ABBOTT BUSINESS CHALLENGE 2.0

TEAM: KNIGHT RIDERS

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Mechanical Engineer by qualification, Innovator by passion

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Civil Engineer by qualification, Designer by passion

PRIMARY RESEARCH

We conducted the primary reseach over 122 young adults among the students from NIT Calicut and IIM Kozhikode. The important points of the survey are:

40%

of the customers check the detailed product review/ description before making a purchase

5 IN 8

customers are driven by the expert(Doctor/-Pharmacist) advice.

3 OUT OF 10

customers buy products from professional Spas (Naturals hair saloons, Greentrends)

3/4TH

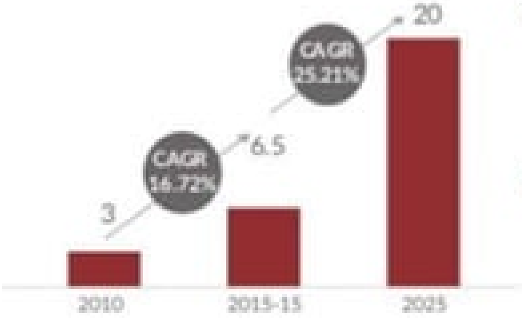
of the people choose product based on the func-tionality of the product

57

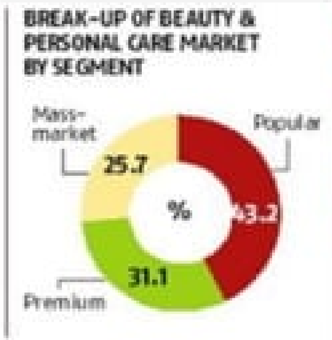
out of 120 of the customers are willing to experi-ment and try new skin/hair care producrs

Both quality and value for money are being sought by consumers. Also, there has been a rising aspiration among Indian men to look better groomed

MARKET OVERVIEW

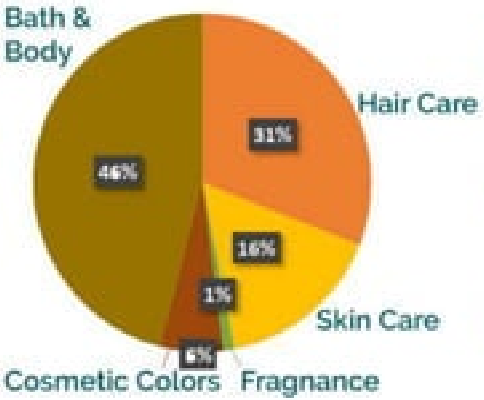


- The Indian personal care industry is majorly categorised into skin care, hair care, oral care, fragrances, and colour cosmetics segments.
- It currently has an overall market standing of USD 6.5 billion and is expected to grow to – USD 20bn by 2025 with a CAGR of 25%.



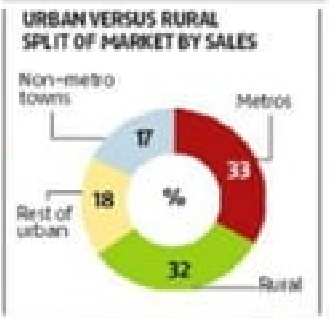
Popular and premium segments lead the market

There is no advantage is stepping in Mass-Market



- Under Hair Care Hair ,oil has a market share of about 57%, followed by hair shampoo
- Under Skin care ,facial care products share 34% of total market share
- Increase in demand for herbal (Natural) products especially in South India

Metro, Non -metro & Rest of Urban Constitutes 68 % of the total sales



Sources:

1. IBHA- Atkearney "Demistifying Future of beauty and personal care
2. ARGUS CPMO survey

EVOLUTION OF CHANNELS

Pre 2000

- Departmental Stores
- Price
- Direct Selling

2000-15

- Supermarkets
- Brand Outlets
- Online Stores
- Via Kiosks

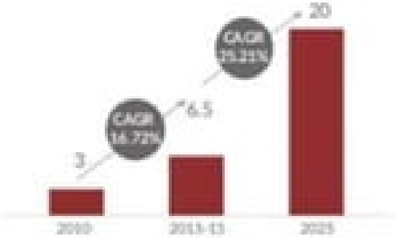
2015 +

- Internet Retailing
- Bloggers stealing Consumer trends
- Professional Hairdressers/ beauticians
- Beauty Technique Training to E-commerce

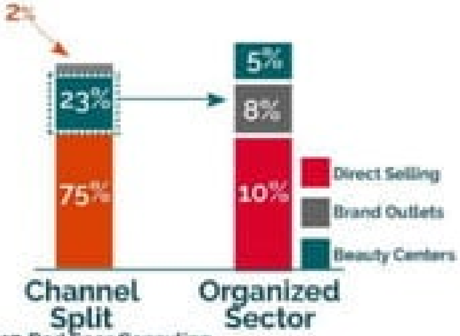
KEY TAKEAWAYS

- Blogs, Social Media Write-ups etc are important tools in online promotion
- Online health consutation platforms are boosting in the age of information
- Advice of beauticians and Hair-dressers also plays a major level of importance

ORGANIZED VS UNORGANIZED SECTOR



COSMETICS MARKET SIZE



Source: Indian Cosmetic report 2017, Red Seer Consuling

KEY TAKEAWAYS

- Unorganized channel caters 75% of total cosmetics market
- Organized sector caters to 23% of channel split, in which online sector serves only 2%
- The unorganized sector keep inventory of the price not more than 1000 per product.

CONSUMER BEHAVIOUR

Factors affecting Product Choice

Factors affecting Brand Choice

Source : NASCOM Report

KEY TAKEAWAYS

- Functionality of the Product(like anti-acme, anti-ageing) is given highest preference in choosing a product
- Brand Image and Advertising play a major role in preferring a brand
- Advice of sales person & word of mouth also plays a moderade level of importance

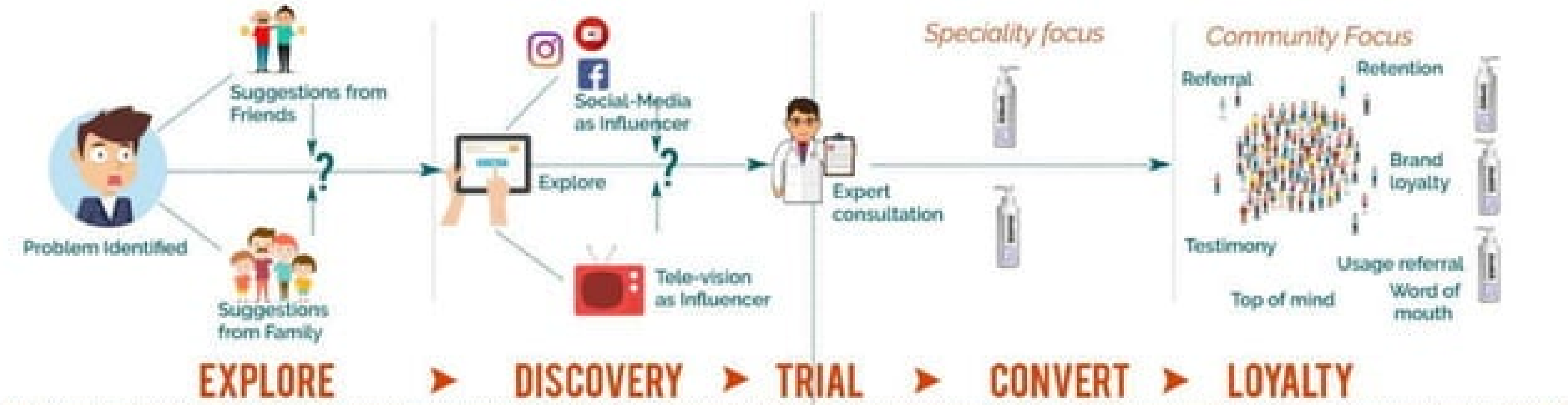
INFULENCERS

		Cosmeceutical Product Type						
S.No	Influencer	Anti-Aging products	Acne products	Anti-Wrinkle Products	Suns Cream Products	Facial Foams	Fairness Creams	Day and Night
1.	Myself	4.2	3.3	3.3	18.3	22.5	20.2	30.8
2.	Male Friend/Husband	0	0.8	1.7	6.7	5.8	5.0	0.8
3.	Wife/Girlfriend	0	0.0	1.7	0.8	10.8	2.5	8.3
4.	Parents/Relatives	0	3.3	13.3	1.7	8.3	1.7	17.5
5.	Doctors	6.7	30.8	2.5	1.7	5.8	3.4	1.7
6.	Parlours/Saloons	0.8	1.7	10.8	8.3	14.2	40.3	4.2

Source : Indian Cosmeceutical Market: A Study of Consumer Preferences and Consumption Patterns

DRIVERS

CUSTOMER JOURNEY MAP



- In the initial two phases customers identify the problem and looks for ready solutions (from family, Close peers)Explores-Media (online and Offline)
- Data Source: Online seracch data, TRP views ,Advertise-ments, product equiry
- **EXPLORE:**
  In the initial two steps the idea is make the customers dis-cover the product as a solution to their problem and market the functionality

- In the initial two phases customers identify the problem and looks for ready solutions (from family, Close peers) ExploresMedia (online and Offline)
- Data Source: Saloon sales data, Dermatologists data-base, online expert reviews, referral sales
- **CONVERSION**
  In the next two steps, the motive is to get the customers to try the product and convert the trial to repurchase.

BENCHMARKING

TOUCH POINTS

Hair/Beauty care centers

Pharmacists

Dermatologists

E-Commerce

MEDI DERMA

Consumer Touch Areas

- Medical Stores
- Pharmacist/Doctor Prescriotion
- Health care centers
- E-commerce (Healthkart, 1mg etc)

Usage

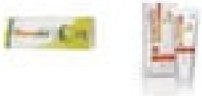
- Under Medical Supervision

Pricing

- Driven by Reguations

Packing

- Labelling restrictions
- Moderate Packing



MIDDLE SEGMENT

Companies like Dr. Reddys, Dr. Batra lie in this segemt. They leverage the advange of Brand name, pharmaceutical expertise and push the sales in FMCG and retail outlets

COSMO DERMA

Consumer Touch Areas

- General Stores
- Branded Outlets
- Super Markets
- Professional Saloons

Usage

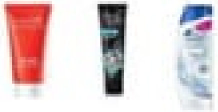
- Can be self, (or) by usage instructions

Pricing

- Driven by market forces

Packing

- Usage instructions
- Better packing



TOUCH POINTS

Hair/Beauty saloons

Super Markets

Branded Outlets (EBO's, MBO's)

E-Commerce

TARGET GROUP

18-35 years

CUSTOMER PERSONA

- Young Professionals and college Graduates
- Result oriented
- Trend Followers
- Active Internet users
- Rational Thinkers
- Impatient aspirers
- Balance Seekers

SEGMENTATION

Trend followers, Impatient Aspirers Active Internet users

Rationale thinkers Balance Seekers Young Professionals

- Segmentation is done based geographical locations based on customers persona and their behavoural psych into Metros, Tier 1 and Tier 2
- Focus on Metros and Tier 1 cities.
- Product segmentation is done based on the customer need type and utility

POSITIONING STRATEGY

- Positioning is based on Product value vs Brand Value and the efficacy of the products
- Abbott OTC is positioned as personal care value en-hancer with high levels of efficacy

AWARENESS

Focus is on the customer problem Introduction to the product as an effective solution

Questionnaire Design

Action Plan

- Float questionnaire through all customer touch points in the target areas
- Maintain extensive available product data base and answers queries
- Promote Product trials

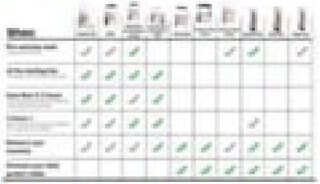
FUNCTIONALITY

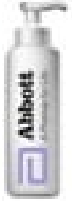
Focus is on the KPI of the Functionality, to push Awareness -> Trail -> Conversion

Product segmentation is done based on the customer need analysis

Metrics are developed to track the progress of the trial usage

Differentiation to the cosmetic products is based on the product functionality and performance assurance





Action Plan

- Trials are rolled out with metric indicators to track the progress
- KPI of usage is the key

ASSURANCE

Focus is on the conversion -> Re-purchase -> Retention

Differentiation to the Derma cosmetic products (used under medical supervision) is based on customized packaging based on dosage

Customized packaging enhances the utility reducing the scope of side effects

Action Plan

- Customized packs based on the usage(De blister- weekly usage)
- Dosage based packs are made available at the target locations
- After purchase data is tracked using online platforms
- Referalls are promoted after product usage

EASE OF USE

IMPROVED PACKAGING

- Press and Drop Packing for Selsun
- Squeeze and Roll packing for Melaglow
- Remind-A-Cap Packing for Follihair

+

PERFORMANCE TRACKERS

- Dandruff Testing Scale for Selsun
- Skintone Testing Scale for Melaglow
- Daily usage indications for Follihair tablets

+

USAGE INSTRUCTIONS

Usage instructions on how to use Performance Trackers are provided within the package

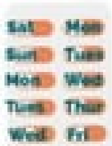
SELSUN

Cost: Rs. 7-10 per strip

MELAGLOW

Cost: Rs. 5-7 per strip

FOLLIHAIR



Cost: Rs. 1-2

Cost: Rs. 10-12 additional cost

These are just our suggestions, however there may be certain regulations and patents

SHIFTING SALES AND MARKETING DYNAMICS

Smaller field forces: removal of mirrored field forces

Account based selling: managing groups of prescribers based on % effort and not reach & frequency

Right sizing: each rep seeing 30-40 doctors more often

Key Account Mgt: relationship rep can call in specialized personnel as needed

The Sales Model of Present Abbott

Methodology

Awareness - Functionality - Assurance

Organizational Models

TherapyFocused - Team based - Outsourcing -Specialist - Key Account Mgt

Channel Management - Sales Data - Treatment Tracking

Portfolio Treatment - Channel Management

The Sales Model of Future Abbott

Indian Scenario

Source: IMS Report

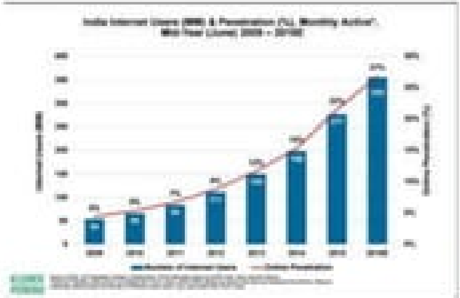
- Doctors act as crucial Influencers in impacting consumers trust and improving assurance
- When entering into new markets, Media Promotion and ATL marketing plays a key role.

- By adopting AFA(Awareness - Organizational Models - Assurance) strategy, we promote product diefferentiation and capture new markets
- This can be done using TherapyFocused - Team based - Outsourcing -Specialist - Key Account Mgt.
- There are about 7000 registered dermatalogists, in the country
- Abbott creates a FairStyle platform to enable the interaction between customers and Personal Care Experts

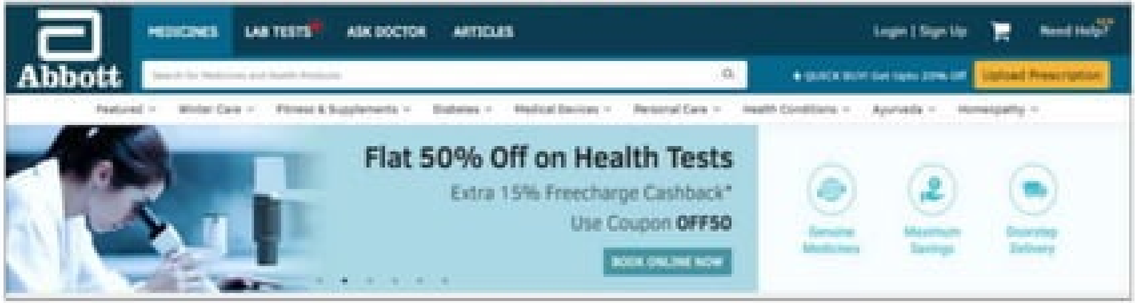
ONLINE PLATFORM

Internet penetration: 29%
CAGR of Internet Usage 30%
Internet penetration by the end of 2021 : 59%

Source: CISCO Report

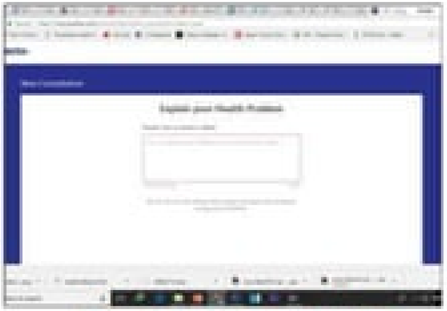


ABBOTT FAIRSTYLE (DEDICATED PERSONAL CARE WEBSITE)



HAIR/ SKIN TESTS

Customer can upload skin/hair images for primary analysis. They can book trychometric analysis or fair analysis online We outsource the lab tests to external centres.



ONLINE CONSULTING

Customers can get online consulting through our website. This helps in early conversion

ARTICLES

Publishing articles helps in SEO, back-linking and better search results

WHATSAPP PLATFORM (FOR ONLINE MEDICAL SUPERVISION)

- A VERIFIED WHATSAPP BUSINESS

① Customer buys a product (with whatsapp QR code)

② He joins the whatsapp group with the link

③ 1 Dermatologist
+
2 Practitioners
+
All customers who bought product within that week

④ Dermatologists mentors the usage and practitioners clarify user's doubts

- Once the product is brought, assurance from the doctor plays a key role in retaining customers
- As per ourreseach there is a healthy(80-85%) overlap between the Target Group and whatsapp users

Why not app?

- It takes $1 to make an user download an app in India
- Only top 3 apps are used more than 85% of time

Expert Usage Guide
Certified Dermatologist mentors the usage and guides the progress of whatsapp group members.

Expanding Target Groups
Develop content in Vernacular languages and reach untapped markets

Offers and Rewards
Address the unstated needs of the customers by using big data and sending customized offers

Directing to E-Commerce
Incase if customer enquires about a product, we directly send the links of E-commerce to them through whatsapp

Responsive Service
Send reminders about product repurchase, new articles well in time so as to ensure compliance without hassles

If we intend to remove doctors before point of purchase, then we can place them after point of purchase to improve assurance.

MANAGING THE MARKETING PLAN

REVISE COMMUNICATION

"We would recommend tilt from traditional marketing communication to non-traditional communication"

- Create an advertisement strategy : "Personal care is not about aesthetics, it is about assurance" and design innovative marketing campaigns
- Increase awareness about the special concern for personal care
- Focus more on the attitude shift of the people thereby improving Brand Loyaloty

EXPLORE RELAVANT CHANNELS AND EXECUTION

Facebook

Being primary social network for Young Adults, ads are more focused to get traction from the yound and also elder generation

Information Kiosk/Display

Setting up Kiosk/ Displays at most frequent places by Young professionals: post offices, banks and gardens

Online

Youtube : Video series on how to use the products
Email: regular and reminder mails
Blogging: Guest blogs by adults and curated content

ATL ADVERTISEMENT

We intent to convey our AFA strategy through our advertisement

Key Focus should be on

- Increasing awareness
- Featuring Functionality
- Conveying ease of use

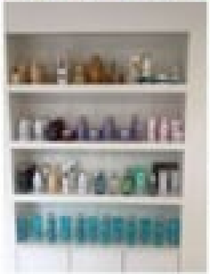
Click on the blank to play the video

BTL AWARENESS CAMPAIGNS

Hospital Billboards

To make the advertisements reach the specific TG, we place the billboards in the dermatologist departments of major hospitals

Hair saloons/ Beauty Spas



We input our Stock Keeping Units in Non-Franchised Hair saloons and beauty Spas

Billboards at Organized Stores

FINANCIALS

Assumptions

- current Sales break up 90% in (pharmacies and Pharma chains),10% rest (mom and pop ,traditional stores, direct sales)
- The total Revenues are expected to grow at 35% (maximum of all channels)
- In the first year we don't intend to enter in unorganised sector and hence sales are zero, the first year sales percentage for Organised retail and baranded outlets is 40% and 30% respectively

Target	FolliHair	Selsun	Melaglow
Current Sales Year 0	28.3	24.1	14.7
Target Sales at the end of Year 3 (2020)	84.9	72.3	44.1

Approach

- The Sales at the end of 3rd Year should be 3 Times the current sales
- Based on the 3x sales target back calculations are done ,to arrive at the breakup for each proposed channel

Target 2020: 3x in 3 years		Folli Hair and products			Selsun			Melaglow		
Existing Channels (rx)	CAGR (%)	Year 1 (2018)	Year 2 (2019)	Year 3 (2020)	Year 1 (2018)	Year 2 (2019)	Year 3 (2020)	Year 1 (2018)	Year 2 (2019)	Year 3 (2020)
Pharmacies +(chemists/practitioners)	18	26.05	30.74	36.27	22.18	26.17	30.89	13.53	15.97	18.84
Pharma chains (Appolos ,Medplus, Tulasi)	20	4.08	4.89	5.87	3.47	4.10	4.83	2.12	2.50	2.95
Traditional stores	8	3.06	3.30	3.56	2.50	2.95	3.48	1.52	1.80	2.12
Existing Channel Revenues		33.18	38.93	45.70	28.15	33.21	39.19	17.17	20.26	23.91
Total Revenues (3*Current Revenues)		46.5844	62.889	84.90	39.67	53.56	72.30	24.20	32.67	44.10
Target Sales (DTC)		13.41	23.96	39.20	11.52	20.34	33.11	7.03	12.41	20.19
Proposed Channels For DTC market	% of (Target Sales (DTC))									
online (amazon,nykaa,1mg +13 ol pharma)	10	1.34	2.40	3.92	1.15	2.03	3.31	0.70	1.24	2.02
Organised Retail (Super markets, Hypermarkets, metros)	35	5.36	8.39	13.72	4.61	7.12	11.59	2.81	4.34	7.07
Branded Outlets (MBO's ,Departmental Stores,Lifestyle)	25	4.02	5.99	9.80	3.46	5.09	8.28	2.11	3.10	5.05
Hair and beauty chain Stores (Naturuals, Beaufy parlours, Ever tmeds, Anoos)	15	2.01	3.59	5.88	1.73	3.05	4.97	1.05	1.86	3.03
Mom and Pop (Unorganised retail ,General Stores)	10	0.00	2.40	3.92	0.00	2.03	3.31	0.00	1.24	2.02
Website (referral , B2B, platform sales)	5	0.67	0.18	1.96	0.58	1.02	1.66	0.35	0.62	1.01
Target Sales (DTC)	100	13.41	22.94	39.20	11.52	20.34	33.11	7.03	12.41	20.19

FINANCIALS (CUSTOMER ACQUISITION COST)

Folli Hair Revenue in (Cr)	Units	Online	Organised Retail	Branded Outlets	Hair and Beauty Chain Stores	Mom And Pop	Website (B2B)
Individual sales break up (Self)	Crore	1.34	5.36	4.02	2.01	0.00	0.67
Marketing budget % sales (20% of sales)	Crore	0.268	1.072	0.804	0.402	0.000	0.134
Price per sale (3 months)	Rupees	1500	1500	1500	1500	1500	1500
Sales Qty	Units	8937	35733	26800	13400	0	4467
No. of New Customers	Sales Qty/2	4468	17867	13400	6700	0	2233
Conversion Ratio	%	3	15	18	20	20	40
Potential Reach	Number	148949	119111	74444	33500	0	5583
Cost of Customer Acquisition	**Rs**	**18**	**90**	**108**	**120**	**0**	**240**

Assumptions

- Conversion ratio in
  Online - 3% ,
  Organised retail - 12-15% (Source IBEF)
  Branded reatil - 18% ,
  Hair and Beauty Saloons - 20% (Primary Research) ,
  Mom and Pop store - 20% ,
  Website - 40%
- No traditional (unorganised reatail Stores are targeted in year 1

Online:

Amazon

Nykaa

1mg

13OL Pharma

Organized Retail:

More

Heritage

Reliance fresh

Spencers

Branded Outlets

Care

Lifestyle

Departmental Store

MBO/CBO's

Hair/Beauty chain stores

Naturals

Beauty parlours

Anoos

Ever Trends

% of sales	Year 1	Year 2	Year 3
1.Marketing Budget	20	15	8

B2B

Bulk Orders, Institutional buying

ROAD MAP OF ABBOTT FAIRSTYLE

a: Presence in 13 ol pharmacies
Horizontal : Amazon
Specialized: Nykaa
tie up with Beauty centres ,
professional hair saloons

b: Presence in Organised,
Departmental ,
Branded retail stores

c: Tie up with registered dermatologists and beauticians
Guided usage of first time users through whatsapp platform

d: Open up to Traditional mom and pop stores

e: encouraging referral campaigns

Abbott
A Promise for Life

THANK YOU

We are open to Questions