



Course: MGT1022 Lean Start-up Management
Winter Semester 2021-22
Digital Assignment 1

Maximum Marks :25

Due date: 11th February 2022

Task –

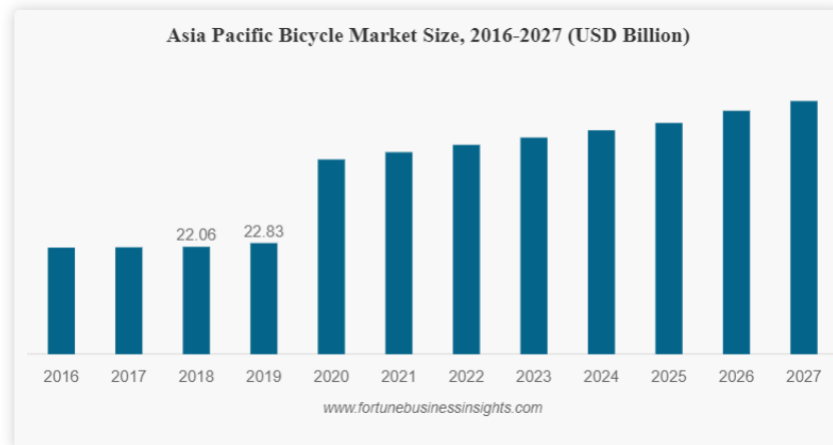
1. Think one unique idea of start-up (in any of domain i.e. digital business, services, research or manufacturing etc.) [5]
2. Compare your idea **with closest** (to your idea) existing successful start-up and also with one failed start-up under following categories;
 - Target market/ domain
 - Competition with other players
 - Marketing plan and sales strategy
 - Operations

[4x5]

ARCELIA will be a specialised cycling store that sells five different types of high-quality, high-performance bicycles through web. Our bicycle company will give excellent client service, including accurate bike fittings, usage instructions, and safety advice. Repairs, upgrades, adjustments, and tune-ups are available for all types and sizes of bicycles. ARCELIA will also have a large selection of the top cycling components, accessories, clothes, and shoes available in the business.



In 2019, the worldwide bicycle market was valued at USD 65.43 billion. COVID-19 has had an unprecedented and devastating worldwide impact, with bicycles experiencing a positive demand shock across all regions as a result of the epidemic. According to our calculations, the worldwide bike market will expand by 48.55 percent by 2020. In the period 2020-2027, the market is expected to increase at a CAGR of 6.1 percent, from USD 97.20 billion in 2020 to USD 147.24 billion in 2027. The abrupt drop in CAGR is due to this market's demand and growth, which will recover to pre-pandemic levels once the pandemic is ended [1].



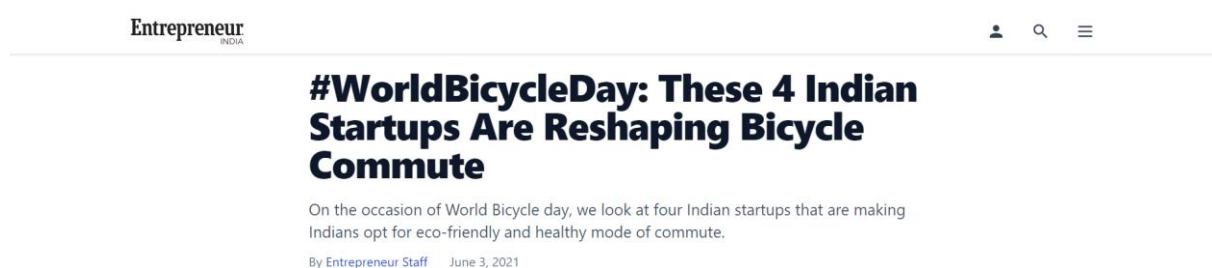
To get a competitive advantage, we will serve a smaller section of the kids rather than a larger group. Our target demographic is people between the ages of 10 and 50 who enjoy biking for a variety of reasons, including sport, exercise, and enjoyment. We intend to further segment our market into two distinct categories and target them with a targeted marketing strategy. The first group consists of households with children who earn 3 Lakhs INR or more on average. The second category is the keen rider, or bicycle enthusiast, who are men and women between the ages of 21 and 44 and have an average annual income of 5 Lakhs INR or more. Our marketing strategy outlines how we will reach out to these demographics. In addition, we attempt to make biking chic and trendy.

In a nutshell, ARCELIA designs and sells technological and environmentally friendly goods that make it easy and convenient to get around the city.

By creating ideal conditions for moving around metropolitan areas, we promote a healthy lifestyle.

Competition:

In the larger Indian region, there are four competitors, none of whom are specialist bicycle dealers [2].



Alphavector was founded in 2015 by Sachin Chopra with the goal of redefining the biking experience and introducing Indians to the cycling culture. The company claims that its goods can help people connect with nature and even meet the fitness and lifestyle goals of young people in India.

Yulu Bikes, a Bengaluru-based rental scooter firm started in 2017 by Amit Gupta, offers two types of products. Yulu Miracle is an e-bike that is commonly seen in metropolitan cities and is utilised by college students and working professionals. It is built for urban traffic and has a top speed of 25 kilometres per hour.

Omo Bikes is a company that makes bicycles. Bhimsha Choudhary and Deepak Chauhan founded the company in 2016 with the goal of making people fall in love with bicycling. The company claims to make cycles and electric bicycles that meet international hype and standards.

Rajib Gangobadhay, Kunal Gupta, Aditya Oza, and Sumedh Battewar launched **Emotorad** in Pune with the premise that electricity will power the future of mobility. The company aspires to play a critical role in raising awareness and providing the appropriate goods at a reasonable cost.

Competition Strategy:

Each of our direct competitors sells a limited number of bicycles and does not provide service for the ones they sell. Because Bangalore lacks an independent bicycle dealership, people looking to purchase a higher-quality product or have their bicycles serviced must drive elsewhere. ARCELIA, we believe, will fill a void in Bangalore. We'll be the only shop in town that not only sells but also services bicycles.



Employing cutting-edge technologies that no one else is using is one way to stand out in our field. Take live chat, for example. According to Econsultancy, "79 percent of clients say they prefer live chat because of the immediacy it provides," although live chat adoption has been uneven across industries. Customers will be more likely to shop with you instead of your competitor if you include technology like this in my digital portfolio or on my smart watch.

Hence, the ZOOM All-in-One Model is responsive because it detects the rider's movements and gives the smoothest possible ride. Its heart is powered by unique revolutionary ideas and includes a regenerative braking system for Smart Bike and Smart Ped via backward pedalling and brakes, allowing you to travel further on a single charge.

The ZOOM All-in-One Model has an impressive range of 30 to 40 kilometres and can assist you at speeds of up to 25 kilometres per hour. Lithium batteries power its 250-watt motor. This shall give us competitive edge against the competition.

A Social Influence: The term "influencer" has become a bit of a misnomer in recent years, but its purpose as a competitive advantage is clear. If these same people know and respect our bike company, we'll receive more customers when they have a problem you can solve.

Operations

ARCELIA will focus on retail sales of five different types of high-quality, high-performance bicycles. Mountain Bikes, which include front suspension, full suspension, and no suspension, 2) Road Bikes, 3) Comfort Bikes, which are targeted toward the leisure user, 4) Hybrid Bikes that operate on and off road, and 5) Youth Bikes for kids of all ages are the five types of bicycles.



For each use, ARCELIA will carry four different brands of bicycles. Trek and Specialized combined for more than half of the specialised retail sector, accounting for 32 and 22 percent of total units sold on our website, respectively.

Bangalore's demographics and

geography make it an excellent site for a bicycle shop. The city has a significant population of youngsters and young people, both of which are heavy cyclists. We also anticipate to attract a number of college clients because a large state university is only one mile away. We will be the area's sole speciality retailer and just the state's second. We are optimistic that our store will thrive in Bangalore, which has over fifty miles of bike trails and is a hotspot for cyclists. These reasons lead us to feel that Bangalore is an excellent location for establishing a bicycle business.

The store will be open six days a week, from 10:00 a.m. to 6:00 p.m. during the week and 10:00 a.m. to 8:00 p.m. on Saturdays. Bicycle demand is seasonal, therefore we may need to adapt our schedule as demand changes, possibly closing the store for a month or so during the winter.

We believe we have located the perfect site for our company. We want to run ARCELIA out of a 2500 square foot structure on the corner of Koramangala in Bangalore's downtown area. This is a high-traffic location in the old downtown sector of the city. Major highways, railways, and airports will be easily accessible. The structure itself will require some renovations in order to meet our requirements. The facility will be divided into four sections: (1) a showroom (1000 square feet); (2) an office area (300 square feet); (3) a service area (300 square feet); and (4) other space for restrooms and storage (900 square feet).

Market Analysis:

In 2019, Asia Pacific had a market capitalization of USD 22.83 billion. The presence of big production facilities in nations like China, Japan, and India accounts for the majority of the Asia Pacific region.

The consumption rate of paddle cycles in Asia is projected to increase as a result of this. According to data from the Ministry of Economic, Trade, and Industry (METI), the value of bicycle production in Japan reached USD 579.61 million in 2018, up from USD 556.60 million the previous year. The different road cycling events organised by the various sport governing organisations in the region also contribute to the region's demand for paddle bikes. For example, the Asian Cycling Federation will have its 40th road cycling championship event in Cyberjaya, Malaysia, in March 2020.



The linked regulating organisations and enterprises in Dubai and the UAE have recently launched a virtual bicycling-related effort, which is intended to stimulate consumer interest in in-house paddling activity in these nations. As a result, the demand for exercise bikes in the Middle East is projected to increase. For example, Dubai Sports Council

launched a virtual cycling campaign called Be Fit, Be Safe in April 2020 to raise awareness about the health benefits of paddling among the country's population. Furthermore, rising population affluence in nations like Saudi Arabia and South Africa is boosting regional market growth.

Marketing Strategy:

Our marketing plan is to establish ourselves as the go-to resource for area cyclists. We provide products for the casual cyclist who likes the occasional recreational activity, as well as for children of all ages and diehard enthusiasts. The marketing plan will aim to raise customer knowledge of the products and services offered, then grow that customer base, form connections with targeted markets, and try to increase client loyalty and referrals.

Our strategy is built on excellence in the following areas:

- Product selection
- Product quality
- Customer service (including repairs and tune-ups)

The following are some of our marketing goals:

- Objective Increase annual sales by 5% while,
- maintaining a gross margin of 40% per month

Our pricing for products and services is centred on providing excellent value to our consumers. The Smart Bike will be a hybrid electric bicycle. You may enjoy the smoothest ride imaginable thanks to the all-in-one electric motor and pedal-assist technology. It has a top speed of 25 km/h and charges itself by pedalling backwards. It's ideal for getting around the city. The cost of tune-ups and repairs will vary depending on the type of bicycle, but below is a list of price ranges for our three varieties of bicycles:

- 20" – 25,000 INR



- 28" (for men and women, separately) – 60,000 INR

ARCELIA aspires to be the preferred bicycle retailer for experts and enthusiasts, as well as budget-conscious shoppers. As a result, we'll set up a pricing strategy with around half of our products in the low-cost category (5,000 to 10,000 INR) and the other half in the high-cost range (above 10,000 INR) (as mentioned above).

We will **advertise our company on** television, radio, and newspapers, as well as on our website, in printed promotional materials, and at promotional events. Our commercials will be broadcast on local television and radio stations. We'll run ads in two local dailies as well as the student newspaper at the nearby institution. We will construct a website for our company that will allow customers to contact us and examine our entire product and service catalogue. To promote special sales events, we will also use print marketing such as fliers and postcards.

References

1. <https://www.fortunebusinessinsights.com/bicycle-market-104524>
2. <https://www.entrepreneur.com/article/373611>.
3. Randall, T., & Ulrich, K. (2001). Product variety, supply chain structure, and firm performance: Analysis of the US bicycle industry. *Management Science*, 47(12), 1588-1604.
4. Puneeth, B. R., & Nethravathi, P. S. (2021). Bicycle Industry in India and its Challenges—A Case Study. *International Journal of Case Studies in Business, IT and Education (IJCSBE)*, 5(2), 62-74.
5. Rowe, K. (2013). Measuring the Economic Impact of Bicycle Facilities on Neighborhood Business Districts.