



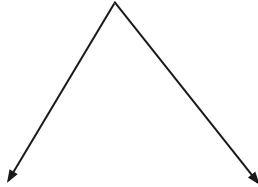
Nepaleo: Market Entry Framework

Nepal Economics Olympiad | 2022
Business Case Analysis

Team **Irving Fisher**

Executive Summary

What



Mineral water (Domestic) Himalayan water (International)

How



- Plant in Dhankuta
- Use of PET material

When



- Initial production (2023)
- International expansion (after 2026)



Domestic Barriers to Entry



Technical

- Start-up cost
- Economies of scale

Legal

- Standard/Regulations
- Licenses/Permits

Water Source

- Extraction of water
- Manufacturing the plant

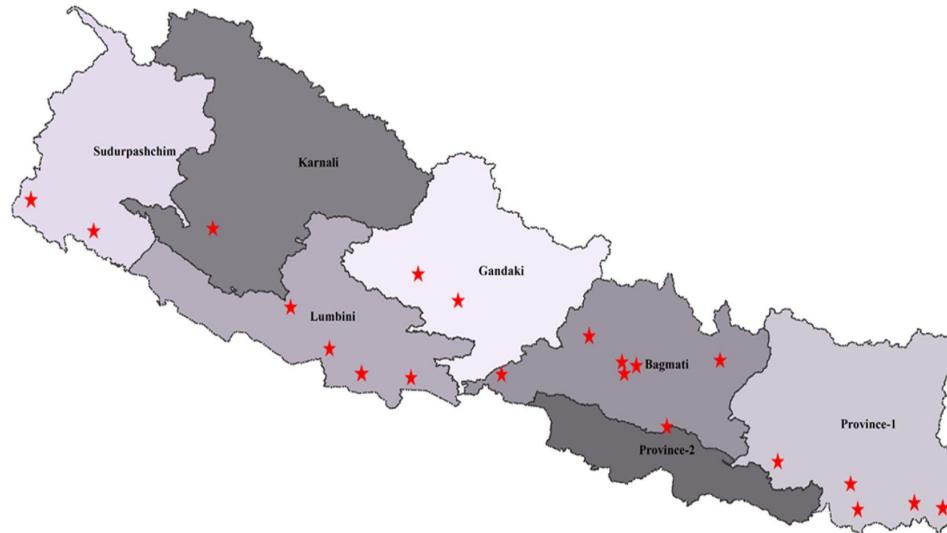




Domestic Market Size Analysis

- 54 Million USD market price in 2015
- CAGR 8.1%
- Expected that the market share will be 12 arab market share in 2023.

Domestic Market of Mineral Bottled Water





Strategic Plan

- Creating a Nepali Brand in face of International Brands
- R&D Expenditure
- Exploiting economies of scale
- Cost-effective packaging and bottling.

Manufacture, Distribution & Pricing

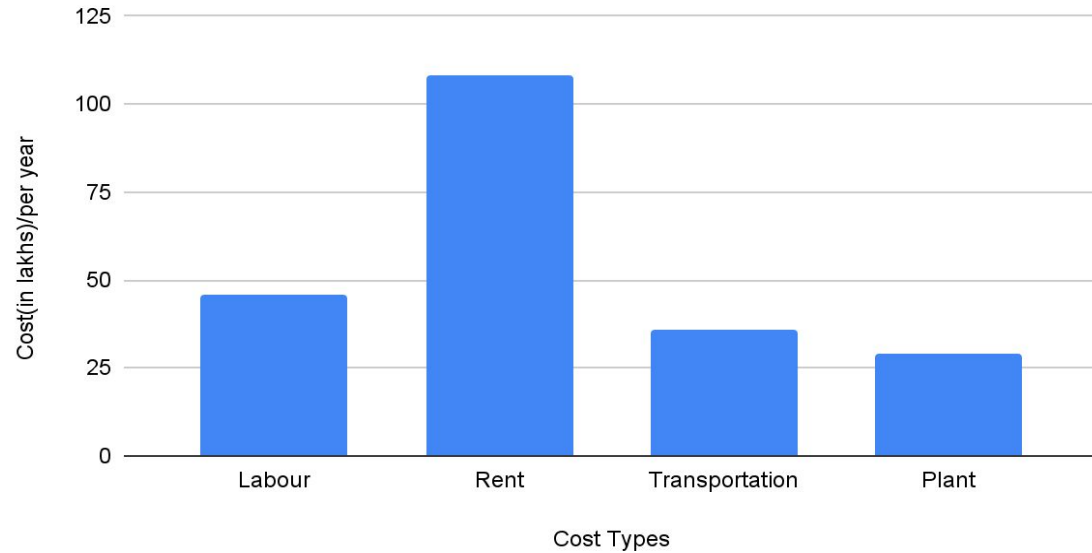
- Semi-Automatic Plant(2000l/hr capacity)
- Two product lines
- B2B supply chain
- Unit price to wholesalers: Rs. 10 -12



PET (*polyethylene
terephthalate*)

Cheapest Material Rs. 5/litre

Cost Projection





Payback Period

Year	Cash flow (in lakhs)	Cumulative cashflow (in lakhs)
2022	-137	
2023	-70	-207
2024	50	-157
2025	170	13
2026	290	303
	Payback Period = 3 years(approx.)	
	IRR=2.223%	



International Barriers to Entry



Technical

- Start-up cost
- Economies of scale

Brand Loyalty

Strategy

- Limit pricing

Legal

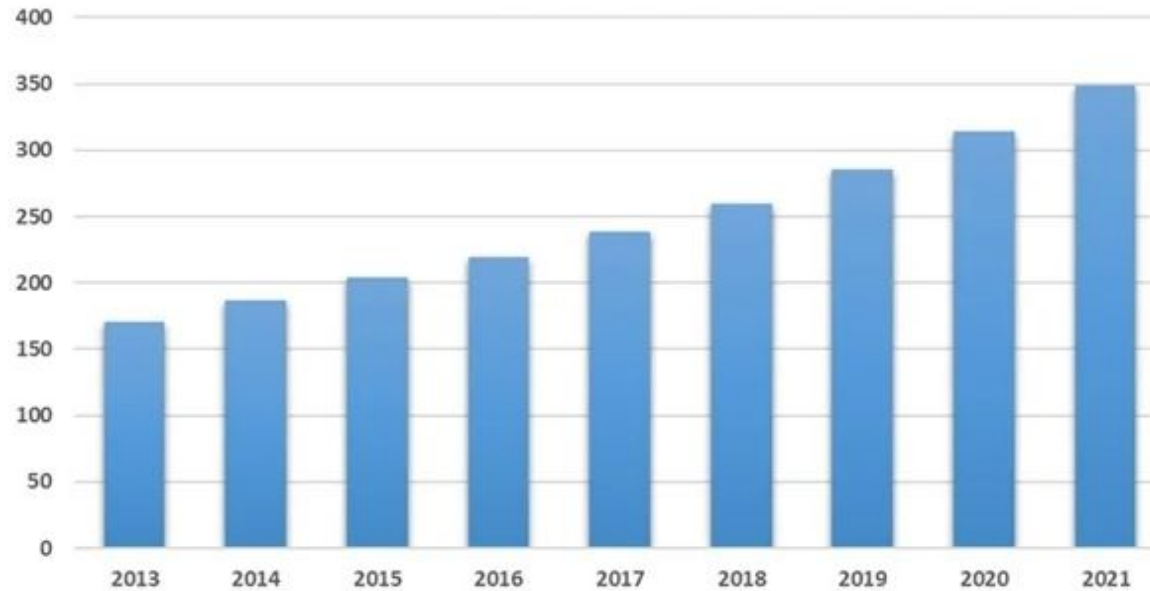
- Standard/Regulations
- Licenses/Permits



International Feasibility

- Ever- increasing demand for healthier lifestyle
- Prospect of International Grant (subsidy)
- Promoting product as “The Natural Taste of Himalayas”

Global Bottled Water Market, Market Size, 2013-2021, Value, \$ Billion



Source: The Business Research Company



Projected International Target Market

- Europe
- Japan
- China
- HongKong
- Singapore
- South Korea
- Italy
- United States of America
- Gulf countries



International competitors

Indirect Competition

- Bisleri International
- Agro Tech Food
- Parle Agro Products Ltd.
- Coca Cola Beverages Ltd.
- Pepsico International

Direct Competition

- Himalayan Water (India)
- Rasuwa Water (Nepal)
- Himalayas on Top (Nepal)

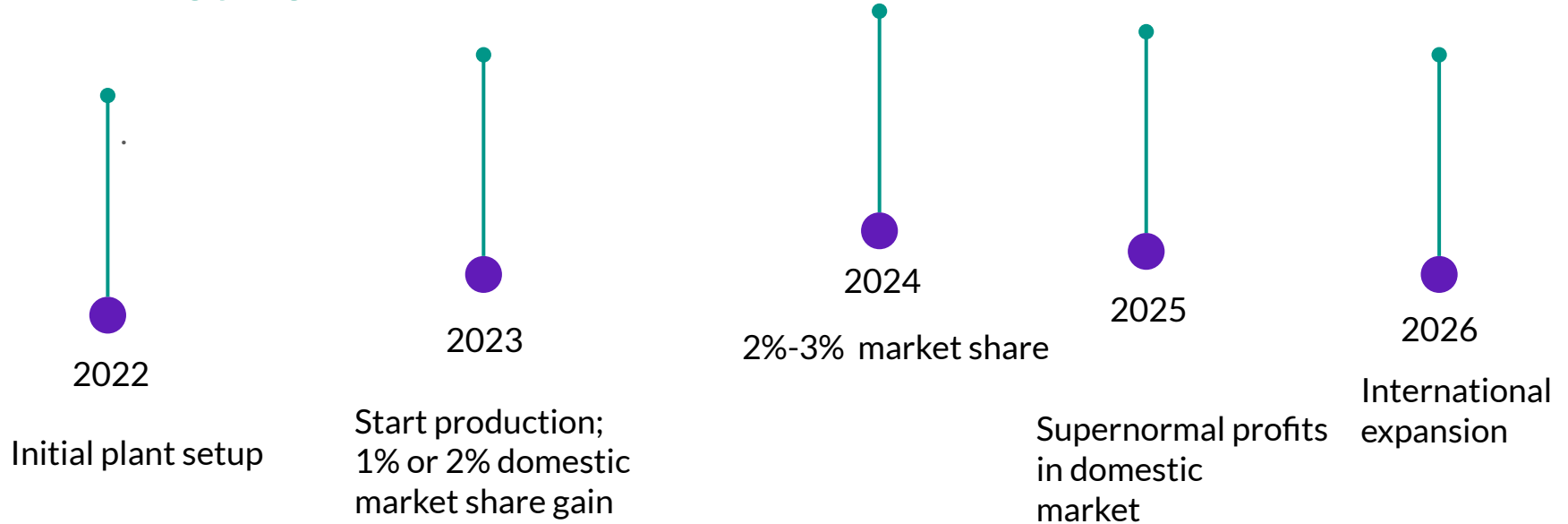


International Pricing & Expansion Strategy

- Premium segment target group with a preference for supreme quality of water
- Price per unit: 2.5\$-3\$ per litre
- Gaining market share in domestic market & reinvesting in international market
- Exploiting the gift of nature to lead as a mineral water producing firm by offering superior taste.



Timeline





Conclusion

- Nepaleo has to start off with major need of cash for which it can choose source of funding it seems fit
- It would take around 3 years for the firm to reach break-even point
- After setting a stronghold in its domestic operations, it can further export to international market with the help of government subsidies and other available resources.



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