

# simplebooks

## Case Studies Summary

### Part 1



Dilmah®



ZARA



## Walmart case study

- The company with the highest revenue (\$576B)
- The company with the highest employees (2 300 000)
- Biggest supermarket chain in the world
- Founder of Walmart – Sam Walton



### Business roadmap of Sam Walton & Walmart

#### **1. Entering the retail industry**

- Walton's first job was sales trainee at J.C. Penny company in 1940
- Got fired after several years
- But developed the sales skill during the job

#### **2. Buying Ben Franklin franchise store**

- Bought 1 outlet of Ben Franklin in 1945 for \$25000 (\$20 000 loan + \$5 000 savings)

#### Had to follow 3 conditions under the franchise model

1. 80% of items should be bought from Ben Franklin suppliers
2. A portion of the budget should be allocated for marketing
3. Should hire staff

These conditions are very costly

#### **3. Market observations**

- Physically visited the outlets of competitors
- Identified one common thing -> there was something that attracted customers
- But they are not extraordinary

#### 4. The power of discounting strategy

What other retailers did - selling small quantities & keeping huge margins

What Sam Walton did - selling huge quantities & keeping small margins

	Other retailers	Walmart
Selling price	\$3	\$2.5 (discounted)
Profit per unit	\$1	\$0.5
Units	100	200
Total profit	$1 \times 100 = \$100$	$0.5 \times 200 = \$100$

#### Got 3 benefits after discounted

1. High footfall as their cheapness
2. Quick stock movement
3. High bargaining power

	Other retailers	Walmart
Units	10 000	20 000
Buying price per unit	\$1	\$ 0.9 (10% discount)

- Got a 45% increase in sales and settled up \$ 20,000 loan
- The franchise agreement has expired and no renewal clauses.

#### 5. Starting again

- Started "Walton's Five and Dime" in a new location in 1950
- Wanted to reduce the price more
- Introduced self-service concept to supermarkets
- Reduced operational cost -> Reduced prices

What others did - opening small stores in main cities

What Sam did - opening big stores in small cities

- Started "Walmart Discount Store" in 1962

Wanted to reduce the price more & more

- Replaced Wood shelves -> cheap & long-lasting steel shelves
- Extended opening hours
- Reserved huge parking slots with no fee
- Build outlets near warehouses to reduce transport costs
- Reduced advertisement budgets
- Directly bought stocks from manufacturers
- Maintained a good relationship with employees

## **Lessons from Walmart**

1. Do market research

- About the industry
- About the competitors

2. Build your USP (Unique Selling Proposition)

- What is unique about you
- Walmart -The discount store

3. Be mindful in business agreements

4. Inventory management

- In product-related businesses

5. Long term success

- Walmart- Less price->More units->Long term profits

## **Red Bull case study**

- Number 1 energy drink in the world

- Selling in 171 countries
- Sales -> 7.8 billion cans per year
- Market share -> 43% of the energy drinks market
- Red Bull founder – Chaleo Yoovidhya



## Business road map of Red Bull

### **1. Starting a pharmaceutical business**

- Started "TC pharmaceuticals" in Bangkok
- Earned a good income

With the development of the business, he also developed,

- Creativity
- Experimenting
- Curiosity
- New ideas
- Risk-taking ability

Identified a problem in the pharmaceutical business

### **2. Solving a problem**

- Energy drinks were merely a drug at that time with no colour and no taste
- What Chaleo wanted – an energy drink with colour and taste, not as a drug but as a normal drink
- In 1976 he created 'Kratingdaeng'

### **3. Target audience**

- Booming labour market in Bangkok at that time

- Targeted labourers and heavy workers – truck drivers, taxi drivers, factory and construction workers, farmers
- Marketed as an energy drink which increases the speed, attention and energy
- Also exported to Singapore and Hong Kong

#### **4. Entry of Dietrich**

- Friedrich Mateschitz – an Austrian sales and marketing expert
- During a corporate trip in Thailand, he got a chance to taste 'Kratingdaeng' and was shocked by the taste
- Lipovatin was the market leader of energy drinks at that time
- Lipovatin founder was the highest tax payer in Japan
- Dietrich saw a big opportunity
- Energy drinks were catered most in the Asian market
- Got an idea to go with 'Kratingdaeng' in the European market

#### **5. Customer feedbacks**

- Dietrich explained his vision to Chaleo and decided to take the business to the next level
- Invested \$1 million in the business (\$500 000 each)

Dietrich started taking feedbacks

Some said,

- Disgusting
- Sticky
- No taste

Amidst negative comments, Dietrich believed his gut feeling

#### **6. Product development**

Dietrich made 5 changes to take the business to the next level

**i. Target market**

Whole European market -> Austria

**ii. Product name**

Kratingdaeng -> Red Bull

**iii. Ingredients**

Drug/medicine-> carbonated tasty energy drink

**iv. Shape of the can**

Big and short -> slim and silver

**v. Marketing strategy**

Production and filling – outsourced

Marketing – in house

**7. Red Bull marketing strategy**

Targeting student club events

- Parties, events, night clubs, festivals, gatherings, functions, beach parties, college events

Entering to the extreme sports industry

- Organized extreme sports events such as Skating, BMX riding, Board riding, Freeride world tours, Roller coasters, Drift shifters, Red Bull rampages, Snowboarding, Soccer, Windsurfing, Formula 1 racing
- Football team ownership
- Athlete training
- Red Bull Games
- Red Bull Parks
- Red Bull Arts

**Lessons from Red Bull**

1. Everything starts with a problem

## 2. Don't sell to everyone

Red bull -> first Bangkok labourers and then Austria market

## 3. Your first product is not the best product

- Facebook -> site named 'Hot or Not'
- Netflix -> a DVD rental shop
- YouTube -> a dating site
- Instagram -> a traveling app
- EGB -> a drug/medicine
- Red Bull -> a normal energy drink called 'Kratingdaeng'

## 4. Sometimes you have to listen to your gut feeling

## 5. Focus on one product

## 6. Don't sell a product, sell a feeling

- Apple -> lifestyle
- Coca Cola -> happiness, entertainment
- Red Bull -> energy, adventure, sportive, active

## **Dilmah case study**

- 10<sup>th</sup> largest tea brand in the world in 2023
- 18<sup>th</sup> most valuable and strongest brand in Sri Lanka
- Founder of Dilmah – Merrill J. Fernando



### Business roadmap of Merrill J Fernando and Dilmah

## **1. Entering the tea industry**

- Got a job as a tea taster in a tea factory
- Gained a lot of knowledge about tea and the tea industry during the job
- Had a passion and a vision other than anyone about the tea industry



## **2. Market observation**

Observed 3 important things while studying the industry

- i. The Ceylon tea industry was abundant with sellers at that time  
Sellers were going after profits and never cared about the quality of the products and the industry ethics
- ii. Sellers used celebrities to promote their products

They were people at least who didn't use Ceylon tea even

- iii. The way how foreign sellers did marketing and branding tea

They used to import Ceylon tea from Sri Lanka and mix them with cheap quality Indian and African tea, then marketed them as Ceylon tea

- Came across an idea for his own tea brand at the age of 24
- But for a period of another 34 years, he spent his time studying things about the tea industry
- He was ready to bring the real Ceylon tea back at the age of 58

## **3. Downfall of Ceylon tea**

The 'Ceylon tea' brand had been hugely destroyed then because of the multinational companies

2 main reasons for the downfall

1. Almost all the small tea family businesses were acquired by these multinational companies to make a monopoly in the market
2. Then they started to eliminate the brand name 'Ceylon tea' from the market to earn high profits

## **4. Birth of Dilmah**

Identified 3 things to build a game-changing tea brand.

1. A good brand name
2. A good promotion method

3. The well-being of all the stakeholders

Got 3 super powers After starting the business

### **Superpower 1 – Background story**

Merrill J. Fernando had a good background story to tell-

- 34 years of journey
- Personal experience
- Difficulties and challenges faced

Storytelling is essential to build up a memorable brand. If you have a good story to tell then you can charge a premium

### **Superpower 2 – Brand personality**

The face of Mr. Merrill J. Fernando became the personality of the brand

### **Superpower 3 – Brand authenticity**

The way they named their brand showed the authenticity of the brand

## **5. Entering the international market**

Entered the Australian market for the first time.

**Game-changing moment** -> Customers who bought Dilmah tea had very positive experiences. They felt like the traditional 'Ceylon tea' was back. That was the best thing heard by Merrill J. Fernando in his life

## **Stages in your business journey as per Merrill J. Fernando**

First stage – Starting your business

Second stage – Failing stage

Third stage – Identifying the correct way of doing

Fourth stage – Profitable stage

Fifth stage –

Either You can be wealthy or You can continue your business growing the community

Merrill J. Fernando wanted the second one.

## Lessons from Dilmah

1. Identify a good problem to solve

Market observation -> problem identification

2. Customer is the king

People liked 'Ceylon tea' very much

3. The power of personal branding

- Kapruka – Dulith Perera
- Apple – Steve Jobs
- Odel – Otara Gunawardene
- Caltex – Kishu Gomes

Use your personal brand when you start a business.

## Starbucks case study

- 80+ countries
- 32000+ outlets
- The brand which created a lifestyle with coffee
- Starbucks founders – Gordon Bowker, Jerry Baldwin, Zev Siegl



### Business roadmap of Starbucks

#### 1. The first business idea

- Bowker Had a cappuccino in Rome while travelling and it tasted so good and different than coffee in the USA
- Gordon started comparing the things and discussed with two friends
- USA consumers were consuming low quality instant coffee at that time
- They wanted to bring that coffee market to USA

- Started the first outlet of Starbucks in 1971 and served as a retail store
- Had 4 outlets by 1981

## **2. Entry of Howard Schultz**

- Howard was the vice president of a company which supplied goods to Starbucks
- He saw something special in Starbucks and wanted to work in it
- After about 1 year, Starbucks founders decide to hire Howard

Howards also went to Italy and observed 3 things than a product

### 1. Relationship with customers

Had been maintained a good relationship with customers

### 2. Customers visited coffee shops not only to drink coffee. But also,

- To relax
- To get chilled
- To do office works

### 3. Coffee shops were like a landmark between workplace and home

had a separate community around those

## **3. Selling an experience**

Howard understood that Starbucks is only selling a product not an experience

But founders rejected to implement this idea highlighting 3 things

1. Starbucks was only a retail store, not a bar or a restaurant
2. shifting the business model is not easy
3. there was a risk

In 1985 Howard left Starbucks

#### **4. Starting another coffee business**

- Howard had a vision and believed himself in the middle of a lot of criticisms

He once said,

***"we're not in the coffee business serving people. We're in the people business serving coffee"***

- He made a lot of effort to bring the experience to the coffee business
- Howard's new coffee shop successfully did the business for 2 years

#### **5. Buying Starbucks**

- Starbucks founders decided to sell Starbucks for \$3.8 million and Howard bought it
- Now all the coffee shops including his one are under the brand name of "Starbucks"
- Howard became the CEO of the company
- He restructured the coffee-selling business, from a product-centric business model to a customer-centric business model
- Customer service and customer experience were their main weapons
- Aggressively expanded the business to other countries
- A newspaper had reported almost 7 outlets were being opened every day, somewhere on the earth
- Howards stepped down as CEO of Starbucks and moved to the new position of Chief Global Strategist to help the company expand internationally

#### **6. Problems faced**

With the aggressive expansion of the business Starbucks had to face 3 problems

### 1. 2008 financial crisis

Stock prices of Starbucks dropped

### 2. Reduced attention on the basic concept of the company

With the aggressive expansion, Starbucks lost their vision of giving customer experience rather than merely a product.

### 3. Demand vs supply

Starbucks failed to serve the world's demand because of the shortage of goods

## **7. Solutions made**

Howard became the CEO of the company again in 2008.

### Took 4 actions to manage the business

#### 1. Close down unwanted outlets

- Closed down over 600 outlets round the world

#### 2. Stabilize the customer-centric, customer experience selling business model

- Removed automatic coffee machines and started to manually make coffee again
- Started grinding coffee in their outlets (as the smell of coffee was unique)

#### 3. Training sessions for employees

- Temporarily shut down over 7000 outlets in the USA for 3 years on the same day at the same time and held a training session for employees

#### 4. Launch a website called 'mystarbucks.com'

- Started to take feedbacks from customers

### Implementations of Starbucks according to their customer feedbacks

1. Giving free coffee on birthdays
2. Giving free Wi-Fi in their outlets
3. Music in the outlets
4. Privileges to the loyalty customers

## **The future of Starbucks**

### **1. Starbucks effect on real estate**

A Starbucks outlet can have a huge effect on the neighborhoods that surround them. A new Starbucks outlet opening increases home and property values

### **2. Starbucks operations like a bank**

Just like how a bank collects cash deposits from its customers, Starbucks collects large amounts of cash from its members through its loyalty program.

## **Lessons from Starbucks**

1. You don't need to do innovations all the time. Sometimes you can copy someone's idea and build a successful business model.
2. Starting, growing, and scaling are 3 phases of a business. do them wisely when the right time comes.
3. Identify the right persons who can take your business to the next level. (Ex: Howard Schultz in Starbucks)

## **Pringles case study**

- 3<sup>rd</sup> best and popular chips brand in the world
- A proud product by Procter & Gamble



### Business roadmap of pringles

#### **1. Starting P&G**

- In 1837 William Procter and James Gamble started P&G (Procter and Gamble) in the USA
- William was a candle maker and James was a soap maker in profession
- P&G started to make things like soap, toothpaste, detergent etc.

#### **2. The potato chips industry**

Chips were a cheap and tasty snack and they were available everywhere at that time.

### **3. The four main problems**

P&G decided to enter into chips industry

Observed 4 main problems in chips industry

1. Chips lost their freshness soon after the packets were opened
2. Chips were crushed in the packets
3. Chips powder on the hands
4. Chips packets were filled with a lot of air

### **4. Upgrading the consumer experience**

- P&G brought a man called Fedric John Baur to the company
- He was a scientist and a food technician, an expert in the industry

Fedric suggested 2 innovations to the company

#### **Innovation 1 – unique shape**

- Introduced a unique shape to chips called 'hyperbolic paraboloid'

#### **Innovation 2 – tube-shaped can**

- Introduced a tube-shaped cardboard can instead of packets

Fedric did research for about 2 years to develop the product

#### **1. Adding flavors**

Fedric brought Alexander to the company in 1960, an expert in the industry

Alexander could find some unique flavors after his experiments

In 1968 they introduced Pringles to the market targeting a small audience in the USA market

Unfortunately, the product did not do well in the market

#### **2. The reality of consumer behavior**



They began to study Pringles consumers to find out the reasons

Found out the following 2 main reasons

1. The flavor was not enough to the customers
2. Eating chips were not funny like before to the customers

Ex: People used to find out the biggest chip in the packet before eating and all were the same size in Pringles and they were not crushed.

P&G did better to take a low-level product to a higher level by innovating, packaging and branding. they understood that there was no problem with the product, the problem was with consumers. consumers could take some time to shift from their normal habits and accept the changes

P&G decided to the following, letting the customers do their part

1. Rebranded their name to "Pringles Crisps" showing the ingredients
2. Pringles Crisps expansion
  - Expanded pringles to the international market and added more flavors
  - Launched a marketing campaign called "Fever of the Flavor" with a huge budget

With the time, Pringles became the best performing brand of P&G in the 1970s

Pringles earned 1 billion dollars in revenue in the 1990s.

## **Lessons from Pringles**

1. Study your consumer behaviour A to Z
  - Problem of the customer
  - Why your customer needs your product
  - How your customer uses your product
  - How the customer feels like after using
2. Your first product is not the best product
3. Validate your business through a focused market

## Tata nano failed case study

- The world's cheapest car
- Just INR 100k only



### Reasons for the failure

#### **Reason 1**

- The word cheap is associated with low quality and breakable
- Tata Nano's price was ok. because they were able to save huge costs on engineering, production and design
- But the problem was with its positioning in the market
- Ford was positioned as the most affordable car
- The world cheapest car – a bad positioning
- When it is said "cheap", feelings like low quality and breakable come to the consumer's mind intuitively
- Tata Nano's shape was bit confusing, just like an advanced version of a three wheel
- The firing incidents after accidents of Tata Nano cars had been responded badly by the competitors and they highlighted the word 'cheap' here also

#### **Reason 2**

- Tata Nano team worked towards the vision of "car for every home in India"
- Their target audience was tier 2 and tier 3

Tier 1- developed and advanced cities with a higher level of population

Tier 2 and 3 – developing cities with a moderate level of population

Tier 1 in India

- The size of a family is a bit small. Average 3-4 persons in a family
- Roads are good and comfortable to drive

Tier 2 and 3 in India

- The size of a family is a bit large. Several families are living under one roof.
- Roads are a bit poor

Only a few passengers can travel in a Nano car and a high-performance vehicle is needed to travel on those poor roads.

### **Reason 3**

- Tata Nano became a threat for bike manufacturers in India. A person could buy a motorbike for about INR 65 000. A nano car could be purchased for INR 100 000. So a person intended to buy a motorbike could buy a Nano car affording a little bit more.
- A person who had a car was considered as a successful person in India
- But having a Tata Nano car didn't mean the person was successful. Because anyone could afford it.
- And people began to equate a Nano car to a motorbike
- But the worst case was a bike was also having a dashing hero smart look, but a Nano car didn't have that appearance
- And also, people considered that buying a motorbike or a used Alto car was more valuable than having a Tata Nano.
- A person willing to shift for a car from a motor bike never took Tata Nano option
- Ultimately Tata was positioned between An Alto car and a motorbike.

There are 4 ways of positioning a product in the market

1. Emotional value
2. Financial value
3. Performance value
4. Relational value

The worst case was Tata Nano wasn't positioned in any of these 4 ways in the market.

### **Reasons**

1. A product is positioned as emotional if that particular product gives you the sense of dreamy or luxury. Most people buy cars because of that emotional value as it gives

you self-respect and esteem. Tata Nano hadn't that features, since the beginning it was positioned as 'world's cheapest car'. That 'cheap' factor doesn't come under emotional value at all

2. A product is positioned as financial if the particular product is affordable than others. Tata nano had that features in the beginning as it was the cheapest car in the market. But when the inflation hit the economy, the prices went up to about INR 150 000. A price sensitive market like Indian market didn't accept this. Because they had known that buying a motorbike or a used Alto was more valuable option

3. If the product has advanced features, high quality and performance, then it positioned under performance value in the market. Nano hadn't these attributes. Even the shaped wasn't liked by anyone

4. If the product can be customized on behalf of you, then it comes under relational value. Unfortunately, Tata took 22 months to deliver a car if someone ordered

## **Nike case study**

- The leader in the footwear industry
- One of the greatest inspiring brands in the world
- One of the biggest sportswear companies in the world
- Founder of Nike-Phil Knight



### Business roadmap of Nike

#### **1. The first idea**

- Phil had a passion of doing something creative and different since his teenager hood
- Had a strong bond with shoes as he was a runner
- Came up with an idea of importing shoes from Japan

Why shoes and why from Japan - he had a bond with shoes and did research on 'Japanese camera market' at the university

## **2. Import and distribution**

- With the intention of getting into the shoe business Phil visited tigers shoe company in Japan
- Phil saw that the USA market for shoes would do better in the future and the options available for people were limited
- Phil got into an agreement to import shoes from Tigers company showing the future profitability from the business.

## **3. Blue ribbons shoe company**

- Phil named his business 'Blue Ribbons Shoe Company', a business which imports Shoes from Japan and sells them in the USA
- The first bulk order from Tigers company was 12 pairs of shoes
- He wanted to take his business to the next level and then Phil's running coach, Bill joined the business

The strength to the business was Bill was an innovative person

In 1964 Phil and Bill invested \$1000 in the company and imported 300 pairs of shoes for \$3.33 each

They sold 8000 pairs of shoes in the first year and the revenue was \$25 000

in 1969 they were able to earn a recorded profit of \$300 000

## **4. Challenges**

Faced 4 main challenges

1. The supply of shoes was not enough to meet the demand of the USA market
2. The capital was limited to expand the business
3. Threats came from USA shoe manufacturers
4. Pressure came from the Tigers shoe company to acquire the business

## **5. Product innovation**

Bill always tried to do some innovations with the shoes

### Observations

- People in the USA need a tighter grip on shoes than people in Japan
- One day when having breakfast with his wife he noticed the shape of the waffles made from waffle makers.
- Got an idea to apply this shape to shoe grips also
- Designed a proto-type and tested it
- Thought that the product would be successful in the market

## **6. Birth of Nike**

- After terminating the contract with Tiger shoe company, Phil and Bill made sub-contracts with several suppliers-they didn't need to depend on one supplier anymore
- In 1977 an aerospace engineer came to them with a strange idea. His point was injecting air into shoe grips increases the speed and momentum of the runner
- Designed a proto-type and tested it again
- Thought that the product would be a massive success in the market
- After taking the product to the next level by innovation they paid their attention to branding

### Primarily did 4 things

#### 1. Brand name

Nike – the goddess of victory

#### 2. Brand logo

That iconic 'right' mark

#### 3. Influencers

- Serena Williams
- Michael Jordan
- Tiger Woods

4. "Just do it" marketing campaign

## **Lessons from Nike**

1. Validate your idea first

Use asset light model when starting the business specially if you are low on budget

2. Customize for each market

Be a category leader and then expand

## **Zara case study**

- One of the greatest fashion brands
- Biggest clothing retailer in the world
- A semi luxury clothing brand
- 2200 stores in 88 countries
- Zara founder - Amancio Ortega



### Business roadmap of Zara

#### **1. Target market**

- One thing Amancio realized was people tend to show that their status is higher than others in whatever age they are in.
- Women between 18- 35 years tend to show their status by the outfits they wear
- The most of that group care much about the uniqueness of the dress rather than the quality
- Amancio thought that it was better to buy more quantity from medium quality materials rather than less quantity from quality materials with the same budget
- Another thing Amancio realized was luxury outfits were dressed by people like actors, singers, celebrities etc.
- had an idea to sell luxury outfits for a bit lower price but not that kind of luxury. This concept led to a semi-luxury brand

- Realized that designer outfit prices are high because of the process involved in getting them to the customer's hand. More middlemen had involved in the process

**Designer -> Warehouse -> Store**

## **2. Own supply chain management and in house manufacturing**

A main reason for the success of Zara is they are keeping the control of their supply chain management and in house production of garments

### Advantages

1. Could reduce time and cost of manufacturing
  2. Speed and flexibility in order fulfillments
  3. No overstocks and stock wastages
- Restore of high selling items-within 2 days
  - New fashion designs-within 14 days

## **3. Fast fashion and quick supply chain**

***"We are not first, we are fast"***

40 000 new designs per year->release 12 000 designs to the market

## **4. Zero advertising policy**

No million budgets for promotions. Spent them to open stores, improve product quality

Got promoted by word of mouth (customer feedbacks, comments, recommendations)

## **5. 4E concept**

Followed a concept called 4E instead of 4P

### **Product-Price-Place-Promotion**

- Product-> Experience
- Price -> Exchange



- Place -> Every place
- Promotion -> Evangelism

## **Lessons from Zara**

### 1. Use your career capital

Zara founder used his 10 years of experience in a tailor shop to start the business

Use your field of working as the career capital

### 2. Study your target market

Target market of Zara-> women between the ages of 18-35 who are looking for uniqueness over the quality

### 3. Build your value chain

Zara build their value chain by in house manufacturing of dresses and their own supply chain management

## **FedEx case study**

- 2nd biggest courier service in the world
- 1st air courier service in the world
- Founder of FedEx - Fredrick Smith



## Business roadmap of FedEx

### **1. The business idea**

- Smith did research about "a shipping company that works in time" at his university
- joined an aircraft maintenance company at the age of 26

He studied and understood about 3 aspects in the delivery industry

- Cost
- Speed
- Market gap

His intention was to building something so that people and companies could easily deliver their products

## **2. Market problem**

5 main problems in the delivery industry at that time

1. People could deliver products only through commercial passenger planes
2. Only military people could deliver products through military planes
3. No way to deliver products to small towns, villages
4. Cost per delivery was decided on the space, not on the weight or distance
5. It took 10 days to deliver a check by the federal bank

## **3. Starting the business**

- Smith had an idea and also there was a market gap. But the problem was starting capital
- Smith got 4 million dollars by his father's inheritance
- He wisely pitched the federal bank and conveyed his idea of reducing the check delivery time for 24 hours, the bank agreed
- Smith bought 2 falcon jets for 4 million dollars and started check delivering in 1971
- But for the business he wished, wanted another 90 million dollars and raised it from a bunch of investors
- In 1973 he officially started the business "FedEx Express"
- Could deliver 186 packages to 25 cities in the USA in the very first day

## **4. Challenges**

- Lost 30 million dollars within 26 months due to the increment of fuel prices
- Only \$5 000 were in Smith's hands
- As he had nothing to lose, gambled and was able to find 27 000 dollars. Settled off the fuel bill of \$24 000

## **5. Growing the business**

Took 5 actions to grow his business

### **1. Increasing the capital**

Through his network and ability could raise 70 million dollars from 20 investors

Listed the company in the stock market

### **2. International expansion**

Launched FedEx international service in 1984

Bought small courier services all over the world including TNT express

In the USA the number 1 delivery company was UPS. but internationally FedEx became the market leader

### **3. Technology**

The first delivery company which brings technology to the delivery industry

### **4. Hub and Spoke model**

2 business models used in the delivery industry

- Point to point model
- Hub and spoke model

Ex - if you use point to point model in 6 locations you need 15 aero planes to travel from one location to another

But in the hub and spoke model you only need 6 aero planes

Only one hub to deliver goods-easy to maintenance and expansion

## **5. Unique selling proposition**

Identified own USPs (Unique Selling Proposition) and developed them

- UPS - leader in ground delivery
- FedEx - leader in aircraft delivery

Had a high delivery speed than UPS

Acquired assets than UPS (trucks, employees, aero planes)

## **Lessons from FedEx**

1. Identify market gaps
2. Validate your idea first
3. Identify your competitive advantages
4. Use technology whenever you can

## **Oreo case study**

- Most popular cookie brand in the world
- Best-selling cookie brand in the USA
- 34 billion sales per year
- Founders of Oreo - Jacob Loose, Joseph Loose



## Business roadmap of Oreo

### **1. The beginning**

- In 1880 Loose brothers started a bakery for biscuit manufacturing
- Food businesses are highly regulated by law, so to expand the business they partnered a lawyer to the business and started "American Biscuit Manufacturing Company"

- Jacob Loose - President
- Lawyer - General counsel
- Joseph Loose - Board member
- And the company became the second biggest bakery in the USA
- Had two main competitors and they competed with each other to win the pricing wars for 7 years

## **2. Two companies**

- Joseph realized that building a partnership with two competitors was the best strategy to finish the pricing war as it seemed to be never-ending
- Started a company called "National Biscuit Company-NABISCO" partnering with competitors
- Jacob left the company as he didn't like the partnership and started a new company called "Loose Wiles Biscuit Company" (Today- Sunshine company)
- Jacob could make his business the second largest bakery in the USA
- Market leader was his brother's "American Biscuit Manufacturing Company"

## **3. First ever - Hydrox biscuit**

- Hydrox biscuit became the signature wheel of Sunshine company in 1908
- This was the first biscuit manufactured in this shape
- While NABISCO was the biggest bakery in the USA, Hydrox became the best-selling cookie in the USA

## **4. Copycat - Oreo biscuit**

- NABISCO brought the game changing product "Oreo" to the market to compete with Hydrox

## **5. Downfall of Hydrox**

### 3 reasons for the downfall of "Hydrox" and for the rise of "Oreo"

#### **i. Price**

Two biscuits were in the same shape, same colour, same taste

But NABISCO priced Oreo lower than Hydrox

#### **ii. Poor advertising**

Hydrox wanted to convey the message that they were the original and Oreo was a copycat and the

So, the way that Sunshine company advertised was rejected by their customers

#### **iii. Product name**

The name 'Hydrox' was just like a chemical name

Product was positioned in some people's mind as a chemical thing

### **6. End of the game**

- NABISCO doubled their marketing campaigns and relaunched Oreo at a premium price
- Got a license for the name "Oreo" so that they could name other products under "Oreo"
- Finally, the original-Hydrox failed in the market and Oreo became the market leader
- Hydrox tried to be the market leader again in numerous ways. But it didn't work

### **Lessons from Oreo**

#### **1. Branding and marketing**

Brand name, brand positioning, brand building, launching, relaunching, brand expansion, brand pricing- these things can build a brand or ruin a brand