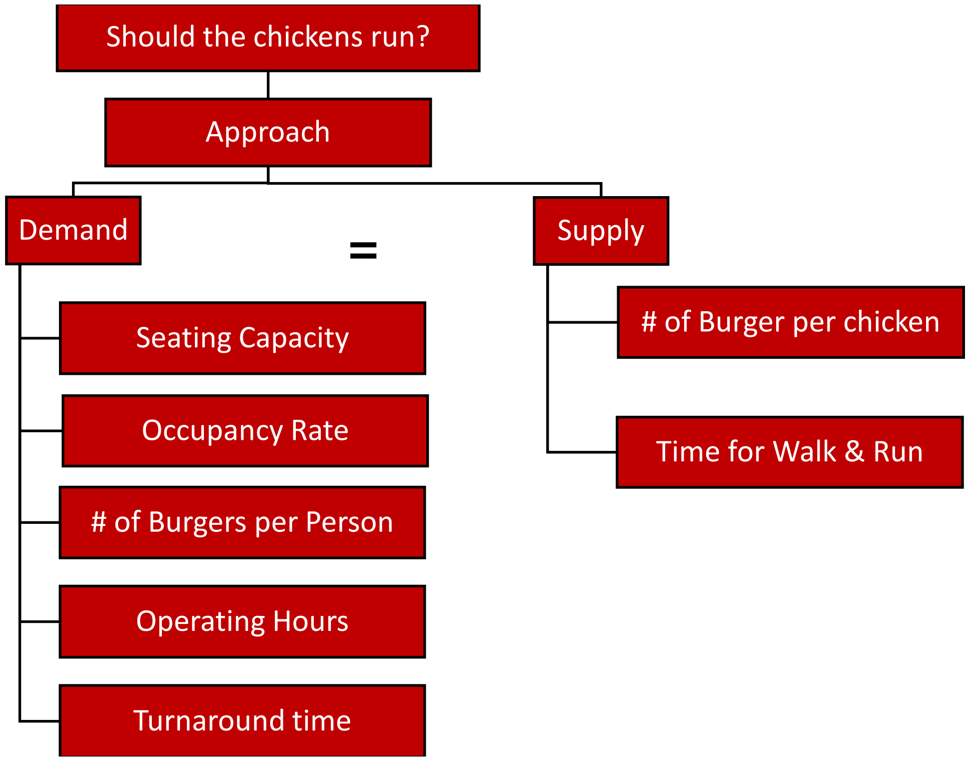
Case Statement

- Evaluate whether the chickens should run.

Interviewee Notes

- It takes 1min for chickens to run and 3min to walk the distance.
- The chicken burgers made gets affected depending on the chosen alternative.
- Butchered chicken need to be consumed instantly.
- Seating capacity = 100
- Occupancy Rate = 80%
- No. of Burgers per person = 1.5
- Operating Hours = 8hrs
- Turnaround time = 45mins
- No. of burgers made from a single chicken = 4

Structure/ Framework



Key Takeaways

- No conventional framework works because of the abstract nature of the case.
- Asking the right questions early on to understand the context of the case was extremely important.
- While solving the case it was critical to think of what operational challenges one would face if any of the parameters were changed.

Privatized Indian Airline

A recently privatized Indian Airline is looking to improve its on-time performance. How would they bridge the gap between themselves and current private competitors?

Got it, before I begin to analyze the situation, I have a question. What is on-time performance defined as?

On-time performance for an airline is the number of flights that arrive and depart on time over a certain time period. The airline has historically maintained an OTP of around 60% before privatization and now its competitors have an OTP of around 90%.

That's interesting! To proceed further, I would like some contextual information. How long does the airline want to bridge the gap in and what is its OTP goal? Also, is the airline's OTP 60% across the country? Finally, are there certain routes that are consistently late and is the issue domestic, international or both?

The airline wishes to get as close as possible to a 90% OTP with a horizon to implement their plan. The OTP is across regions and for both domestic and international flights. Therefore, please provide both short-term and long-term solutions wherever they are provided.

Alright, so I would like to proceed with my analysis by using a single flight as an example and breaking down its journey into stages to see what the possible issues are at each stage. Is that alright?

Sure, that sounds fine.

So broadly the processes can be broken down into two types: Process undertaken while the airplane is taking off, and process when the airplane is landing. Since a single flight does both of them repeatedly, it can be seen as a continuous circle of operations.

Let's begin by looking at the landing procedure first.

So, there would be a pre-landing procedure, the flight would then land and travel to the allotted gate. Then the passengers would disembark, and the flight would be serviced and cleaned. Finally, the next set of passengers would board, the flight would proceed to the runway and then take off for its next destination. Out of these stages, is there any particular one you would like me to analyze first?

Please look at all of them and tell me potential problems that would arise at each stage.

Let's look at them in chronological order:

1. **Before landing:** Air-traffic congestion and changes in the allotted landing strip could cause delays.
2. **During landing:** The landing strip distance and time for the pre-deplaning procedures would affect OTP.
3. **Deplaning:** Passengers' method of deplaning, boarding, and the amount of luggage in the cabins could cause delays.
4. **Post-deplaning:** Flight cleaning and maintenance time, refueling times, and crew deplaning and boarding times would affect OTP

Are these issues a good base for me to suggest possible improvements or should I delve into other possible problems as well?

No, this seems like a comprehensive list of problems. I would like to know which ones you would deem most important to provide solutions for.

I believe that passenger and crew boarding and deplaning times, as well as the flight cleaning and maintenance times are the most important issues that can be improved upon. Would it be alright if I focused on these issues?

Definitely, please tell me what you think should be done to improve performance in these areas?

Crew boarding and deplaning times are within the airlines control and strict performance targets can help improve performance here. Passenger boarding and deplaning times are not completely within our control, but we can look at the method of boarding – like using zone allocations and the restricting the amount of luggage allowed in the cabin to reduce this time.

Very good, so airlines are constantly using advanced data analysis to deduce the optimal method of boarding, but no one has reached a solution yet. Increasing checked-in bags is something the airline can look at as well. Please continue.

I understand that aerobridges are also faster for boarding and deplaning than having buses pick up passengers from the flight. More access to aerobridges would further improve our OTP. These are the short-term solutions I can think of. Should I move on to broader, long-term solutions?

Sure, go ahead.

In the long-term, I think increasing the number of crew and pilots would ensure that staff is always present to operate the flights. Also, I know that activities like luggage loading and flight cleaning are usually outsourced to a third-party, so that contract can be renegotiated with stricter timelines.

Sounds good, I believe that these measures are enough to make a difference in the OTP. We can close the case here.

Privatized Indian Airline

Unconventional | Moderate | YCP Auctus

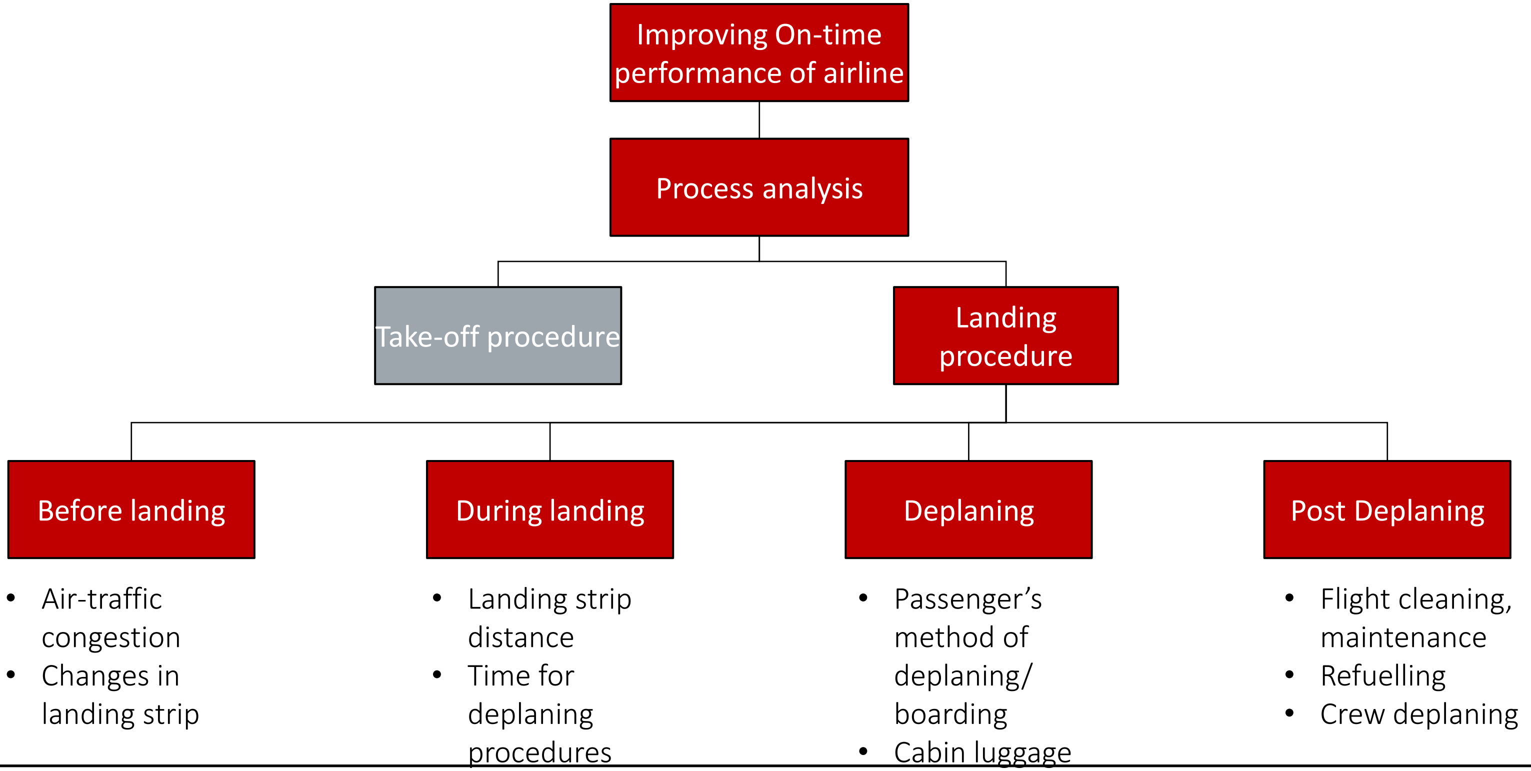
Case Statement

- Recently privatized Indian Airline wants to improve its on-time performance to 90%.

Interviewee Notes

- The issue is across India, for both domestic and international routes.
- Problems to be analyzed across the plane's journey from pre-landing to departure.
- Both short-term and long-term solutions to be provided.
- Create process, analyze each stage and recommend for each.

Structure/ Framework



Key Takeaways

- No conventional framework was applicable.
- Follow a structured approach while looking for problems. Break it down by thinking of the process as a logical sequence of events.
- The breakdown of process and description of issues in each can be more granular basis interviewer's response & requirements.

Government Scheme Implementation

The agriculture department of the Odisha government wants to implement a pull-based schemes & services initiative for the farmers. Help them come up with a plan to implement the initiative.

To begin with, I would like to ask some preliminary questions. Could you please clarify what you mean by pull-based schemes?

Sure. A scheme can be classified into push-based & pull-based. If the process accepts applications from farmers where the beneficiaries are selected through a screening process, then it is pull-based. On the other hand, if the schemes are pushed onto the farmers without any intimation from the farmers, then it is push-based.

Thanks for the clarification. May I know the details of the schemes that are up for offer?

The schemes mainly provide monetary benefits to the farmers, either directly or indirectly. You may assume the schemes to be quite lucrative to the farmers. Further details are not necessary. Farmers from across the state are eligible to apply & the application window for the schemes will be about 3 months.

Okay. I will now proceed with the planning then. The process planning can be divided into operational planning & financial planning. Do you want me to focus on both the aspects?

No, assume that there are no financial constraints. You may proceed with the operational planning.

The operations can be broken into 2 parts: pre-sanction & post-sanction. The pre-sanction part includes the design of the policies/schemes by the design team consisting of the consultants & bureaucrats, along with the subsequent approvals associated with those schemes before rolling out the same. The post-sanction part covers all the operational aspects pertaining to the farmers' application process. Should I elaborate on the design & approval process or proceed with the post-sanction aspects of the planning?

You have done well in breaking down the steps so far. The schemes have already been designed & sanctioned by the concerned authorities. You may proceed with the post-sanction part.

I will now break the post sanction part into 5 major steps:
1) Awareness & publicity of the schemes
2) Application by farmers for the schemes & the collation of documents
3) Verification of the applications received
4) Delivery of the benefit – financial or non-financial
5) Feedback by the beneficiaries
Am I missing any step, or should I proceed with the above ones?

The steps that you have outlined are quite exhaustive. Please elaborate on the challenges that the government may face in each of the steps. Start with awareness.

Outreach campaigns & various promotional activities can be used to increase awareness of the schemes among farmers. The farmers will need to be educated on the full extent of benefits that they can avail from those schemes & the process of doing so. A major setback here is the lack of digital literacy among the farmers, which would make digital campaigns ineffective. So, the government will have to rely on traditional print & television media to promote the schemes.

Good. You may proceed with the rest of the steps.

The application process can be online or offline. Online application can be done through website or mobile app. But offline application will require centers to be set up in various locations across the state. Farmers will have to visit those centers to submit their documents. The locations need to be convenient & diverse enough to reach as many farmers as possible. Apart from the location of those centers, several other factors need to be considered like staffing & time of operations. The application will be followed by the collation of documents.
Post application, the verification needs to be carried out diligently to ensure that the benefits of the scheme goes to the right person. For this, proper IDs need to be submitted by the farmers. Many farmers till this date face issues with proper identification, which may pose a challenge.
Post successful verification of the documents, the benefits can be delivered to the respective farmers.

Great! Can you now point out some of the bottlenecks that you find in this process?

Sure.
To set up centers across the state, significant investments will be required. Even after setting up the infrastructure, approvals will be required from the local authorities to make the centers operational. Beyond this, staffing will also pose a challenge since the employees will have to be trained properly on how to assist the farmers & handle their queries.
The second bottleneck is the lack of internet access in rural areas which will limit the use of digital applications. Even if such a provision is kept, most farmers will prefer to submit hardcopies of their applications. A lot of manual effort will be required to process the individual hardcopies. Also, the lack of digital media during promotions may limit the number of applications from farmers.
A third bottleneck will be the inability of a lot of farmers to submit proper identification. Instead of manual ID processing, a biometric Aadhar verification can be used. This will speed up the identification process & limit the chances of error.
The fourth & final bottleneck will be the ambiguity concerning the delivery of benefits. A lot of farmers will not have bank accounts where the monetary benefits can be transferred. This will pose a significant challenge for the government.

Great points. Before ending the case, let's discuss a bit about the feedback step that you mentioned earlier. Do you think it's an important step? Also, how can it be implemented?

At least in the initial stages, the feedback from farmers will be of utmost importance. It is a great way to figure out how to make the process more convenient to the farmers. The entire process can be implemented in a continuous feedback loop mechanism where the feedbacks can be used to improve the process continuously.
A way to collect the feedback would be through sending an agent to the farmer's premises. As the issues regarding internet access & digital literacy of farmers are resolved, this process can be accomplished through a simple online feedback form.

Great, that was a very comprehensive analysis. We can close the case now. Well done!

Government Scheme Implementation

Unconventional | Moderate | Samagra

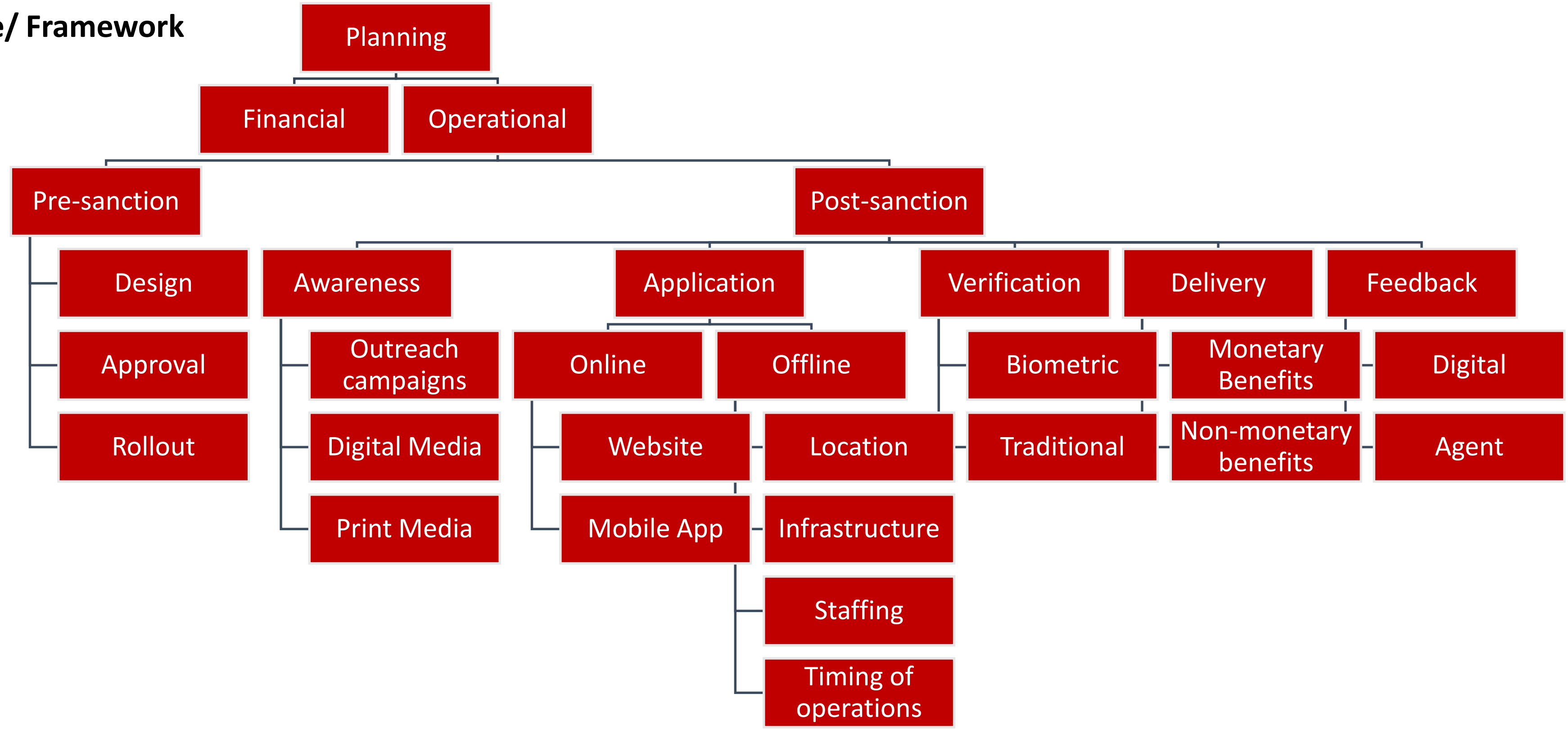
Case Statement

- Agriculture Department of Government of Odisha wants to implement a scheme initiative for farmers. Suggest steps.
- Identify bottlenecks associated with the steps.

Interviewee Notes

- Government wants to introduce a pull-based scheme initiative
- Schemes are usually monetary
- All farmers are eligible to apply
- Will be implemented across the entire state

Structure/ Framework



Key Takeaways

- Sometimes it's difficult to apply exhaustive breakdowns in unconventional cases. As long as the interviewer is bought in at every step, it should be fine
- Placing yourself in the consumer's shoes helps in figuring out a lot of nuances in a process

Football Club Revenue Streams

Unconventional | Moderate | Bain

Analyze the various revenue streams for Manchester United.

So, before I start, I would like to clarify whether there are any external factors like COVID which would affect stadium attendance.

Good question but for this case let us assume no such situations and consider a normal season.

Alright. So, I would split the various revenue streams as ticketing, broadcasting, merchandising, sponsorships, prize money, net transfers, partnerships & collaborations and miscellaneous (stadium tours, social media channels, etc.). Does this seem fine? Would you like me to list more components, or can we focus on any one of these?

These look comprehensive. First let us focus on ticketing. How can you further break this down?

Sure. So, ticketing can be broken down as (number of tickets sold per game * price per ticket * number of matches played in a season). Number of tickets per game can be further broken down as (stadium capacity * occupancy rate).

Ok, that looks good enough. What all factors can be changed here to increase revenue considering the current situation of Manchester United?

So, I don't think we should increase ticket prices since they are already high, and the performances are not good enough to justify increasing the price. Number of games per season in PL is fixed at 19 home games. But we can have more matches if United were to progress into the later stages of cup competitions. Now coming to number of tickets per game, we can look at stadium capacity since occupancy rates for United games are generally close to 100%. To increase stadium capacity, the club would need to invest in stadium expansion.

That's pretty good and comprehensive. Now let us move on to broadcasting. Elaborate on this segment.

Broadcasting revenues would include TV rights from both domestic and international viewership. Then we should also consider digital platforms like Hotstar.

As per my understanding these revenues would be earned by the Premier League which would then split it among various clubs based on some pre-determined agreement.

Fair enough but can you look at the viewership aspect? What would that depend on?

More the number of people interested to watch United's games, more would be the viewership for these matches. It would also depend on the type of match (if it is against a big club or a derby) and on the timing of the matches. Prime time slots like late night on a Saturday or Sunday would have more viewership. These are decided by the league which takes care of scheduling the matches.

Perfect! That's about it. Talk me through the transfers and how we can improve here?

Revenue from transfers would be outgoing transfers minus incoming transfers. So, we can improve our transfer spend by improving our scouting team and strategically buying cheaper players based on our team's analysis rather than spending on big names. We can also look at our academy team and promoting players to the senior team rather than buying new players. Buying players on loan is also a viable option instead of permanent transfers.

Yes, that looks fine to me. What about the partnerships segment that you talked about in the beginning. What is one important stream of revenue here?

Partnerships and collaborations would include those various ad shoots that the team does. Also, the club may collaborate with other brands for certain campaigns. Apart from these, we can look at the pre-season tour that the club does. There are lot of fan interactions and promotional activities that are done which contribute to revenues.

Yes, that's what I was looking for!! Pre-season is an important part of the club's revenues, and the club must do that as part of their various sponsorship deals. I think you have done a great job and touched upon the key segments. We can close the case here.

Football Club Revenue Streams

Unconventional | Moderate | Bain

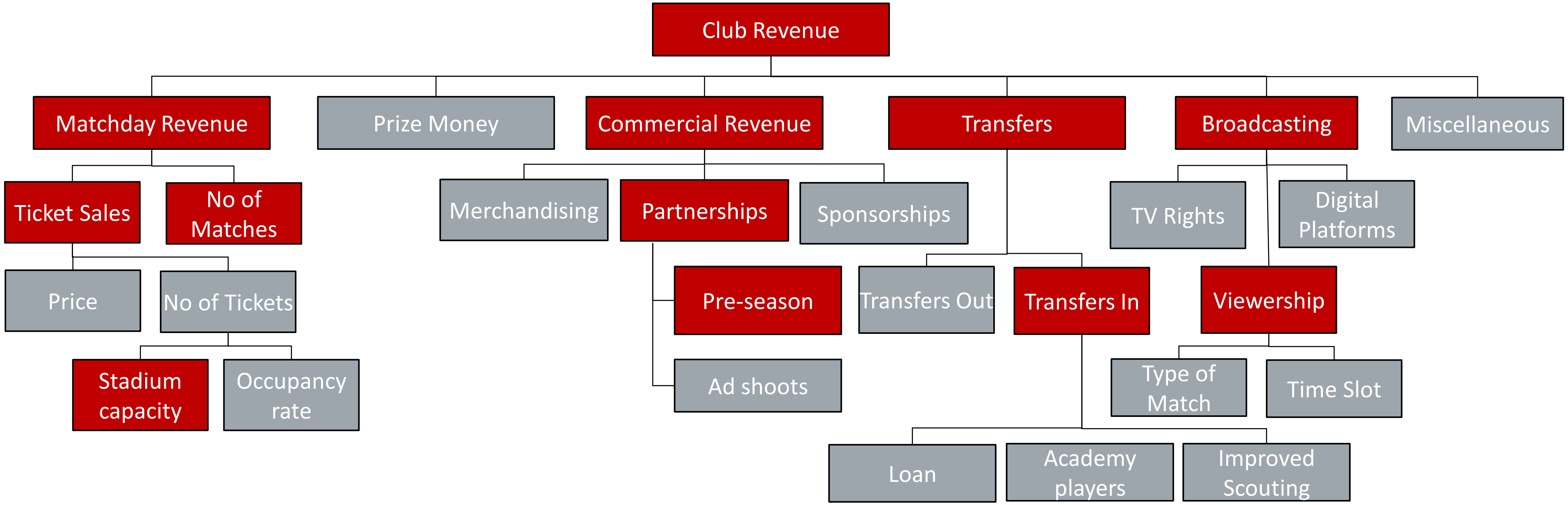
Case Statement

- Look into the various components of revenue for Manchester United

Interviewee Notes

- List down all the revenue streams. Be as comprehensive as you can
- Break down ticketing into key components and analyze what can be changed and what can't be
- Think about the real-world scenario while listing down or breaking down the various components

Structure/ Framework



Key Takeaways

- Case was based on Manchester United since it was mentioned as an interest by the interviewee
- Be knowledgeable about the whole situation and what's happening currently
- Ask the interviewer at every stage if the things covered are comprehensive and whether to focus on anything in particular

Your client is a home appliances company dealing majorly in the small domestic appliances like kitchen appliances, fans, washing machines, etc. They are the leaders in this space and have a large over the counter share of sales. Post Covid-19, their business suffered, and they decided to enter the e-commerce space. However, they are currently at the 5th position. The client fears that if it doesn't figure out the problem, it will lose out to existing competition. Can you help the client figure out the reason behind this?

Thank you for the problem statement. Just so that I understood the case correctly, the client is a home appliances company having a wide array of products. It is a market leader in the over-the-counter sales and since Covid-19, then it entered the e-commerce space, where it is lagging its competitors. We must figure out the reason behind this.

That's right. I want you to think what are the different factors at play which can result in this situation for the client.

Sure, I would just take some time to structure my thoughts.

Yes, please take your time!

What part of the value chain does the client lie in? Is it only a retailer? Or does it manufacture as well? Where does it operate - is it pan-India or specific to some states/ cities?

Good questions. The client manufactures the products and then sells them through distributors and retailers across India.

For e-commerce which all platforms does the client have its products listed on? Also, I am assuming that the client has listed all its products on the platform since its business must have suffered during Covid-19.

It is present on two major platforms – Amazon and Flipkart. And yes, your assumption is correct. Further, I want to tell you that you don't need to go into great depth on how e-commerce operates. For this case, just consider that Amazon and Flipkart buy inventory from the client and sell through their platforms.

Okay, that is very helpful. Some of the factors that I can think of are: 1) Customer experience in online shopping of our products vis-à-vis the competition; 2) Marketing efforts by the client to nudge customers to purchase products online; 3) Bad reviews of the products due to product quality issues; 4) Supply constraints by Amazon/ Flipkart

Great pointers, but I think all of your pointers can be clubbed under customer experience itself. I am saying this because I want you to think in a particular direction.

Yeah, makes sense. I would like to analyze this problem from the lens of customer experience by dividing customer journey into three parts: pre-purchase (need, awareness, availability, accessibility, acceptability, affordability); during purchase (platform ease, product specifications, payments); post-purchase (delivery, after-sales, use of product)

Yes, that seems comprehensive. Focus on the purchase experience only. Let's picture this. I want you to sit in the chair of a customer. You have to purchase a fan and you have opened Amazon and typed fan. Now, let's think what can be the problems for the client throughout the journey.

Okay! So, I will start by looking at the various drop-out points for customer along the journey. Starting by when I first type the word 'fan', it could be that our client's product is not coming in the first 5-7 options, and if you are using a mobile app, a customer doesn't typically go through many options (akin to Google search, where you don't go beyond the first 10-15 links.)

Excellent! Let's suppose that this is not the issue. What is the next step then?

So given that our client appears among the first few options, the reasons why any customer would not click on the products could be: 1) expensive products as compared to competitors; 2) ratings are bad (less than 3 out of 5); 3) the picture of the product is not clear or not attractive enough; 4) the product's name is confusing or not mentioned clearly

This is very comprehensive. Now suppose the customer clicks on the product, what could be the remaining factors?

After this, the customer would land on the product page. Here some reasons why customer might drop off is because: 1) product specifications are not clear; 2) payment mode is not favorable according to the customer, 3) No discounts and offers, 4) bad reviews

Won't the payment mode be common for all products on the platform?

Sometimes, some retailers have specific payment preferences while the platform may offer all options. For instance, if I prefer Cash on Delivery, but the retailer doesn't offer that, then I might drop out.

Fair argument. What else will you look at?

Now once the customer has checked the product and added to the cart, then he will proceed for payment. Payment gateway issues are not relevant here, since competitors would have also faced this issue.

You are right. I think you're missing something before payments.

I have checked the ratings, reviews, product specifications, price, payment mechanisms already. Oh yes, delivery! If the delivery days is more than the competitors, that could be another reason for customers to drop out.

That's right. The client's products are delivered in 5-7 days on an average while competitors can deliver their products in 2-3 days, which has been hurting the client's business. Now let's analyze why this issue is specific to our client.

Okay. I would want to draw the entire value chain here. The product will move from the client's manufacturing factory to the storage facilities. From there, it would be delivered to Amazon's storage facilities (I am not sure who bears the transportation cost, Amazon or the client). From Amazon's storage facilities, it would be shipped to multiple locations (since I receive a notification when my product has been shipped), and finally delivery men would pick up the products and deliver them to the end customer.

This makes sense. Don't worry about the cost of transportation, it is not relevant here. Where do you think the issue could have been here?

Basis my understanding of this industry, the issue could lie whether before Amazon receives the products or after Amazon receives the products. Do we have any sense on which side the issue might lie in?

What do you think?

I think the issues can be on both sides. Some of them that I can think of are: 1) our customers are in varied locations, and there are connectivity issues due to which delivery is taking a lot of time; 2) some contract issues with Amazon and the client; 3) delay in dispatch from the client's manufacturing facility for delivery

I think you are moving in the right direction. Basically, Amazon had a contract with the client for a certain fixed space for a certain fixed number of products in its own warehouse. However, the client was not able to fulfil that number, and hence Amazon was delaying the delivery of the products.
It was a great discussion; we can close the case now!

Wow, this was an amazing discussion. Really enjoyed solving the case with your help. Thank you for this opportunity, have a nice day!

Home Appliances Company

Unconventional | Challenging | McKinsey

Case Statement

- Your client is a home appliances company. It has a wide array of products and is the market leader in the offline space.
- Since Covid-19, it has entered the e-commerce space, however, has not been able to maintain its leadership position there. It is currently at the 5ht position. Diagnose why?

Interviewee Notes

- Major pan-India player in home appliances. Leader in offline space
- Manufactures products and sells through distributors and retailers
- Present on e-commerce platforms, but not able to beat competition
- Analyse customer purchase journey
- Delivery days is an issue
- Various reasons why products not delivered as fast as competitors

Structure/ Framework

Customer purchase journey to analyse drop-out points

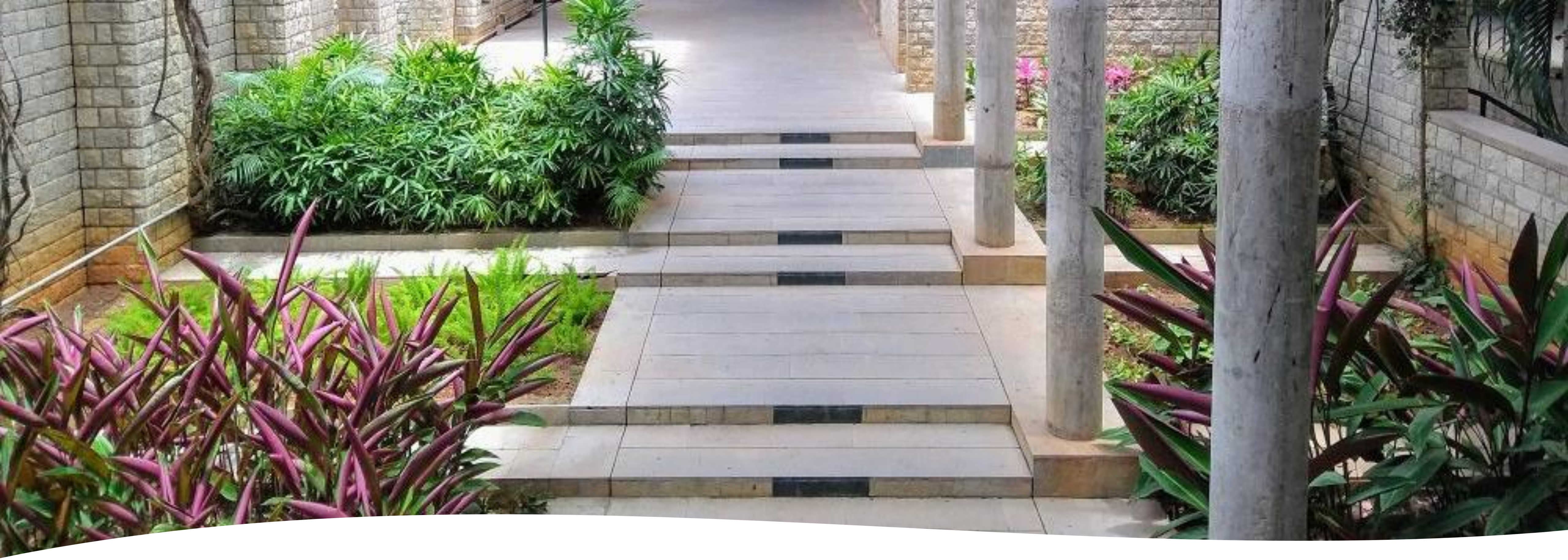
Opens app and types the product name	Opens the product	Places order and pays
• Product does not feature among the first options • Product price is high compared to competitors • Product reviews and/ or ratings are bad • Product's picture is not attractive/ clear • Product's name is confusing	• Product specifications not clear • Product payment mechanism not favourable • **Delivery days are longer vis-à-vis competition**	• Technical issues for placing order and/ or paying

Delivery value-chain

Client's manufacturing facility	Client's warehouses	Amazon's warehouses	Shipped to various facilities across India	End-customer
• Delay in dispatch of products from client's facilities		• **Issue with contracts between Amazon and the client**	• Delay in shipping since customers are in different places	

Key Takeaways

- Take time to process the information since the interviewer gave a lot of information in the beginning
- Buy-in interviewer's views throughout the interview. Keep the interview conversational. The interviewer was ready to help wherever needed
- If you're not familiar with the industry, it is okay to ask for help, the interviewer would be willing to do that
- Even though we didn't reach the final solution, interviewer was looking for approach, which becomes important in this kind of an unconventional case



IIMB Guesstimates
2024-25

Number of Vaccination Camps Required

Good morning! I appreciate your interest in joining our project as a consultant. Our goal is to estimate the number of vaccination camps needed for a successful vaccination drive in Chennai. The Health Minister of Tamil Nadu has reached out to us for assistance in planning this initiative. Could you share your approach to addressing this challenge?

Good morning! Thank you for having me on board for this important project. To estimate the number of vaccination camps required in Chennai, we need to consider a few key factors. First, we should identify the target market for vaccination – that is, the eligible population group that we are aiming to vaccinate. Additionally, the time frame within which we want to achieve this vaccination drive is crucial.

Absolutely. The target market and the timeframe are indeed essential considerations. Let's discuss those aspects further. Who do you think should be included in the target market for vaccination in Chennai?

The target market for vaccination would primarily consist of individuals who are 18 years old and above, as this is the age group generally eligible for COVID-19 vaccination. Population of Chennai is around 1.2 crores – Assuming that 80% of this population are adults (around 1 crore/10 million), we will focus on this segment of the population for our estimation.

That sounds like a reasonable approach. Now, regarding the timeframe, how many months do you think we should set as our goal for completing the vaccination drive?

The desired timeframe for completing the vaccination drive is crucial for our calculations. Could you please provide guidance on the expected duration for this initiative? This information will greatly influence the pace at which we need to set up vaccination camps.

Sure, let's assume the goal is to complete the vaccination drive within 6 months. Given this information, how would you go about estimating the total number of vaccination camps needed in Chennai?

To estimate the total number of vaccination camps needed in Chennai, we can use the following formula:

Total Number of Vaccination Camps = (Total Population to be Vaccinated / Camp Capacity)

For the camp capacity, let's assume each camp operates for 10 hours a day, and it takes about 6 minutes to administer vaccine to one person. This allows us to calculate the number of individuals that can be vaccinated in a single day at each camp. Can you please also provide me clarity on whether the vaccine is a single or double dose ?

Assume that it is a single dose vaccine. Go ahead, plug in the numbers and give a guesstimate for the number of vaccination camps that need to be in operation.

Certainly. Using the formula and the assumptions we discussed:

One camp can administer 10*10 = 100 vaccines/day

Assuming 120 working days in a span of 6 months, one camp can administer 120*100 = 12000 vaccines in 6 months.

Total Number of Vaccination Camps in 6 months = 10000000 / 12000

Total Number of Vaccination Camps ≈ 833 camps

Assuming that all camps may not be fully functional during the entire duration, consider 10% extra camps as backup.

So Total Vaccination camps now needed = 833 + 10% (833) ≈ 920

So, to achieve the goal of vaccinating the eligible population in Chennai within 6 months, we would need approximately 920 vaccination camps.

Thank you for the clear explanation.

Number of Vaccination Camps Required

Case Statement

- Estimate the number of vaccination camps required in Chennai

Interviewee Notes

- Exhaustively covering all the points possible.
- Checking with the interview every time to get surety of direction.

Structure/ Framework

PART A

PART B

Total Number of Vaccination Camps = Target population to be vaccinated ÷ Capacity of one vaccination camp

PART A

Population of Chennai = 1.2 crores

Assuming 80% are adults

Target population to be vaccinated : 1.2 x 0.8 ≈ 1 crore

PART B

Capacity of one vaccination camp over 6 months = Number of vaccinations per hour = 10 ✖ Number of working hours in one day = 10 ✖ Number of working days in 6 months = 120

Key Takeaways

- Develop a structured framework which covers every aspect

Plastic Required by Beer Manufacturer

Hello, and welcome. We're working on a project related to estimating the plastic consumption of a beer manufacturer in India. Could you walk me through your approach to calculating this plastic consumption?

Hello, thank you for having me on this project. To estimate the plastic consumption of a beer manufacturer in India, we need to consider various sources of plastic generation in their operations. I'll start by listing these sources and then discuss the calculation process.

Sounds good. Please go ahead.

Bottles: This would involve plastic bottle caps, labels, and possibly even shrink wrap or seals on the bottles.
Packaging: Plastic packaging materials used to transport and protect the beer bottles.
Marketing: This includes banners, logos, and other plastic materials used in advertising and branding efforts.

Given that the bottles are made of glass, we can eliminate the bottle-related plastic consumption. Instead, we'll focus on the plastic packaging materials, such as the wrappers and packaging used for transportation.

Let's consider that there are 10 beer bottles in a case. The diameter of a bottle is represented as 'd'. In terms of packaging, each case will have a plastic wrapper around it. Considering the dimensions of the case, we can calculate the length of the longer side, which will be 5 times the diameter 'd' (5d), and the length of the shorter side, which will be 2 times the diameter 'd' (2d). Therefore, the plastic wrapper required for each case would be 10d in length.

Got it. Could you provide some insight into the marketing-related plastic consumption?

Certainly. For the marketing aspect, I've divided it into three parts: beer shops, large clubs, and local government shops. In these locations, there could be plastic banners, logos, and promotional materials. we would need to estimate the quantity of plastic used for these marketing materials based on the size and frequency of advertisements.

Thank you for the detailed explanation.

Plastic Required by Beer Manufacturer

Guesstimate | Easy | Accenture

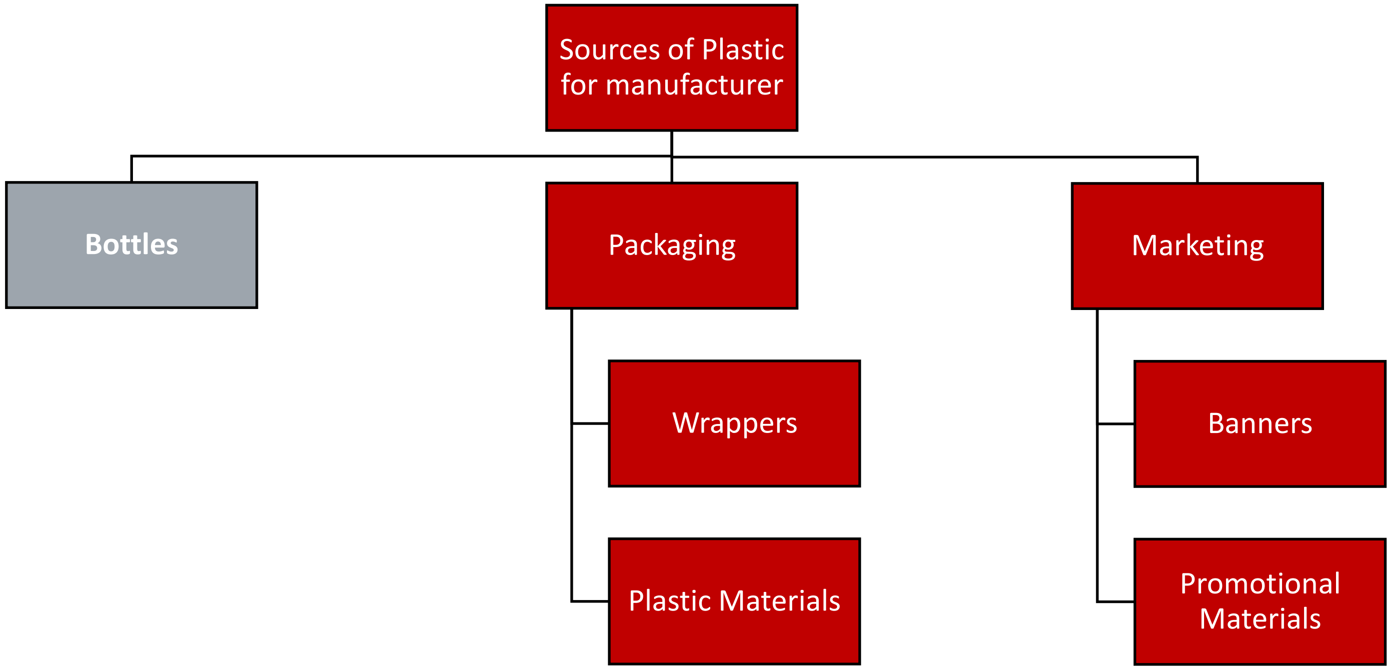
Case Statement

- Estimate the plastic consumption of a beer manufacturer in India

Interviewee Notes

- Exhaustively covering all the points possible.
- Checking with the interview every time to get surety of direction.

Structure/ Framework



Key Takeaways

- Develop a structured framework which covers every aspect

Number of Wheels in Bangalore

I have a guesstimate for you – You have to determine the number of wheels in Bangalore.

First, what exactly do you mean by wheels?

Okay, just give me all the possibilities that come to your mind when I say wheel..

I can classify the wheels according to industries. So, I can classify wheels in automobile industry where we have wheels in all the kinds of vehicles, two wheelers, three wheelers, heavy trucks, etc.. Then we have wheels and carts and all the carriers that they have for carrying food or carrying luggage and tables, chairs, etc. There can be wheels in hospital industry where they have wheels and stretchers on beds, mobile chairs, wheelchairs, etc. Then we have manufacturing where we have wheels and ruler belt, etc.

That's a fair and comprehensive list based on industries. You can concentrate on the wheels in automobiles, specifically in private vehicles.

Okay, so in private vehicles, should I consider all types of vehicles, like two-wheelers and four-wheelers? What about three-wheelers, as they are generally not private but public?

You need not consider three wheelers, just consider two wheels and cars.

Are we only looking at household vehicles, or should we consider something else?

No, go for the housing only.

Okay, then we can calculate the number of wheels by multiplying number of households in the city, multiplied by the average number of vehicles. Moving on, to calculate the number of households, I can categorize people into age groups or income groups.

You can proceed with income-based segmentation.

Okay, I'll just go with the income group segmentation so that I can understand what number of vehicles they own. I will be dividing it into four income groups – Low (20%), middle(50%)- and high-income groups (20%), very high-income group (10%).

Basis of categorization, 12,000 per month or less would be low, then 12,000 to 30,000 per month would be middle, 30 000 to 75,000 would be above rich, and 75,000 and above would be considered in HRIs or very high-income groups). For the population I will take it as 1.3 Cr.

Good. Let's move on to average no. of vehicles

For the Low-income group, they might primarily own two-wheelers, with an average of 0.5 vehicles per household. The middle-income group might own a combination of two-wheelers and some cars, with an average of 1.5 vehicles per household. The high-income group might own primarily cars and some two-wheelers, with an average of 2 vehicles per household. The Very High-Income group might own multiple cars and some two-wheelers, with an average of 3 vehicles per household.

That sounds reasonable. Now, how do you calculate the total number of wheels?

Low-Income Group: 26 lakh * 0.5 vehicles each (all two-wheelers) = 26 lakh wheels.
Middle-Income Group: 65 lakh households with 1.5 vehicles each (1 two-wheeler, 0.5 cars) = 260 lakh wheels.
High-Income Group: 26 lakh households with 2 vehicles each (0.5 two-wheelers, 1.5 cars) = 182 lakh wheels.
Very High-Income Group: 13 lakh households with 3 vehicles each (0.5 two-wheelers, 2.5 cars) = 143 lakh wheels.
Total wheels: 26 lakh + 260 lakh + 182 lakh + 143 lakh = 611 lakh = 6.11 CR wheels

Good job. You've provided a structured approach to estimating the number of wheels in Bangalore.

Number of Wheels in Bangalore

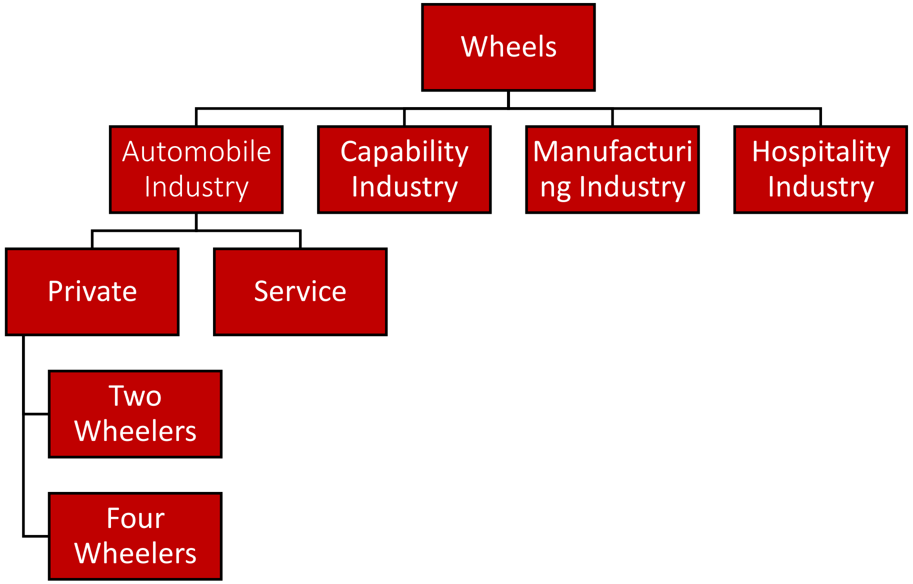
Case Statement

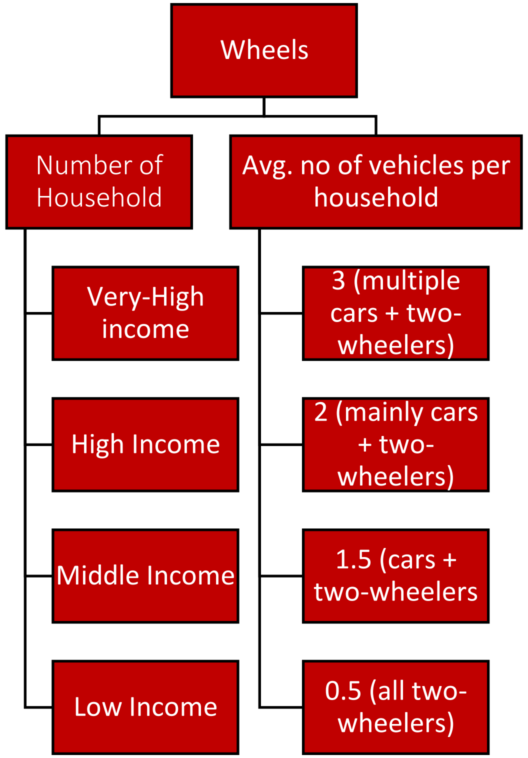
- Number of wheels in Bangalore

Interviewee Notes

- Exhaustively covering all the points possible.
- Checking with the interview every time to get surety of direction.

Structure/ Framework





Key Takeaways

- Develop a structured framework which covers every aspect

I would like you to estimate the daily revenues from a duty-free shop at the Delhi International Airport. You can assume that there is only 1 shop at the airport and only international travelers can access it.

Thank you for the question. As per my understanding, duty-free shops sell various products – like alcohol, beauty and personal care items and food/confectionary items. Would you like me to estimate the average revenues for all the categories?

Let's calculate the revenues from alcohol sales.

What is the timeframe that I should consider? Are we looking at monthly/yearly/daily sales?

Why don't you calculate the sales for a year. Consider it to be a normal year after covid.

Understood. I will first share my approach for estimating the revenues and then plug in the numbers. Is that okay?

Yes, please proceed.

Annual alcohol revenues for a duty-free store will be (# of customers)* AOV.
# of customers will further be (# of international travelers in a year)*(% of travelers shopping alcohol at duty free) and AOV will be (# of units) * (Avg Price/unit). I will calculate the (# of international travelers) from the supply side - # of runways * # of flights/day/runway * 350 (assuming 350 days for ease of calculation) * capacity * occupancy. I will then make the necessary assumptions to calculate the other variables. Does this approach seem fair to you?

Yes, this looks good. Let's calculate the number of international travelers first.

I am assuming Delhi Airport has 2 runways for international flights, where there is a takeoff every 5 minutes. That gives us 2 * 60 mins / 5 mins * 24 hours = 576 flights/ day. Let's assume 600 flights/day for ease of calculation. This gives us 600*350 = 2.1 lakh flights/year. The average capacity for an international flight is around 250. To calculate the average occupancy, I will assume that there are 3 months in a year (summer + December) which are busy months due to tourism and the rest 9 months are average with mostly business travelers. Occupancy during busy months would be 100% and 60% during other months. This gives an average occupancy of 100%/4 + 60%*3/4 = 70%. Plugging all the numbers, we get 2.1 lakh flights/year * 250 seats * 70% occupancy = approx. 3.7 Cr. international travelers. Does this seem fair?

Yes, it looks okay. How will you calculate % travellers shopping for alcohol

I assume that it is mostly the tourists who shop for alcohol, business travelers would seldom buy alcohol. Assuming a 50-50 split between business travelers and tourists, and further assuming 5% of business travelers buy alcohol, and 35% of tourists buy alcohol. This gives us 20% of international travelers who buy alcohol. Now within this, we know that these people also have the option of shopping at their destination duty-free. Thus, we can assume 50% of these eligible people will buy at Delhi and we get the final % of international travelers shopping alcohol at Delhi duty free as 10%. Multiplying this with # of international travelers, we get 3.7 cr * 10% = approx. 37 lakh annual customers.

Good. Let's move on to calculate their average order value.

As far as I know, there is a limit of 2 bottles/person – therefore we can assume on average people buy 1.5 bottles. Now, for the average price – I assume most people will be buying expensive bottles at the duty-free so that they can get higher savings. A customer would probably not buy a 750 Rs bottle at a duty free. Hence, will it be fair to assume an average price of 1500 Rs.?

Okay, that sounds fair.

So we get 37 lakhs * 1.5 * 1500 Rs = approx. 850 Cr revenues.

Good. We can close it here.

Duty Free Sales

Guesstimate | Moderate | BCG

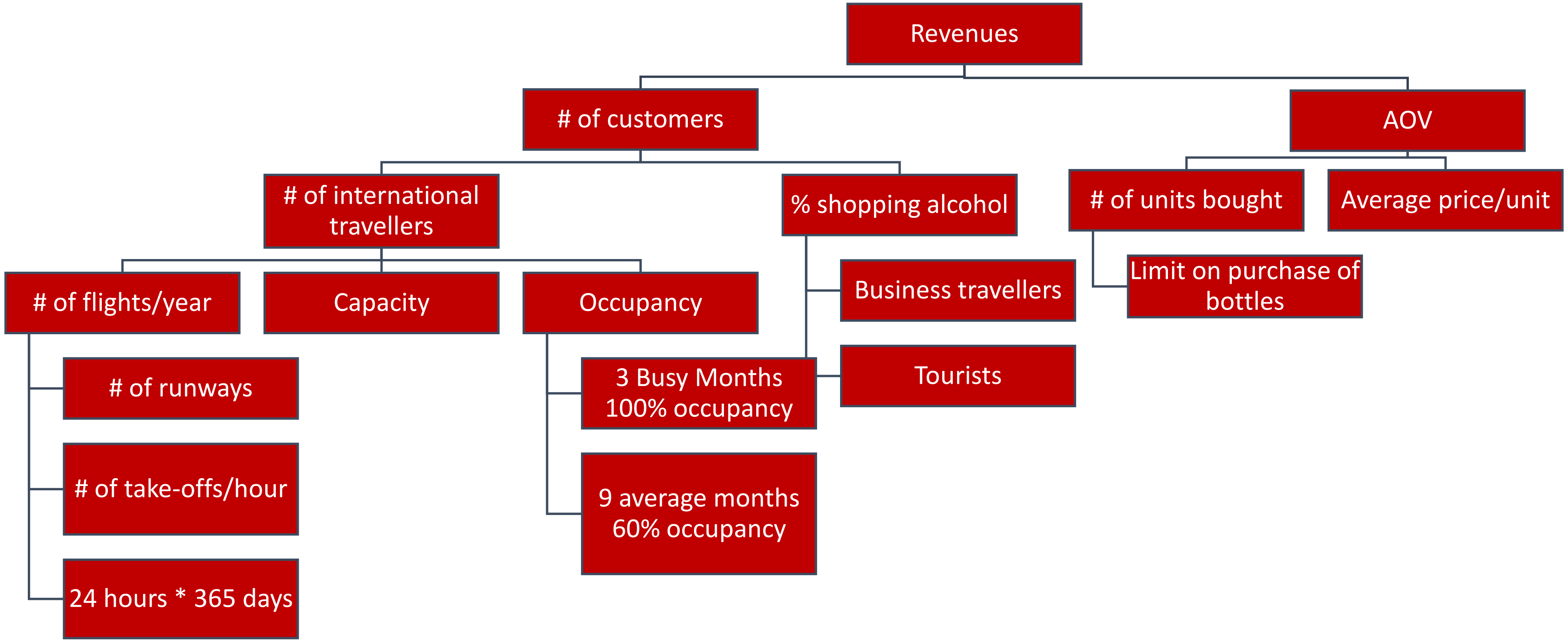
Case Statement

- Revenues at Delhi Duty Free
- 1 store, annual revenue, only alcohol sales

Interviewee Notes

- Consider only alcohol sales
- Better to go from supply side to calculate # of travellers

Structure/ Framework



Key Takeaways

- Keep getting a buy in for every assumption and step
- It's better to get a go ahead on the approach first and work on numbers next
- The interviewer is more interested in the approach than reaching at a very accurate number

Good afternoon. Let's do a guesstimate. Can you estimate the demand for Intel i7 Chips in a month.

Good afternoon! I have few questions to understand the problem statement better. For which region, I must estimate the demand. Can I consider intel chips are used only in laptops for now?

Estimate the demand from Andhra Pradesh state. Yes, you can proceed with laptops for now.

Sure, The demand for laptops come from students, working professionals from private and government offices, malls, restaurants, hospitals, cafes, colleges, gaming centers, update of old laptops and personal use. Do I need to consider any other areas where we can get demand for laptops?

Great, you have considered all major areas where we can expect the demand. Now, I want you to calculate the demand of i7 laptops from students and working professionals.

Alright, The population of Andhra Pradesh state is 8 crores. I will first divide the population in 3 income groups. Lower income(40%), Middle Income(40%), High Income(20%). Since, the cost the laptop with intel i7 chip would be above 70k, I will only consider middle- and higher-income groups. Next, I will divide these groups into age groups of 5. 0-15yrs (15%), 16-24yrs (20%), 25-50yrs (25%), 50-65yrs (15%) and 65+yrs(20%).

Can you tell me what age groups we need to consider for our targeted area and on what factors will you decide?

Our Target age group would be 16-65 yrs. This group consists of Official and Academics Institutions, Students and working professionals. The demand of laptops for students can be from colleges. We can estimate this from looking at no. of colleges offering the above-mentioned courses in the state. Working professionals doing work from home, here laptops can be purchased from personal money or given by company. So, major demand comes from these 3 groups.

Can you tell me how the demand can be estimated from a company in a month, Assuming every staff requires a laptop.

The demand for laptops from a company in a month can come when the growth rate is higher than attrition rate, a new department is formed and update of old laptops .

Can you estimate how i7 laptops can be purchased. And how we can get the information regarding the companies that require the use of laptops.

I7 laptops can be purchased from offline showrooms, Online, through contract of companies from vendors/ dealers. The data regarding companies and their industry information can be obtained from Ministry of Corporate Affairs (MCA).

Great. This is it from our side. Thank you

Intel i7 Chips

Guesstimate | Moderate | EY Parthenon

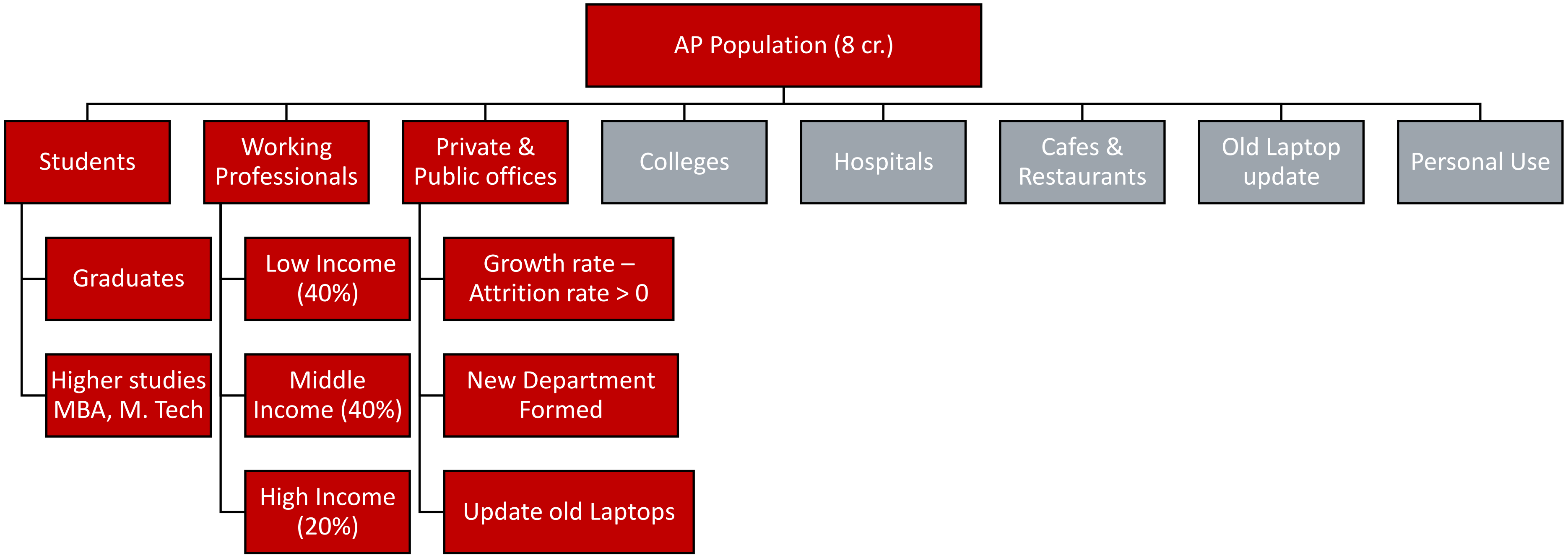
Case Statement

- Demand estimation of Intel i7 chips for a month.

Interviewee Notes

- For Andhra Pradesh state
- Consider only Laptops
- Divide the population into income and age groups

Structure/ Framework



Key Takeaways

- The interviewer was more focused on the approach taken rather than using quantitative data to arrive at the actual estimate
- Remember MECE at every step

Good Morning. I've already gone through your resume, and quite impressed with your profile and your previous consulting experience too. As I see that you're also from the Electrical background, can you tell me something about EVs and its recent boost.

Good Morning. Because of my background, I have a certain knowledge about the workings of an EV, and that the recent boost in EV sales has been due to the sustainability drive by the Govt., increased awareness among the people

Yes, you're right. So, I want you to do a guesstimate of the number of EV's sold 5 years from now, in 2028

Thank you for the question. As for EV's, do you want me to look in particular into any of the categories of EV? Like 4W, 2W, Buses, etc.

You can focus only on the 2Ws for now. Later on, we can expand our analyses to the other categories you mentioned.

Thanks, that will be great. So, focusing on 2Ws in particular, there are different types of two wheelers, like Motorcycles, Scooters and others. Among these, the transition to EV has only been observed in the scooters segment. Shall I go forward with this approach?

Yes, you can go forward with this.

Thanks. I would like to know about the present year sales data if present, and also how the market has grown YoY in the last 5 years.

Absolutely. So, the present sales in this year of electric scooters is 3L. For the last 5 years, the YoY growth has been 2%, 2.5%, 1.5%, 3.5% and 4.5%.

That sounds perfect. I'm also assuming that the dip in growth in the mid year was due to the COVID crisis. Also, the awareness regarding EVs has been quite prominent in the past years, so I'm assuming there is enough penetration in both Tier 1 and Tier 2 cities, or otherwise, we would have to consider the growth rates different for the cities.

You can consider equal growth rates for now. Can you explain me the methodology that you would follow to estimate the growth rate in the coming 5 years. We don't have to jump into the numbers

Okay, sure. I would take the average of the past 5 years growth, and have a conservative increment of 2% percentage points, due to the Govt. taking more initiatives and the increased EV charging stations across the country.

Do you believe that EV charging stations are any pain points for the 2W EVs?

Yes, You're right. As we earlier discussed, only scooters have transitioned from petrol to electric, and as they are mostly used for short distance travel only and they can be charged in house, it is not important a pain point as it is 4W EVs. But in case in the future, long distance 2W EVs are also introduced, then the problem of charging stations can be catered to.

That's a very interesting observation. Apart from this, could you explain any other methodology that you could have adopted for solving this guesstimate

I could have used a top-down approach, where I could have taken the whole Indian population and broken it down to an average number of families, in Tier 1, Tier 2 and Tier 3 cities. Then accordingly to the income range, as EVs cost more than traditional petrol vehicles, I can arrive at #families who would be able to afford a 2W EV. Going forward, we could have tried to gauge the #families willing to buy a 2W YoY and arrived at the final number with a time duration of 5 years from present.

Thank you, it was a nice interesting discussion. We can close the case now.

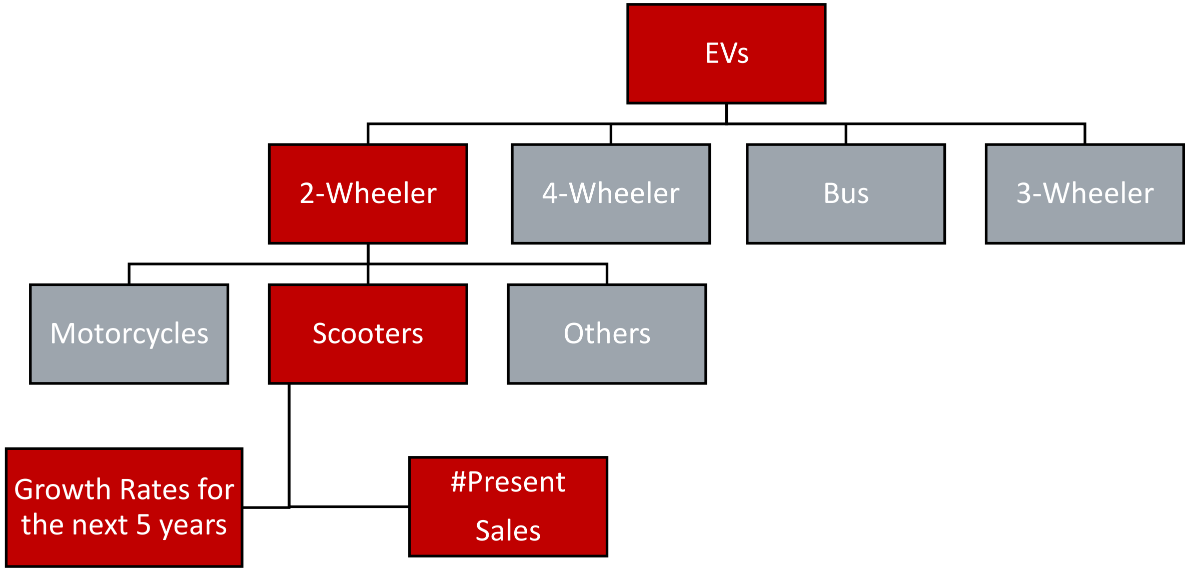
Case Statement

- Number of EVs to be sold 5 years from now, i.e., 2028

Interviewee Notes

- Understand the current EV landscape in India
- Exhaustively covering all the points possible
- Checking with the interview every time to get surety of direction
- Asking the interviewer for data

Structure/ Framework



Key Takeaways

- Rather than starting every guesstimate with population, you can think of a closest data that is easy to estimate. For example, I asked the interviewer about the number of electric scooters sold in current year as a starting point in this case.
- Always follow a framework approach while answering any question and keep the conversation interactive. Do not engage in a monologue or take long pauses in between of any answer.
- Ask clarifying questions in the beginning to know what exactly is meant by EV market and which vehicle segment is our client focused

Bangalore Airplanes

Can you tell me the number of airplanes that fly over Bangalore in a day?

That is an interesting one. Can I ask a few clarifying questions before I can get started with the case?

Sure, go ahead.

When we say the number of airplanes, are we only looking at commercial passenger airplanes or chartered flights as well? Also, are we looking at both domestic & international flights?

So, you can assume that we are only looking at domestic passenger flights.

Right. So to start off, I would like to look at this from a capacity constraint. Bangalore has 1 airport right now which has 2 runways. The number of airplanes flying over Bangalore will be of 2 types, firstly the planes flying in and out of Bangalore, and secondly the planes that are just flying between 2 other cities and Bangalore is 1 of the city they fly over from. Does that approach sound good to you?

That sounds good, we can get started with the numbers with this.

Let's first look at the planes flying in and out of Bangalore. Assuming the airport operates for 20 hours in a day, with 4 hours of overnight downtime, the runways in total have 40 hours worth of capacity. At a point on average, 3 planes are lined up for takeoff on the pre-runway taxi area for take off runway and 3 more for landing runway. A plane takes 15 mins to fly in/ out of the air area in the airport. So. 3 + 3 = 6 airplanes flying in and out in a space of 15minutes. So, in an hour, it is 6x4=24 flights and in 20 hours, it is 20 flights per hour x24 hours in a day = 480 flights in a day

Your assumptions seem fine. One change is that you can assume the airport operating for 24 hours rather than 20.

That means we will be seeing a daily total of 24*24 = 576 planes in a day.

Can you give me another method based on cities if you can cross check if your guesstimate is right..?

In India, there are roughly 4000 departures in a day. 80% of the flying happens between Delhi, Mumbai, Bangalore, Chennai & Kolkata airports. That's a total of 3200 departures split across these 5 major cities (Assume there is one onward and one return flight. i.e if there are 200 flights from Chennai to Bangalore, there will be 200 from Bangalore to Chennai as well)…

Delhi & Mumbai are the busiest, so we can allocate 50% of the flying to them which is 1600 out of the 3200, and rest 50% can be split equally between Chennai, Bangalore & Kolkata which is around 3200/3 = 1070. Out of the 1070 departures to each of the other 4 major cities, the incoming flights to a city are 1070/4 = 267.5 flights. Now the outgoing flights from an airport are another 267.5 flights. This gives us approximately 535 flights & our numbers seem to be in the correct ballpark. Now we will look at the second type of planes. Is that fine or do I have to analyze further?

Looks good to me, we can close this one now.

Bangalore Airplanes

Case Statement

- Estimate the number of Airplanes flying over Bangalore in a day.

Interviewee Notes

- Good job on the sanity check, but try to give a basis for your assumptions.
- **Could have divided flights based on peak & non-peak hours.**
- All flights were considered domestic, so the international proportion should have been excluded.

Structure/ Framework

No of Domestic Airplanes using BLR airport in a day

= Number of Runways one landing and one take off - Total =2 ✖ Number of Hours in a day (24) ✖ Planes using one Runway Take off or Landing (3 every 15 mins is = 12 per hour)

Key Takeaways

- It was tricky to estimate number of flights at any point in time, Interviewer was looking for the correct approach instead of accurate numbers.
- Deciding on solving the case from supply/demand side analysis helps in robust structuring and later helps in sanity check using the other side.
- Do not hesitate to ask as many preliminary questions as possible to avoid obtaining a wrong estimate.

Packaged Drinking Water Bottles

Estimate the number of packaged drinking water bottles sold in Delhi in a day.

Before starting my analysis, could I ask some clarifying questions.

Yes. Please, go ahead.

Are we talking about packaged drinking water bottles of a specific company? And are we looking at any specific season like summer or winter? And is there any specific capacity of water bottles that we are considering here like 500 ml or say 1L bottles?

No specific company or season. Estimate the total number of packaged drinking water bottles of 1L capacity that are sold in New Delhi per day on an average.

Thanks a lot. I would like to start my analysis by considering the population of New Delhi which I assume would be approximately 3 crore. I think packed drinking water bottles are bought mostly by people who are on the go like for example the people dining at a restaurant or event goers and so on. Similarly, Delhi being a major tourist destination, tourists also form a significant customer segment for packed drinking water. On an average day, the number of tourists visiting Delhi might be approximately 60,000. Are these assumptions appropriate to make?

Yes. Sounds good. Go ahead.

Next, I would like to segment the population of Delhi based on age into 3 segments comprising of 0-15 years (about 25% of the population), 16-64 years (about 70% of the population) and 65 and over (approx. 5% of the population). The bucket of 0-15 years comprises mostly of school going children who have other alternatives and thus form a negligible customer segment for packaged drinking water. Similarly, the elderly aged 65 and over might not be a significant customer segment of packaged drinking water. So, I believe it is the population in the age group 16-64 years that mostly buys packaged drinking water.

Interesting. Please go ahead with your estimate.

Next, I would further like to segment the age group 16-64 on basis of income into 3 categories BPL (about 20% of the population), middle income (approx. 70% of the population) and higher income (about 10% of the population).

The BPL are less likely to invest packaged drinking water. The middle- and higher-income group are the likely to be the major consumers of packaged drinking water bottle. I would assume about 2% of the people belonging to BPL buy an average of 1 bottle every two days. Similarly let us assume 20% of the people belonging to the middle-income group buy an average of 1 bottle per day. Similarly, we can assume about 30% of the people belonging to the higher income group buy an average of 1 bottle every day. On the other hand, we can assume about 80% of tourists buy an average of 3 bottles every day. Is there anything else that you would like me to consider?

No. Let's plug in the numbers.

Certainly. Using all the assumptions that I have mentioned:
No of people in Delhi in the 16-64 age category = 0.7 * 3,00,00,000 = 2,10,00,000
Number of bottles to each category = Delhi population x proportion of people in that category x percentage of people in that sector x percentage of them buying packaged water x average number of bottles that they buy every day.
Out of this, no of bottles being sold per day to people in the BPL category on an average = 2,10,00,000 * 0.2 * 0.02 * 0.5 = 42,000
Similarly, no of bottles being sold per day to people in the Middle-Income category on an average = 2,10,00,000 * 0.7 * 0.2 * 1 = 29,40,000
And, no of bottles being sold per day to people in the Higher income category on an average = 2,10,00,000 * 0.1 * 0.3 * 1 = 6,30,000
For the tourists, no of bottles being sold per day on an average = Tourists x proportion of them buying water bottles x average number of bottles that they buy in a day.
= 60,000 * 0.8 * 3 = 1,44,000
Adding the values, we get approximately 38,00,000 bottles sold per day in Delhi on average.

We can close the case, Thank you for your analysis.

Packaged Drinking Water Bottles

Case Statement

- Estimate the number of packaged drinking water bottles sold in Delhi in a day

Interviewee Notes

- Exhaustively covering all the points possible.
- Checking with the interview every time to get surety of direction.

Structure/ Framework

- Population of Delhi (3 Crore)
  - 0-15 years (25%)
  - 16-64 years (70%)
    - BPL (20%)
      - About 2% conversion
        - Average 1 bottle in 2 days
    - Middle Income (70%)
      - About 20% conversion
        - Average 1 bottle per day
    - Higher Income (10%)
      - About 30% conversion
        - Average 1 bottle per day
  - 65 years and above (5%)

Population

X

Age group proportion

X

Income group proportion

X

Buyers in that segment

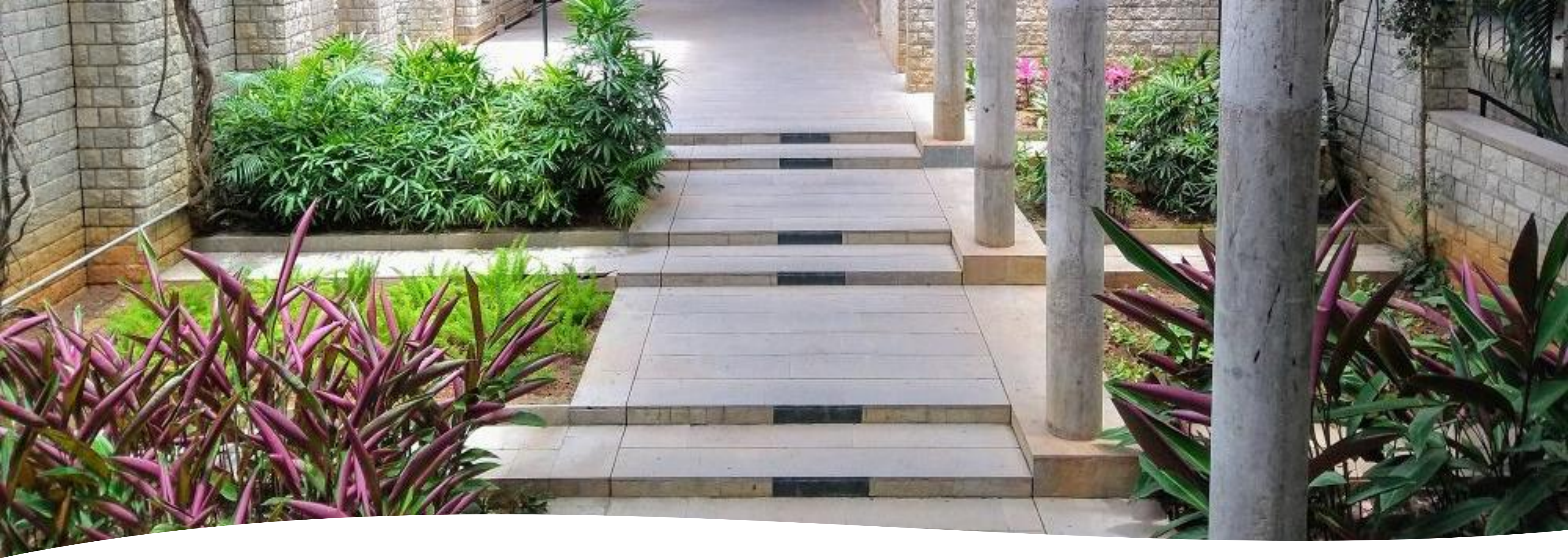
X

avg bottles/day for segment

- Tourists in Delhi per day (60.000)
  - About 80% conversion
    - Average 3 bottles per day

Key Takeaways

- Develop a structured framework which covers every aspect



IIMB Industry Reports 2024-25

Airlines Industry

Inbound Logistics	Operations	Outbound Logistics	Marketing & Sales	Service
• Route Selection • Yield Management • Fuel • Flight/Crew Scheduling • Aircraft Acquisition • Aircraft Lease	• Ticket Counter/ Kiosk • Gate & Aircraft Operations • Onboard Services • Baggage Handling • Ticket Offices	• Baggage System • Flight Connections • Rental Car & Hotel • Reservation System	• Promotion/ Advertising • Frequent Flyer • Travel Agent Programs • Group Sales • Electronic Tickets	• Lost Baggage Service • Complaint Follow-up • Support Centre

Industry Forces

- **Supplier Power:** (High). Aircraft and engine producers are concentrated oligopolies
- **Barriers to Entry:** High. High CAPEX, cost intensive and need for economies of scale
- **Threat of Substitutes:** (Medium) Fast Trains, Video conferencing reducing need for business travel etc.
- **Buyer Power:** (High) Low switching costs for most customers since relatively standardized service
- **Rivalry:** (High) Limited differentiation and opportunities for economies of scale

Key Drivers

Revenue	Cost	Growth
Passenger tickets, inflight sales	Aviation fuel (40%)	Post-COVID trade and tourism
Freight services, other VAS	Equipment rentals, hangar cost (15%)	Rising disposable incomes
Tours and packages	Maintenance and overhaul (10%)	Government policies

Market Trends (elaborate data/points)

- **Robust Demand:** Rising working group and widening middle class demography is expected to boost demand
- **Opportunities in MRO:** Expenditure in Maintenance, Repair & Overhaul (MRO) accounts for 12-15% of the total revenues – it is the second-highest expense after fuel cost. By 2028, the MRO industry is likely to grow over $2.4 billion from $800 million in 2018
- **Policy Support:** Foreign investment beyond 49%, upto 100% is allowed under the automatic route, subject to government approval. Under Union Budget 2021-22, the government lowered the custom duty from 2.5% to 0% on components or parts, including engines, for manufacturing of aircrafts by the MoD.
- **Increasing Investments:** Investment to the tune of INR 420-450 billion is expected in India's airport infrastructure in the next 3 years
- **UDAN:** Under this regional connectivity scheme, airfare for a one-hour journey of 500 km has been capped at INR 2500
- **Public-Private Partnerships:** The number of PPP airports is likely to increase from five in 2014 to 24 in 2024

Industry Challenges

- **High fuel prices** – account for 40% of costs
- Government policies and interference to keep a **cap on the ticket prices**
- Growing **climate change awareness** leading to lesser demand
- **Post COVID** travel hesitation in certain sections of the society
- **Financing** - High capex, opex industry

Useful Links/Reports

Industry Reports

- [IBEF Report]
- [Invest India Report]

Industry Dynamics

Key Customer Segment	Growth (YoY)
Passenger - Domestic	19-20%
Passenger - International	20-25%
Freight	4-5%

Automobile Industry

R&D and Product Design
- Skilled Labour
- Process /Product Innovation

Raw Material Management
- Raw materials: Aluminium, Iron, glass, plastic, rubber
- Warehousing

Auto Components
- Engine/Battery
- Suspension and braking
- Electronics

Product Assembly
- Body/Chassis
- Casting, machining and welding
- Quality Testing

Logistics & Transportation
- Warehousing
- Distribution
- Dealership Management

Marketing and Service
- Advertising
- Finance, Insurance
- Used Cars, Rentals
- Service, Spares
- Auto Expo

Industry Forces

- **Barriers to entry (High):** capital costs, distribution network, and availability of automobile components.
- **Bargaining power of suppliers (Low):** stiff competition
- **Bargaining power of customers (Very high):** due to availability of options.
- **Threat of Substitutes (Medium):** Increasing shared mobility options and improving public transport
- **Rivalry (High):** Competition from established international and domestic brands

Key Drivers

Revenue	Cost	Growth
Automobile Sales	Raw Material	Increasing Exports
After Sales Service	Labour	Policy Support
Financing services	Advertising	Robust R&D Centres

Key Market Trends

- **India is the 3rd largest Automobile market in the world**
- **Transitioning towards electric vehicles:** expected to witness a CAGR of 36% to reach $150B mkt by 2030
- **Bharat Stage (BS) - VI norms:** India aims to reduce its carbon footprint by 33-35% by 2030
- **Positive GST impact:** Reduction in the overall cost structure of Indian Automobile industry
- **Policy Support:** Atmanirbhar Bharat Abhiyaan, Automotive Mission Plan 2026 to promote manufacturing, export-linked fiscal incentives, Voluntary Vehicle Fleet Modernization Programme, FAME II policy for EV adoption
- **Market Developments:** Organized pre-owned car market, shared mobility ecosystem
- **Covid Impact:**
  - shortage of raw material and semi conductors
  - shifting of production to other countries,
  - liquidity crunch
  - preference for private ownership of vehicles
  - shrinkage in consumer demand due to WFH

Industry Challenges

- **Increasing commodity prices** impacting production costs and utilization levels
- **Semiconductor crisis** and lack of domestic supply limiting the pace of production
- High sales dependence on domestic market and Indian Economic cycle (declining share of exports)
- Chronic trade deficit in auto parts, industry

Useful Links/Reports

Industry Report
- IBEF- Automobiles
- Invest India – Automobiles
- IBEF - EV

Industry Dynamics

Key Segment	Share
2 Wheelers	80%
Passenger Vehicles	15%
Commercial Vehicles	3%

Cement Industry

Procurement
- Long term lease of lime quarries
- Plants located close to quarries
- Long term supplier contracts for other RM

Manufacturing
- Process: Limestone>>Clinker>>Grinding >>Additives
- High automated setups
- Imp: Economies of Scale
- High start-up costs

Distribution
- Major freight cost (higher in rainy season)
- Rail-road mix used
- Warehouse network
- Large orders directly to dealers/customers

Sales and Marketing
- Strong relationship with contractors and developers
- Distributor-dealer network of sales
- Bulk orders are cheaper

Industry Forces
- **Supplier Power:** Low. Companies opt for backward integration, weakening supplier power
- **Barriers to Entry:** High. High CAPEX, fixed costs and need for economies of scale
- **Threat of Substitutes:** Low. No product exists to date that can substitute cement effectively. Only quantity can be varied
- **Buyer Power:** Low. Low substitutability, oligopolistic market
- **Rivalry:** Moderate. Concentrated market

Key Drivers

Revenue	Cost	CAPEX
Sale of cement (98%)	Transportation costs (30%)	Plant & Machinery (40%)
Interest Income (2%)	Power & Fuel costs (20%)	Land (20%)
	Material cost (20%)	Captive power plant (10%)

Market Trends (elaborate data/points)
- India is **second largest** cement producer in the world
- Of the total capacity, **98% lies with the private sector** and the rest with the public sector
- **Market Size:** Cement sales in India stood at **USD 9.05B** in FY20.
- **Industry Growth:** India's cement production is expected to increase at a **CAGR of 5.65%** and cement consumption to grow at a **CAGR of 5.68%.**
- **Increasing Investment:** FDI investment in cement industry reached **USD 5.49B** in 3 years ending Mar'23. Union Budget 2022-23 had higher allocation for infrastructure & railways boosting Cement demand
- **Innovation:** Carbon neutrality goals by cement companies. Implementation of carbon capture (CCUS) units.
- **Import: USD 288.42 million**
- **Export:** India's export of various cement products stood at **USD 682.32M**. Countries exported to: Sri Lanka, Nepal, the US, the UAE and Bangladesh

Industry Challenges
- Reduction in **CO_2 emissions** and use of **clean energy** in production and logistics.
- **High Lending rates** by banks hinders growth as high CAPEX required in cement industry.
- **High tariffs** like high excise duty, sales tax, royalty on limestone and coal hinders demand.
- Limitations in **rail and road transport**.

Useful Links/Reports
- IBEF

Industry Dynamics

Key Customer Segment	Share
Housing and Real Estate	68%
Infrastructure	22%
Industrial Development	10%

E-Commerce Industry

Inbound Logistics
Sourcing
Vendor contracts
Quality testing
Mass customization
Modular Production

Inventory Management
Demand planning
Warehousing
Unified offline & online inventory management
Assortment Planning
Working capital management

Operations
Own platform Logistics
Platform excellence
Platform maintenance and repair
Order management
Packaging and invoicing

Marketing and Sales
Targeted marketing
Multi-channel attribution & end-to- end ROI
Customer retention
Payment methodology
Market research
Discounting & promotion

Order Fulfillment
Delivery planning
Logistics partners
Omnichannel fulfilment
Product queries
Return management

Key Drivers

Revenue	Cost	Growth
Sales Commission	Platform fee	Tier 2 & 3
Private Labels	Inventory and supply chain costs	Government policies
Listing fee & customer EMIs	Promotion/ Marketing	Internet penetration and online payment

Porter's Five Forces

- **Threat of New Entrants**: High (high government support, brick & mortar turning online)
- **Bargaining power of buyers**: High (low switching cost)
- **Internal Competition**: High (multinational players, low differentiation)
- **Substitutes**: High (multiple offline and online players)
- **Bargaining Power of Suppliers**: Low (Multiple e-commerce platforms and offline stores to list their products), own websites of major supplying brands

Market Trends

Key Data Points
- **Industry Size**: India's e-commerce market is expected to reach US$ 111.4 billion by 2025
- E-commerce sales are expected to increase at a **CAGR** of **18.2%** between **2021-2025**

Growth Opportunities
- **Omnichannel fulfilment:** Integrating online and offline to provide end-to-end experience
- **Policy Support:** 100% FDI is allowed in B2B e-commerce. 100% FDI under the automatic route is permitted in the marketplace model of E-commerce
- **Increasing investments:** Huge global investments:
- Facebook is investing in Reliance Jio
- Google's 1st investment of US$ 4.5B in Jio Platforms
- Purchase of Future Group by Reliance Retail
- **Growing Demand:** India's social commerce has the potential to expand to US$16–20 billion in FY25, growing at a CAGR of 55-60%

Key Performance Indicators

Fill Rate: How many items out of the ordered are delivered
OTIF (On Time In Full): A stricter measure than fill rate, includes timely delivery along with fill rate
Funnel metrics: Number of people dropping at different stages of customer journey, download, bounce rate, cart abandonment
CLV: Cust Lifetime Value, measures total spend of customer on the platform
SWOOS: Sales weighted out of stock

Industry Challenges

- Increased competition and pressure to deliver as soon as possible
- Regulatory considerations of data protection and consumer protection rules for sellers & marketplaces
- Customer loyalty as switching costs are too low and competition too high
- High browsing users, low payment customers

Reports

- IBEF

Financial Services- Asset Management

Front Office	Middle Office	Back Office	Sell-Side Firms	Buy-Side Firms
Drive revenue generation • Sales • Marketing • Customer Service • Trading	• Risk Management • IT • Corporate Finance • Portfolio Management • Research	Administration & Support • Accounting • Human Resources • Payroll • Operation	Offer investment products • Investment Banks • Brokers • Dealers	Manage portfolios • Pension Funds • Endowment Funds • Sovereign Wealth Funds

Key Performance Indicators

Asset management refers to the management on others' behalf. It is built on the notion that future is somewhat predictable, although it is not.

- **Portfolio:** Set of investments owned and managed as a collective whole with specific investment goals.
- **AUM:** Asset Under Management - total market value of the financial assets which a financial institution controls
- **Net Asset Value (NAV):** Value of mutual fund share (fund's total assets-fund's liabilities)/outstanding shares.
- **Asset class:** Securities with similar features e.g., stocks, bonds, cash equivalents, etc.
- **Capital gain/loss:** The difference between a security's purchase price and its selling price
- **Growth investing:** Investment strategy that focuses on stocks of companies and stock funds with rapid growth
- **Value investing:** Purchasing equity securities that you believe are selling below estimated true value

Revenue & Cost Drivers

Revenue drivers:

- **Management charges:** Charged on each Portfolio Management Services (PMS) quarterly or annually
- **Profit sharing:** Fixed percentage on any profit made by asset management company
- **Entry load:** One time fee of ~3% at the time of purchasing PMS
- **Others:** Custodian fee, commission & transaction fee, demat account charges, etc.

Cost drivers:

- Branch operation
- Maintenance of communication and IT infrastructure
- Market schemes implementation
- Partnership management
- Salary and employee benefits cost of staff

Key Market Trends

Current market trends:

- ESG (Environmental, Social and Governance) investing is making asset managers offer new products and modify their operations to deliver them.
- Global asset manager are investing heavily in data strategy, artificial intelligence and digitization.

Future market trends/growth prospects:

- Consolidation through M&A: By 2030 the industry will have a small club of giant asset managers and a bigger one of niche managers.
- Competition will revolve around products for particular needs e.g., products for retired vs. those for millennials
- LIBOR is being phased out and replaced by SOFR (Secured Overnight Financing Rate) as per Fed guidelines

Post Covid Impact:

- Increased focus on cost optimization specifically location strategy to downsize office space

Financial Services- Banking

Marketing
Advertising, sales support is becoming increasingly relevant due to high competition from NBFCs

Sales
Customer acquisition is done through multi-channel, focus heavily on relationship management

Products & Services
Funding Products - loans, securitization of assets, mortgages
Investment services in securities through capital markets
Other advisory services like asset & portfolio management

Transactions
Processing high volume transactions at high speed for payments, trading, and clearing & settlement

Key Performance Indicators

- **Net Interest Margin (NIM):** The difference between the interest income earned and the interest paid by a bank relative to its interest-earning assets like cash
- **Current Account Savings Accounts (CASA):** Type of non-term deposit account. Has lower interest rate than term deposits & is a cheaper source of funds for banks
- **Gross Non-Performing Assets (GNPA):** The total value of non-performing assets in a particular time period.
- **CRR/SLR:** Percentage of cash reserves/liquid assets that the bank must maintain which guarantees solvency

Porter's Five Forces

- **Supplier's power (Low):** Money supply controlled by RBI
- **Buyer's power/Demand (Medium):** Increases with income, credit worthiness. Financial inclusions scheme for rural citizen
- **Barriers to Entry (High):** Due to regulations and licensing mandates, investment in physical, digital infrastructure
- **Competition (High):** High competition from NBFCs

Revenue & Cost Drivers

Cost Drivers
- Fixed Cost
  - Physical Infrastructure
  - Digital Infrastructure
- Variable Cost
  - Operational Costs
  - Interest on Deposits
  - Provisioning Cost (NPAs)
- Employee Salaries
  - Employee Efficiency

Revenue drivers
- Interest from loans
- Transactions fees
- Value Added Services
- Investment (bank's own)

Key Market Trends

- **Digitization:** Banking-As-A-Service platforms and open banking, increasing need to protect data, strengthen IT
- **Consolidation:** Huge consolidation in public sector banks to improve capital efficiency & remain profitable
- **NPAs & credit extension:** Increase in ratio of stressed assets and bad loans leading to slow down in lending.
- **Post Covid Impact:** Difficult and slow recoveries, increased adoption of digital channels, greater cyber frauds

Segments & Key Players

- **Public Sector Banks**: SBI – largest market share (23%) 3rd largest bank in India by market cap (5.73T INR)
- **Other PSBs:** PNB, Bank of Baroda
- **Privately Owned Banks (Indian):** HDFC – largest bank in India market cap (12.78T INR), ICICI – 2nd largest by market cap. (6.98T INR) Others: Axis, IndusInd
- **Foreign Banks:** Citibank, Standard Chartered, HSBC
- **Rural Cooperative Banks**: Saraswat Co-op Bank – largest

FMCG Industry

Inbound Logistics	Operations	Outbound Logistics	Sales and Marketing	Servicing
• Sourcing raw materials • Quality testing • Warehouse storage	• Manufacturing • Production, quality, and control • Packaging • Warehouse storage	• Distribution center, channel • Order Handling • Dispatch • Delivery invoicing	• Branding • Advertising, promotion • Customer, order mgmt. • Sales analysis • Market research	• Warranty • Maintenance • Education, training, upgrade

Industry Forces

- **Supplier Power:** Low. Big companies control pricing, fragmented commodity supplier.
- **Barriers to Entry:** Moderate. Investment in distribution network, promotions, advertising.
- **Threat of Substitutes:** High. Narrow product differentiation, price war.
- **Buyer Power:** High. Low switching cost.
- **Rivalry:** High. Highly fragmented, strong brands at a discount

Key Drivers

Revenue	Cost	Growth
Pricing	Raw material and processing cost	Shift to organized market
Promotion	Distribution	Growth of e-commerce
Distribution	Promotion	Rural consumption

Market Trends (elaborate data/points)

- India's FMCG market is **Fourth largest** in world and major contributor to Indian economy.
- **Market Size:** FMCG market reached **US$ 56.8 billion** as of December 2022. Urban market account for 65% and rural market account for 35%.
- **Industry Growth:** FMCG market is expected to grow at **CAGR of 9.5%** to in the period 2023-28.
- **Increasing Investment:** 100% FDI in food processing and single-brand retail and 51% in multi-brand retail. **USD 20B FDI** in FY21.
- **Policy and Regulatory Framework:** PLI schemes that aims to reduce import costs, improve the cost competitiveness of domestically produced goods, increase domestic capacity, and promote exports.
- Revival of rural demand by boosting disposable income, increasing fund allocation to rural infra are key growth drivers
- Top Import and export partner are Middle east, North Africa, Europe, North America.

Industry Challenges

- **Regional Players:** Region specific players with well connected value chain pose a threat to big FMCG players.
- **Supply Chain:** Small disruptions in supply chain can cause huge delays.
- **Lack of Infrastructure:** Lack of transportation and storage facilities especially for items with short shelf lives.

Useful Links/Reports

- **Industry Insights**
  - McKinsey Report
- **Industry Report**
  - IBEF

Industry Dynamics

Key Product Segment	Share
Food and Beverages	20%
Healthcare	30%
Household and Personal care	50%

Food Processing Industry

Raw Materials	Warehousing	Processing	Packaging and Transport	Distribution and Retail
• Producers – Farmers, Breeders, Fishermen • Inputs: Agri produce, fruits and vegetables, meat and poultry, marine, milk	• Cold storage • Collection agents • Cooperatives, FPOs • Direct sourcing • Logistics	• Cleaning, sorting • Mixing, grinding • Pulping, juicing • Pasteurization • Dehydration, powdering	• Grading • Quality control • Packaging • Cold storage • Food and Dairy corp.	• Carry and Forward agent • Depots and Stockists • Wholesalers • Retail stores and e-commerce • International export

Industry Forces

- **Supplier Power:** Low. Big companies control pricing, fragmented commodity supplier.
- **Barriers to Entry:** Moderate. Investment in distribution network, promotions, advertising.
- **Threat of Substitutes:** High. Narrow product differentiation, price war.
- **Buyer Power:** High. Low switching cost.
- **Rivalry:** High. Highly fragmented, strong brands at a discount

Key Drivers

Revenue	Cost	Growth
Sale of byproducts	Production cost (53%)	High consumer base
Sale of food and beverage produced	Processing (12%)	Conducive policies – PLI schemes
	Distribution (7%)	Agri-commodity hub

Market Trends (elaborate data/points)

- India is one of the largest **milk and buffalo meat producer** as well as producer of fruits, vegetables, eggs, goat meat.
- >70% of sales occur through superstores/major retailers
- **Industry Growth:** As per APEDA forecasts, the sector is expected to grow at a CAGR of 3% between 2022 and 2030
- **Increasing Investment:** The sector has attracted high investments through FDI in FY22
- **Growth Strategies Adopted:** Increasing business and product innovation, low-cost pricing strategy, and joint ventures and tie ups with private and public players.
- **Key players:** Britannia, NESTLE India, LT Foods, Kohinoor Foods
- **Imports:** Major imports include edible oils, spices and seasonings, cocoa preparations, cheese, beverages etc.
- **Export:** Major food products exported are processed fruits, juices, pulses, groundnuts, cereals preparation, oil meals

Industry Challenges

- **Supply chain gaps:** Inadequate primary processing, storage and distribution facilities.
- **Seasonality:** High seasonality in operations leading to low-capacity utilizations.
- **Institutional gaps:** High dependency on APMC markets increases cost.
- Lack of focus on quality and safety standard

Useful Links/Reports

- **Annual reports**
  - Food Processing Industry - Annual Report
- **Industry Report (slightly dated)**
  - IBEF 1
  - IBEF 2

Industry Dynamics

Key Product Segment	Share
Meat, Fish, Fruits	40%
Grain Mill	11%
Beverages	25%
Dairy Products	5%

Healthcare Services Industry

Appointment Booking	Hospital Visit	Diagnosis	Treatment	Post-Treatment
• Walk-in • Traditional Scheduling • Scheduling via appointment booking apps like Practo	• Primary / Secondary / Tertiary Hospital • IPD (In-patient care) • OPD (Out-patient care) • Emergency Section	• Medical History • Screening based on patient symptoms • Diagnostic Testing	• Medical procedure • Clinical & ops support • Doctor (GP, CP, Specialist) • Equipment & Supplies	• Monitoring and discharge • Bill Payment • Post discharge care • Follow-up visit

KPIs and Important Terminologies

- **ARPOB** – Average Revenue Per Occupied Bed
- **ALOS** – Average Length of Stay
- **Occupancy Ratio** - % Bed utilization
- **Staff available per patient**
- **GP** – General Physician
- **CP** – Consulting Physician
- **OOP** – Out of pocket expenditure
- **IP** – In-patient
- **OP** – Out-patient

Key Drivers

Revenue	Cost	CAPEX
Healthcare consultation & services	Salaries & HR costs	Infrastructure & Operational set-up
Diagnostic services	Infra & Equipment	Equipment Costs
Drug Sales	Consumables & utilities	Others

Market Trends (elaborate data/points)

Current market trends

- Health-tech market is expected to grow at a **CAGR** of **39%** and touch **USD 50B+** by 2033
- India's public expenditure on healthcare touched **2.1%** of GDP in FY23 and **2.2%** in FY22, against **1.6%** in FY21
- Rising instances of **lifestyle diseases** in urban areas boosting demand for specialized care
- Growing **medical tourism market** due to availability of quality services at relatively low cost

Future market trends/ growth prospects

- **Public private partnership** models for establishing hospitals
- **Digitization** of healthcare records via higher adoption of eHRs

Covid Impact

- Change in attitude towards personal health and hygiene, health insurance and medical check-ups
- Adoption of digital technologies including **telemedicine**

Industry Challenges

- **Lack of Infrastructure** like well-equipped medical institutes & hospitals
- **Skilled manpower shortage:** Includes doctors, nurses, paramedics, and primary healthcare workers
- **High Out of Pocket expenditure-** More than 2/3rd expenses paid by the patient

Useful Links/Reports

Industry Report

- IBEF
- Invest India

Industry Dynamics

Key Segment	Top Players
Primary Care	Apollo
Secondary Care	Fortis
Tertiary Care	Narayana

Hospitality Industry

Procurement	Operations	Guest Services	Sales & Marketing	Distribution
• Food & Beverages (F&B) • Cleaning supplies • Room supplies • Contractual services like internet, cable, security, etc.	• Front-desk operations • Housekeeping operations • Kitchen operations • Laundry operations • Revenue management • Staff training	• Check-In/Check-Out • F&B services • Laundry services • Transportation services • Other on-demand services	• Advertisements • Promotions & discounts • Loyalty programs • Tour packages	• Online Travel Aggregators (OTAs) • Direct (Website/ app/ telephone) • Walk-ins • Tour-&-Travel Agents

Industry Forces

- **Supplier Power:** Low. No over-powered monopolistic suppliers in any aspect
- **Barriers to Entry:** High. High CAPEX, fixed costs and need for economies of scale.
- **Threat of Substitutes:** High. Low switching costs and large number of alternatives from new age startups like Oyo, Airbnb etc.
- **Buyer Power:** High. Low switching costs, consumer wants the cheapest alternatives
- **Rivalry:** High. Lots of competitors across all segments

Key Drivers

Revenue	Cost	CAPEX
Room Tariffs (60%)	Salaries (40%)	Construction Costs (40%)
F&B (30%)	Consumables (30%)	Land (25%)
Events (10%)	Maintenance (10%)	Furnishings (20%)

Market Trends (elaborate data/points)

Current market trends

- India is the world's 10th largest tourism economy in terms of contribution to GDP
- Industry's direct contribution to the GDP is expected to grow annually at 7-9% between 2019 and 2030
- Cyclicality and seasonality: This sector is highly influenced by positive cycles and peak seasons which observe higher revenue and occupancy rate

Emerging Themes/Trends

- Health safety concerns lead to adoption of contactless hospitality like mobile check-in services, etc.
- Focus on sustainability led by high customer awareness from smart bulbs to sustainable materials
- Leisure & luxury tourism picking up pace

Covid Impact

- Occupancy in Q1 FY2023 were at ~30% levels, higher than ~20% of Q1 FY2022, basis opening of the Indian Economy back to normalcy
- Foreign Tourist Arrivals (FTAs) in Mar'23 were **~8 lacs** as compared to **~3.5 lacs** in Mar'22 **(132.5% increase)**

Industry Challenges

- **Post COVID** travel hesitation in certain sections of the society
- WFH leading to reduced business travel
- Shortage of skilled employees
- High turnover of quality workforce
- Maintaining profitability amidst the ever-increasing expectations from guests about offerings and service quality

Useful Links/Reports

- **Industry Report**
  - IBEF - Tourism & Hospitality

Industry Dynamics

Segmentation by type	Share
Independent/Unbranded	70%
Branded/Chains	10%
Start-ups (Oyo etc.)	10%

Insurance Industry

Product Development	Distribution & Sales	Marketing	Underwriting	Policy administration & Claims management
Using customer and market insights to design, develop and deploy products and services	Understanding and strategically penetrating the addressable market to deliver products and services and to generate revenue	Driving, monitoring and enabling sales and customer retention through brand management, advertising and customer engagement	Analyzing risk profiles and premium pricing models to bind and issue policies	Evaluating and settling claims, including payment, reinsurance recovery and litigation; managing administrative activities

Porter's Five Forces

- **Supplier Power:** High. Supplier being the distributor have customer database
- **Barriers to entry:** High. Overall threat is high given that entry is subject to license and regulations
- **Threat of substitute:** High. Similarity in services makes
- switchover a potent threat
- **Buyer Power:** High. They have multiple options available
- **Rivalry:** High. Multiple players are there with customized offerings

Key Drivers

Revenue	Cost	Growth
Premiums collected	Claims paid	Insurtech partnerships
	Product Development, marketing and sales support	New Models, personalized products
Investment income (interest income)	Operating and IT support	AI & Automation for faster claims

Market Trends (elaborate data/points)

- India Insurance market stands **at $131 Bn** as of FY22. The Indian insurance industry **grew at a CAGR of 17%** over the last two decades
- **FDI** in the industry under automatic method is allowed up to **26%,** licensing monitored by IRDAI
- **Industry leaders:** LIC, SBI Life, HDFC Life, ICICI Prudential Life
- Insurance penetration has been poor in India **(~4.2%)** *Penetration=premiums/GDP*
- **Digital adoption:** The share of digital premium collection in retail insurance (life + general) rose from a negligible level in FY15 to **~4% (or US$1.3bn)** in FY20 and could grow 12x to **US$16bn by FY25**
- **Robotic Process Automation (RPA)** and **AI** will occupy center stage, driven by newer data channels, better data processing capabilities and advancements in AI algorithms
- The **insurance density**, which is calculated as ratio of insurance premium to population is **~$70** for life insurance in India while the global life insurance density stands at ~**$380**

Industry Challenges

- **Lack of organized data** makes underwriting difficult which could lead to improper pricing
- **Low insurance penetration** to tier 2+ cities
- **Distribution:** Insurance is a push product which requires a lot of selling; digital mode of educating customers doesn't work in tier 2+ cities

Useful Links/Reports

- Value Chain
- IBEF
- Invest India

Industry Dynamics

Segment	Share
Life insurance	75%
Motor insurance	8.5%
Health	8%

Iron and Steel Industry

Raw Material	Iron Production	Steel Production	SCM/ Logistics	Sales
• Extraction of iron ore from rocks • Creating coke from coal to fuel furnaces • Alternative: Buying	• Blast Furnace: Pellets of iron ore, carbon fuel & limestone with superheated air form iron in molten state	• Oxygen Furnace (LD Shops) : Molten • Iron, Steel scrap & high purity oxygen are used in formation of steel	• Demand Planning • Service & Delivery • Performance • Outbound Logistics	• Pricing of all products • Sales team efficacy • Key a/c management • Customer Service • Support Tools

Industry Forces

- **Supplier Power:** High. Due to limited iron ore reserves. Companies opt for backward integration, weakening supplier power.
- **Barriers to entry:** High. High capex, fixed costs and need for economies of scale.
- **Threat of substitute:** High. Growing demand and use of aluminum in automotive.
- **Buyer Power:** Low. Low substitutability, only few major player.
- **Rivalry:** High. Entry of exporters can further escalate it.

Key Drivers

Revenue	Cost	Growth
Sale of steel for construction & automotive parts	Raw Material Cost (45%)	Growing demand
Sale of steel for Railway Parts	Power & Fuel costs (10%)	Govt policy support
Sale of Semis & By-products	Salaries & Wages (5%)	Increasing investment

Market Trends (elaborate data/points)

- India is **Second Largest** producer of crude and finished steel preceding to China. Steel Industry contributes 2% to nation's GDP
- India's steel production is estimated to grow **4-7%** to **123-127 MT** in FY24
- **Per Capita Steel Consumption**: 77.2 kg in India – gone up by 50% in last 8 years but still 1/3rd of global average (233kg)
- **Increasing Investment:** 100% FDI allowed through automatic route in steel industry. Industry is witnessing consolidation of players, attracting investments from players in other sectors as well as abroad
- **Govt. Support:** Government of India is implementing a **Production-linked Incentive (PLI) Scheme** for Specialty Steel; Rs 70 crore to Ministry of Steel in Budget 2023-24
- **Import:** India imported **6.02MT** of finished steel in FY23.
- **Export:** India exported **6.7MT** of finished steel in FY23 majorly to Belgium, Italy, Turkey, Spain, Hongkong, Vietnam.

Industry Challenges

- **Financing:** Highly capital-intensive sector, high cost of financing coupled with cyclical demand
- **Logistics:** Primary raw material (iron and coal) are bulky in nature which makes logistics challenging and costly.
- **Raw material:** Abundant iron reserves but limited reserves of coking coal reqd in BF.

Useful Links/Reports

- **Industry overview**
  - Ministry of Steel - Report
- **Industry Report**
  - IBEF

Industry Dynamics

Key Customer Segment	Share
Construction	62%
Capital goods	15%
Automotives and railways	12%
Intermediate Products	11%

IT and ITeS Industry

India is primarily an outsourcing hub. A combination of IT, KPO and BPM services are tailored to industry specific value chains

IT
- Software R&D
- IT Consulting
- Development Services
- Infrastructure Mgmt.

Knowledge Processing
- Business Consulting
- Legal Services
- Data Analytics
- Market Intelligence

BPO/BPM
- ERP
- HRP
- CRM

Porter's Five Forces

Potential Entrants (Low): Projects are quite large for commoditized services, and learning effects make a considerable difference in service quality and cost

Buyers (High): Services are now increasingly modular, and buyers can assemble a suite of services from different vendors and can switch out too

Substitutes (High): Philippines emerging as viable alternative to India for outsourcing. Automation is also rendering support services redundant

Suppliers (High): Specific suppliers of licenses and other public cloud providers hold very high bargaining power. Infrastructure is also commoditized

Rivalry (High): This industry is categorized by rivalry between large firms, and the differentiation is very minimal, pushing them to compete on costs

Revenue & Cost Drivers

Revenue Drivers
- Volume or the total number of person hours worked. This is the unit economics in the IT services industry
- Pricing determines the rate at which each hour is charged to the client
- Utilization is the ratio of the total billed hours divided by the total billable hours available across the company
- Since most revenue is from exports, a favorable exchange rate also results in better financial performance

Cost Drivers
- Cost of Revenue: These are expenses incurred by the company in delivering core revenue. An example of this are the salaries and travel cost.
- Selling, General & Administrative: These are costs over and above the CoR. An example could be company marketing costs and costs of facilities.

Key Market Trends

Global Delivery Model
Indian IT companies such as TCS are now opening service hubs closer to larger onshore customers in UK and USA to expand their global footprint.

SMAC
Companies are increasingly looking to derive more value from their IT investments and are now seeing their next big opportunities in digital transformation in the Social, Mobility, Analytics and Cloud verticals

Cyber Security
Governmental policy to combat cyber threats from foreign entities is being structured, with IT companies playing a large role in collaborations for their expertise

PE-VC, FDI Investments
This sector continues to be very attractive for investors, attracting $70B in FDI over the last 10 years, $12.4B in PE investments in addition to offshore hub development by Google, Microsoft et. al.

Logistics Industry

Inbound Logistics
Shipment received at customer service centres / picked up from customer location

→

Operations
- Damage-proof packaging
- Material handling & movement
- Product labelling

→

Outbound Logistics
- Multiple Transport modes: Road, Rail, Water, Air, Pipelines

→

Sales & Marketing
- Clustering of packages
- Allocation for delivery
- Salesforce management

→

Servicing
- Delivery time intimation
- Last-mile delivery
- Feedback

Sector Composition

Segments	Market Share	KPIs
Road transport	59%	• Delivery time • Cost to order • Warehouse capacity • Avg. inventory
Railways	35%	
Waterways	6%	
Air transport	1%	

Top Players

Player	Segment	Market Cap. (INR cr)
CONCOR	Multi-modal	39,893
Blue-Dart	Courier delivery	12,903
Transport Corp. of India	Multi-modal	3,277
VRL Logistics	Parcel & priority delivery	2,686

Revenue & Cost Drivers

Revenue drivers
- Domestic transportation
- Import and Export
- Value Added Services (same-day delivery)

Cost drivers
- Transportation costs such as fuel
- Warehousing and packaging
- Shrinkage
- Labor, order processing and administrative
- Inventory

Growth drivers
- Simplified freight policy
- Improving road connectivity network
- Improving railway and air connectivity network
- Cold supply chain and other technology interventions

Key Market Trends

- **Industry size**: Indian logistics sector is valued at 215 Bn USD; forecasted to grow at CAGR 10.5% (2019-25)
- **Rank**: India's rank has gone up from 54 in 2014 to 44 in 2018 in the World Bank's LP Index (overall logistics performance), target to be in top 25 by 2030
- **Improved connectivity**: Sagarmala, Bharatmala, & UDAN projects aimed at improving connectivity and reach, greater opportunities
- **Warehouse Automation**: Market valued at Rs 20,200 crores; evolution of technologies like AI, IoT, AGV and Blockchain
- **Emphasis on cold supply chain**: As per the report by IMARC, the Indian cold chain market size grew to INR 1,81,490 Cr in 2022, and it is expected to reach INR 3,79,870 Cr by 2028, at a CAGR of 12.3%
- **Growth in 3PL & 4PL providers as manufacturing grows**: to provide agility, speed and mobility
- **Green logistics**: Implementation of sustainable practices due to technological evolution

Oil and Gas Industry

Upstream → Midstream → Downstream

Exploration
- Identification of onshore/off-shore site
- Seismic surveys to assess potential
- Field Development Planning

Production
- Project sanctioning
- Create infrastructure
- Strike 'First Oil'
- Platform at sea to split oil, gas & water

Transportation
- Crude is transported by tankers, pipelines, trucks, and railroads.
- Natural Gas is shifted by pipelines and LPG tankers

Storage
- Ground tanks are used for crude and finished oil products.
- Underground spaces (reservoirs) are used for natural gas

Refining and Marketing
Refines crude into Petrol, Diesel & LPG
Distilled by BP: separation, conversion & treatment
Products marketed via B2B & B2C channels

Key Drivers

Revenue	Cost	Growth
Crude Oil	Raw Materials Consumed	Overall economic growth
Natural Gas	Transportation	Rapid Technological advancements
Others(LPG, Naphtha, etc.)	Employee Benefit Expenses	Increased usage of petrochemical products

Porter's Five Forces

- Bargaining power of suppliers (↔) – Despite few players, there are certain delays by govt in the payments
- Bargaining power of buyers (↓) – Customers are price takers. Accept the prevalent prices.
- Competitive rivalry (↓) – One/two players operate in each of the upstream, and downstream segments.
- Threat of new entrants (↓) – Capital intensive and presence of economies of scale.
- Threat of substitutes (↓) – Renewable energy sources are yet to gain more traction.

Market Trends

High Refining capacity: India is the 4rth largest refiner in the world with a capacity of 248.9 MMT in 2021. Plan to double refining capacity by 2030.

Rapid Expansion: Indian refiners would add 56 million tonnes per annum (MTPA) by 2028 to increase domestic capacity to 310 MTPA

Policy Support: In the Union Budget 2022-23, the customs duty on certain critical chemicals such as methanol, acetic acid and heavy feed stocks for petroleum refining were reduced.

Supportive FDI guidelines: 100% Foreign Direct Investment is allowed in upstream and private sector refining projects. FDI limit for public sector refining projects has been raised to 49% without any dilution/ disinvestment of equity in the existing PSUs.

Increasing energy demand: India is the 3rd largest energy consumer with increasing fuel demand (~2x diesel demand, ~3x increase in natural gas demand by 2030)

Key Performance Indicators

- **Exploration and production output**:
- **Lease operating expenditure**: Rent and lease expense on a per unit basis. Computed by dividing rent and lease expense with total production
- **Capital Project efficiency**: Project Production Management (PPM), digitizing processes

Industry Challenges

- Significant proportion of Oil Demand is at risk as threat of Electric Vehicles remains high in transportation segment (47% contribution to demand currently)
- Globally, crude oil demand set to plateau over the next five years with rising fuel efficiencies. Highly volatile prices and stringent standards globally
- Crude Oil supply issues due to geopolitical reasons

Pharmaceutical Industry

Research and Development, Approval	Sourcing/API/Bulk Drug	Manufacturing/ Formulation	Logistics	Storage
Issues: Long wait before the drug reaches the commercialization stage, rising costs of developing new drugs, clinical trials, securing patents	Issues: Erratic supply chain, disruption due to Covid-19, high dependence on supplies from China for raw materials	Issues: Shift in demand for formulations, companies keep shifting mfg. activities, unpredictability, and sudden rises in demand for drugs	Issue: Lane routing affects the freight costs and domestic input costs, restrictions on commute and movement of goods	Issues: Declining raw material supply impacts production and export of essential drugs, fears of internal supply shortage

Key Drivers

Revenue	Cost	Growth
Drug Sales	R&D	Increasing fatal diseases
Licensing of patents	Distribution	Health insurance permeation
Insurance Premiums	Promotion/ Marketing	Growing stress-related diseases

Key Performance Indicators

Return on Research Capital Ratio: R&D is the major cost for all pharma companies and not all drug trials result in success
Profitability Ratio: Operating & net margin determine investment into future research projects and account for high marketing expenditures in the competitive pharma industry
Liquidity and Debt Coverage Ratio: R&D expenditures are mostly financed by debt
Time to Market: Time taken to bring a drug from discovery to market

Porter's Five Forces

- **Threat of New Entrants**: Low (high barriers to entry, high R&D costs, govt regulations, and distribution network needs)
- **Bargaining power of buyers**: Low-Moderate
- **Internal Competition**: High (large no of small fragmented players and large no of drugs going off-patent
- **Substitutes**: Low **Bargaining Power of Suppliers**: Moderate (difficulty in procuring raw materials like APIs)

Industry Challenges

- Focused on generic segment which is plateauing in the US with increase in competition
- Despite being among the top formulation drug exporters in the world, India relies heavily on imports of bulk drugs, which accounts for ~25% of the Indian pharma market
- Pharma Industry needs consolidation to raise funds and scale-up research capabilities

Market Trends

- **Industry Size**: Estimated at $42B in 2021 and likely to reach $65B by 2024 and $120-130B by 2030. Growth of 22.4% CAGR is expected in the future.
- **Production**: Ranked 3rd for pharma production by volume and 14th by value. Strong network of 3,000 drug mfg. companies and ~10,500 manufacturing units
- **Exports**: Stood at $25.3B in FY23
- Healthcare sector in India is expected to reach a size of US$ 50 billion by 2025
- **R&D Spend**: Average R&D spend of Indian companies is ~8% of turnover. As per Union Budget for FY22, Rs 2,663 Crores has been allocated for research
- **Manufacturing**: ~33% lower manufacturing cost than the USA enables India to produce high-quality medicines at competitive prices. India supplies 40% of generic demand in US and 25% of all medicines in UK
- **Medical Tourism:** Over 2 Mn patients visit India each year from 78 countries for medical, wellness and IVF treatments, generating $6 billion for the industry. It is expected to reach $13 billion by 2026 backed by the government's Heal in India initiative.

Retail Industry

Inbound Logistics	Inventory Management	Operations	Marketing and Sales	Order Fulfillment
Sourcing Vendor contracts Quality testing Mass customization Modular Production	Demand planning Warehousing Unified offline & online inventory management Assortment Planning Working capital management	Own platform Logistics Platform excellence Platform maintenance and repair Order management Packaging and invoicing	Targeted marketing Multi-channel attribution & end-to- end ROI ; Market Research Customer retention Payment methodology Discounting & promotion	Delivery planning Logistics partners Omnichannel fulfilment Product queries Return management

Key Drivers

Revenue	Cost	Growth
Sales Commission	Platform fee	Tier 2 & 3
Private Labels	Inventory and supply chain costs	Government policies
Listing fee & customer EMIs	Promotion/ Marketing	Internet penetration and online payment

Porter's Five Forces

- **Threat of New Entrants**: High (high government support, brick & mortar turning online)
- **Bargaining power of buyers**: High (low switching cost)
- **Internal Competition**: High (multinational players, low differentiation)
- **Substitutes**: High (multiple offline and online players)
- **Bargaining Power of Suppliers**: Low (Multiple e-commerce platforms and offline stores to list their products), own websites of major supplying brands

Market Trends

Key Data Points

- **Industry Size**: India's e-commerce market is expected to reach US$ 111 bn by 2024 and US$ 200 bn by 2026
- Consumer electronics and apparels makes up 80% of e-commerce value in India

Retail Formats in India

Mono/Exclusive Branded Retail Shops, Multi-Branded Retail Shops, Convergence Retail Outlets, E-retailers

Growth Opportunities

- **Omnichannel fulfilment:** Integrating online and offline to provide end-to-end experience
- **Policy Support:** 100% FDI is allowed in B2B e-commerce. 100% FDI under automatic route is permitted in marketplace model e-commerce.
- **Increasing investments:** India's ecommerce sector received US$ 15 billion of PE/VC investments in 2021 which is 5.4 times increase YoY.
- **Growing Demand:** India's social commerce has the potential to expand to US$16–20 billion in FY25, growing at a CAGR of 55-60%.
- **'Direct to Customer' Retail Strategy:** Currently, India is home to more than 600 D2C brands with estimated market size of over 66 bn USD in 2023

Key Performance Indicators

Fill Rate: How many items out of the ordered are delivered
OTIF (On Time In Full): A stricter measure than fill rate, includes timely delivery along with fill rate
Funnel metrics: Number of people dropping at different stages of customer journey, download, bounce rate, cart abandonment
CLV: Cust Lifetime Value, measures total spend of customer on the platform
SWOOS: Sales weighted out of stock

Industry Challenges

- Increased competition and pressure to deliver as soon as possible
- Regulatory considerations of data protection and consumer protection rules for sellers & marketplaces
- Customer loyalty as switching costs are too low and competition too high
- High browsing users, low payment customers

Useful Links/Reports

- IBEF
- Statista

Telecom Industry

Tower Infrastructure
- Forms framework of telecom operations
- GIL Infrastructure, Indus Towers

Network Equipment
- Manufactures hardware, routers, modem, fiber optical
- Ericsson, Nokia, Siemens

Technology Provider
- Software Technology (4G, 5G)
- Sterlite Technology, Mahindra, Qualcomm

Network Operators
- LTE Services to end customers
- Other services such as voice, messaging and internet

Consumers
- Recharge Plans
- Customer Care Centre

Consumer journey: Product/service Offering Design → Pre-sales Support → Purchase Support → Delivery and Activation → Account Management

Key Trends in Indian Telecom

- As per GSMA, **India is on its way to becoming the second-largest smartphone market globally by 2025** with ~1 Bn installed devices and ~920 Mn unique mobile subscribers, including 88 Mn 5G connections. It is also estimated that 5G technology will contribute approximately $450 Bn to the Indian Economy in the period of 2023-2040
- **Growth in Rural Demand:** Tele-density of rural subscribers reached 59.33% in September 2021, from 58.96% in September 2020
- **Bharat Net Project:** 1,77,550 Gram Panchayats have been made service ready till June 2022. Scope of Bharat Net Project has been extended to all inhabited villages in India
- **State Investment:** In 2021-22, the Department of Telecommunications has been allocated $ 8Bn and the union budget allocated US$ 1.9 for telecom infrastructure
- **Government Initiatives:** 100% FDI, satellite based Narrow band IoT, and the Phased Manufacturing Programme
- **Policy Support:** Production Linked Incentive (PLI) Scheme worth INR 12,195 Cr for manufacturing of telecom and networking products

Revenue & Cost Drivers

Revenue Drivers:
- Internet and voice services
- Cross provider calls
- Affiliations (data monetization, device tech.)

Cost Drivers:
- Spectrum costs
- Network infrastructure and equipment
- Operating costs

Growth Drivers
- Growing mobile penetration
- Increasing rural penetration and internet access
- Relaxed FDI norms
- Reduced license fee

Major Indian Service Providers (Market Share of Broadband Services)
- Reliance Jio – 51.98%
- Bharti Airtel – 28.79%
- Vodafone Idea – 14.5%

KPIs
- Call Completion Ratio
- Average Revenue per User
- Average Call Duration
- Idle Time on Network
- Tele-density
- Churn Rate
- Network Operating Cost
- Subscriber Acquisition Cost

Key Industry Segments
- Mobile (Wireless)
- Fixed-line (Wireline)
- Internet Services

Useful Links/Reports
- IBEF
- Invest India

तेजस्वि नावधीतमस्तु

For any queries, reach out to us

RANJEET SONAWANE
M: +91 8830736825

PRAKHAR BANG
M: +91 7790832310

ICON – Consulting Club
IIM Bangalore