# CONSULTING CASEBOOK

**2023 - 2024**

# VYUHAM - THE CONSULTING CLUB, IIM V

*PRESENTS*

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# 2023 - 2024

# ISSUE DETAILS AND COPYRIGHT

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Vyuham – The Consulting Club, IIM Visakhapatnam, takes immense pride in introducing the inaugural edition of the IIM V Casebook. This comprehensive document consolidates all essential resources required to excel in consulting interviews into one readily accessible source. The primary objective of this preparation guide is to furnish consulting enthusiasts with a comprehensive grasp of the prominent case types encountered in consulting interviews.

For each case type, we have provided an exhaustive and well-tested frameworks that can be applied to effectively tackle these cases. Our intention is to guide aspirants towards nurturing a critical thinking approach and problem-solving mindset.

During the case-solving preparation process, our primary aim is to cultivate a consulting mindset, recognizing that there's no single correct solution for any given case, whether it's the ones presented in this document or the actual interview questions. In addition, this Casebook features a compilation of Key Frameworks for structuring case solving, a Consulting Primer, an Industry Analysis and a Guesstimate Section to facilitate your preparation. Our sincere hope is that this document equips you with the essential tools to excel in your consulting interviews!

Lastly, we want to extend a massive shout-out to Vyuham – The Consulting Club, IIM V team, whose remarkable dedication and hard work made the creation of this Casebook possible!

# ACKNOWLEDGEMENTS

**IIM V Casebook**

We express our gratitude to all those who have generously contributed to the compilation of this casebook. Their valuable input has allowed us to create a comprehensive preparation resource for upcoming batches.

We extend our heartfelt appreciation to Senior Coordinators, Dushyant Gupta and Vanshika Saini (PGP 2022-24) for spearheading the Casebook initiative and compiling this first edition of the IIM V Casebook. We would also like to recognize the dedicated efforts of Junior Coordinators, Alok Saini, Areya Shende, Jannvi Baid, Kinjal Panwar, Obuli Shankar J, and Subham Shankar Sahoo (PGP 2023-25) for their invaluable assistance in assembling this case book. Their contributions have ensured a wide range of cases with both breadth and depth, providing aspirants with a comprehensive understanding of the types of cases they may encounter.

A special note of appreciation to Mr. Prudhvi Raj Kunduri, Vendor Consultant, Amazon, Coordinator-Vyuham (PGP 2021-2023), for his thoughtful feedback and constructive suggestions during the review process. His keen observations and thoughtful critiques have played a crucial role in refining the clarity and coherence of the casebook.

A special note of gratitude is extended to the entire batch of IIM Visakhapatnam for their collective support and engagement in this initiative.

In summary, the IIM V Casebook is a product of collaborative spirit, leadership, and teamwork. It serves as a valuable resource for current and future batches, offering a comprehensive preparation guide for navigating the challenges of case studies in the academic as well as placement journey.

# HOW TO USE THIS BOOK?

Using this casebook effectively involves a structured approach in understanding and solving business problems. Here's a guide on how to utilize this casebook, referencing the provided points:

1.  **Master Key Frameworks:** Begin by familiarizing yourself with essential business frameworks. These tools provide structured approaches to dissecting problems and formulating solutions. By understanding these frameworks, you can systematically analyze case scenarios.

2.  **Construct Case Scenarios:** After grasping the frameworks, delve into the interview transcripts within the casebook. Use these transcripts to create case scenarios involving two individuals or groups. Crafting the case scenarios enhances your analytical skills and prepares you for a variety of situations.

3.  **Apply and Adapt Frameworks:** While the provided frameworks offer guidance, remember they aren't rigid templates. As you encounter different cases, tailor these frameworks to fit the unique challenges presented. Your ability to adapt demonstrates versatility and depth in your problem-solving approach.

4.  **Refer to Solution Process Sheets:** Once you've analyzed a case using your adapted frameworks, consult the solution process sheets in the casebook. This step provides insights into the recommended methodologies and areas where your analysis might be refined or enhanced.

5.  **Transfer Insights:** Each case offers unique lessons. Extract insights, recommendations, and suggestions from our analysis. These learnings shouldn't be hoarded but rather applied across different cases. Continual learning and adaptation are key to honing your case-solving skills.

6.  **Emphasize Industry Analysis:** Beyond the specific case details, always incorporate an industry analysis. Understanding industry dynamics, competitive forces, and market trends provides context to your case solution. This broader perspective ensures your recommendations are grounded in industry realities.

7.  **Value the Process:** Remember, the journey of preparing and analyzing cases is as crucial as arriving at a solution. Engage in both collaborative case discussions and individual preparations. This holistic approach ensures a well-rounded development of your analytical and presentation skills.

8.  **Using Guesstimates:** Guesstimates in consulting case interviews evaluate candidates' quick thinking, data analysis, and ability to make numerical approximations without precise data.

In conclusion, utilizing this casebook effectively demands a blend of structured learning, adaptability, continuous reflection, and industry awareness. Embrace the process, draw insights from every case, and persistently refine your approach to excel in case-solving endeavours.

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# FRAMEWORKS & CASE INTERVIEWS

# PROFITABILITY FRAMEWORK

Profitability framework involves evaluating key factors such as revenue streams and cost structures to optimize profitability. The framework provides a comprehensive approach to strategically manage and improve the various components that contribute to a company's overall profitability. The framework often includes strategies such as cost optimization, pricing adjustments, and operational improvements to ensure sustained and healthy profitability.

**Profit & Profitability**

"Profit represents the gap between revenues and costs, whereas profitability gauges profit in relation to sales"



Profit
- Revenue
  - Price
  - Number of units
    - Supply
      - Procurement
      - Distribution
      - Production
    - Demand
      - Direct
        - Awareness
        - Affordability
        - Accessibility
      - Indirect
        - Political
        - Environmental
        - Technological
        - Social
- Cost
  - Refer to next page

# PROFITABILITY FRAMEWORK (Contd.)

```
                                    ┌─────────────────┐
                                    │      Cost       │
                                    └────────┬────────┘
                    ┌────────────────────────┴────────────────────────┐
          ┌──────────────────┐                              ┌──────────────────┐
          │ Primary Activities │                            │ Support Activities │
          └──────────────────┘                              └──────────────────┘
```

| **Procurement** | **Manufacturing** | **Storage and Transportation** | **Distribution** | **R&D** | **Marketing** | **Post Sales Service*** |
|---|---|---|---|---|---|---|
| ❖ Raw material<br>❖ By product<br>❖ Transportation cost<br>❖ Efficiency | ❖ Machinery<br>❖ Technology<br>❖ Labour hours | ❖ Packaging<br>❖ Mode of transportation | ❖ Sales Channel<br>❖ Sales force | ❖ Patent<br>❖ Finance<br>❖ Human capital | ❖ Channel<br>❖ Costumer Relationship Management (CRM) | ❖ Replace<br>❖ Repair<br>❖ Return |

Types of cost to consider are as follows:

**Fixed Costs (FC)** - Fixed costs are expenses that do not vary with the level of production or sales. They remain constant regardless of the business activity.

**Variable Costs (VC)** - Variable costs are expenses that vary in direct proportion to the level of production or sales. They change with the volume of output.

**Indirect Costs** - Indirect costs, often referred to as overhead, include expenses that are not directly tied to the production of a specific product or service.

**Opportunity Costs** - Opportunity costs refer to the potential benefits forgone when one alternative is chosen over another.

**Sunk Costs** - Sunk costs are expenses that have already been incurred and cannot be recovered. They should not influence future decision-making.

# CASE INTERVIEW | PROFITABILITY - REVENUE | ED-TECH

Your client is an ed tech company that has been in business for five years. They offer a variety of online courses and programs. The company has been growing rapidly in recent years, but their profitability has not kept pace. In fact, their profits have been declining in the past two years.

Thank you for the case. To get started, I would like to ask a question - Can you tell me more about the company's product offerings?

The company's product offerings include a variety of online courses and programs for employees working in industry. They can be technical, soft skills, etc.

Thank you. Can you explain more on the client's main customer segments?

Individuals, usually in tier 2 cities who are looking to upskill or reskill themselves to improve their job prospects or advance their careers. This segment may include:
- Fresh graduates who are looking to make themselves more marketable to potential employers.
- Mid-career professionals who are looking to transition to a new field or advance to a higher-level position.
- Unemployed individuals who are looking to learn new skills to find a new job.

That's helpful, can you please tell the company's main competitors?

Their main competitors are other ed tech companies, as well as traditional educational institutions. Our client has good reputation among the players in the industry.

What is usually the mode of delivery of the content? Does the client offer offline classroom sessions or online or both?

The client offers only online courses. Candidates buy online and consume through the online application only.

Great. I have all the background information I need. Let's start by analyzing the impact of revenue and costs on profits. Do we have any data on how these have been affected?

Revenues have gone down, but costs have stayed the same.

To better understand the problem, let's break down revenue into its three components: number of units sold, price, and product mix. Do we have any data on which of these components has declined.

Our revenue has declined due to a decrease in sales volume, even though our prices and product offerings have remained constant.

To better understand the decline in units sold, we need to determine whether it is due to a decline in the overall ed-tech market size, or a decline in our market share.

The ed-tech industry is growing, but our competitors are taking a larger share of the market.

Let's stick to the client then. What is the reason for the decline in market share for the client? Is it due to content issues, distribution/logistics issues, or customer demand issues?

The client's content is better than our competitors', and our distribution is the same, but we're still seeing a decline in customer demand.

It appears that the decline in revenue is due to a decline in demand for the courses. To better understand the reason for this decline, I would like to explore four factors:
- Our product: How does our product compare to that of our competitors? Are there any features or benefits that we are missing?

# CASE INTERVIEW | PROFITABILITY - REVENUE | ED-TECH

- Places we are reaching out: Are we reaching the same customers as our competitors? Are there any new markets that we could be targeting?
- Price of our product: Is our product priced competitively? Are we offering any discounts or promotions?
- Our promotion strategy: How are we promoting our product to customers? Are we using the same channels as our competitors?

The promotional activities are the biggest concern. What could be causing this?

Have the competitors increased the promotional activity more than us?

No, they haven't, can you suggest any promotional activities?

Here, are the some that I could think of right now-
- Awareness (since company operates in tier 2 industry)- Offering free trials or demos of your products or services.
- Hosting webinars or online events.
- Partnering with companies and offering scholarships or grants.
- Running contests or giveaways.
- After sales promotions to get repeat/enhanced sales.

Are the competitors giving huge discounts?

No, that's not the case. What's about partnering with companies you are talking about?

The client can offer corporates tailored training programs that meet the specific needs of their employees. This could include programs on specific skills or technologies, or programs that help employees develop their soft skills.

But that's not the issue. Excellent for figuring out awareness issue. It is one of the two. Another problem is no repeat/enhanced sales.

Thank you. For dwelling into the second problem, I would consider that the client is coming again for his/her own use for updated/another course, or he/she will refer to someone else. The problem lies in which scenario?

The first one. Client is not updating his/her own courses. They are just taking the basic ones and exiting from our platform.

The recommendations from my side are push marketing in which specialized people can make them understand the value of the upgraded courses. The company must hire professionals so that they can call/mail the customers about the new/upgraded courses more effectively and efficiently. It is important because the client is working in tier 2 city and may be less aware of the other courses.

Perfect. They did the same. They had naïve sales agents knowing less about the courses. They hired professionals and trained them. Thank you!

# CASE ANALYSIS | PROFITABILITY - REVENUE | ED-TECH

Your client is an ed tech company that has been in business for five years. They offer a variety of online courses and programs. The company has been growing rapidly in recent years, but their profitability has not kept pace.

### Objective
To give profitability strategy and increase the market share.

### Interviewee Notes
- Client's main customer segments.
- Offers online courses.
- Decrease in sales volume.
- It's a client specific problem, not industry-wide.
- Competitors are taking a larger share of the market.
- Four factors to explore: product comparison with competitors, target markets, product pricing, and promotion strategy.

### Case Facts
- The company provides a variety of programs for working professionals.
- The ed tech company is growing but the competitors are taking majority of shares.
- The competitors are other ed tech companies, and traditional educational institutes.
- Revenues have decreased, while costs have remained constant.

### Approach/Framework
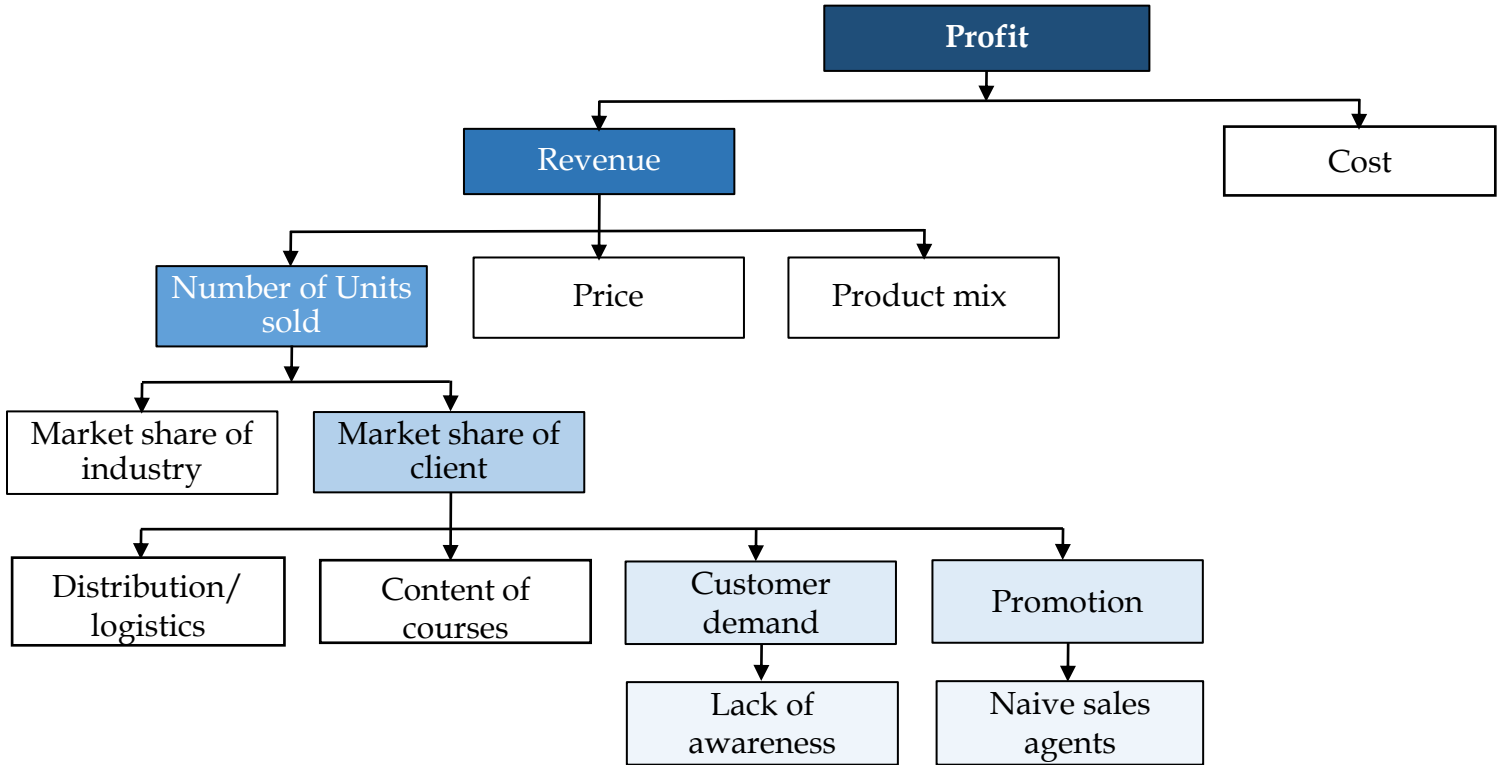


### Suggestions
- One of the problem seems lack of upgrading the courses on a timely basis.
- Second is awareness problem. The client should pursue push marketing by hiring professionals to educates people about upgraded courses more effectively.

# CASE INTERVIEW | PROFITABILITY - COST | RESTAURANT

The client, a restaurant owner, has approached you as a consultant to address a continuous decline in profitability over the last six months.

I would like to ask a few clarifying questions before I proceed with the analysis. Can you tell me more about the client? Is our client based out of India? Is it the only client's restaurant that has seen the decline in profits or have other restaurants in the area also seen a decline? Is it an industry-wide decline?

Sure, our client is based in India. There is no evidence of an industry-wide issue, but the client has been severely hit.

Okay, where is the restaurant located? Is it in the town, on the outskirts, or near a college campus? And is it a particular cuisine or a multi-cuisine restaurant?

The client has high-end multi-cuisine restaurants located in high-footfall areas.

Okay, for how long has the client been in the market?

The client has been operating for the last 60 years, has a good brand value, and the restaurant is rated five stars. It caters mostly to people who like leisure food and refined dining.

Got it. Profits could be declining owing to a rise in expenditures, a loss in revenue, or a mix of the two. Do we have an idea on which side the problem lies?

The client's revenues are quite good. Many people are visiting, and the demand is growing. However, the client is undoubtedly experiencing financial difficulties.

Okay, I can divide the cost into two factors: fixed or variable cost. In a restaurant business, fixed costs include rent, utilities, labour, licensing fees, etc., and variable costs include procurement costs, employee benefits, maintenance & repair, etc. Do we have an idea on which side the problem lies?

Let's first analyse the variable cost. What does the raw material cost include?

Okay, so it includes liquor, baking supplies, primary ingredients, mainly innovatory ingredients. Is the client-facing any problems with the increased price of procurement?

No, the client is not facing any such problem. Costs are pretty much the same, moderately increasing with the inflation rate. Let's analyse the fixed costs.

Okay, does the client hold or renew all the necessary licenses, for example, liquor, food service, etc.?

The client has all the licenses required and renewed as well. Only the liquor license expired recently, and for that, the client purchased a new one.

Okay, I understand that the profitability may have gone down because the client has recently invested in a new license.

Yes, that's exactly the case with the client. Let's now analyse the other fixed costs. There are not many changes in the building cost, and the rent is pretty much the same. Electricity expenses are also the same.

Okay, since you have provided the information that rent, building, and electricity expenses are not changing for the client, I want to focus on the costs that are marketing, advertisement expenses, employee expenses, storage, and distribution. Has the client made any changes recently in any of these sectors?

The storage and distribution, marketing, as well as advertisement expenses, remain the same for the client. Could you elaborate more on the employee expenses you were talking about?

Okay, so has the client changed or upgraded any of the staff recently? It includes maintenance staff, kitchen staff, and administration staff.

# CASE INTERVIEW | PROFITABILITY - COST | RESTAURANT

The maintenance and administration staff are still the same, but the client has recently upgraded the kitchen staff and hired more experienced and renowned chefs with their own teams.

Okay, I understand that the profitability may have gone down because the client has hired a renowned chef, which will come at a good cost.

Yes, that's exactly the case with the client, as the client wants to focus more on quality. Could you provide some recommendations?

Sure. Few of the recommendations are as follows:
- The restaurant should take up a license that has low or no transaction costs.
- Optimize employee expenses, assess staffing efficiency, and review benefit costs.
- Promote the unique qualities of your restaurant, including the renowned chefs, through targeted marketing campaigns. Leverage social media, loyalty programs, and special promotions to attract and retain customers.
- Organize special events, collaborations, or themed nights featuring the expertise of the client's renowned chefs. This can attract a wider audience and generate additional revenue.
- Ensure that menu prices reflect the value of the dining experience and the quality of the chefs. Adjust prices strategically to maintain profitability without discouraging customers.

Great. We can close the discussion on this note.

# CASE ANALYSIS | PROFITABILITY - COST | RESTAURANT

The client, a restaurant owner, has approached you as a consultant to address a continuous decline in profitability over the last six months.

## Objective
Analyse the cause of declining profitability and propose solutions to improve financial health.

### Interviewee Notes
- High-end multi-cuisine restaurant in India operating for 60 years with declining profitability, despite good revenue & demand.
- New liquor license purchased recently.
- It's a client-specific problem, not industry-wide.
- Increased employee expenses due to hiring renowned chefs and their own teams.

### Case Facts
- The multi-cuisine restaurant is India-based and located in high-footfall areas.
- No change in the variable costs.
- The storage and distribution, marketing, as well as advertisement expenses, remain the same for the client

## Approach / Framework

```
                        Profit
                   /              \
                Cost            Revenue
              /      \
         Variable     Fixed
         /     \      /    \
Maintenance &  Raw   Rent,   Employee Expenses
  Repair     material Electricity
             /  |  \   etc.    New Kitchen staff
      Innovatory Liquor Baking
        Price          Supplies
                              Licenses
```
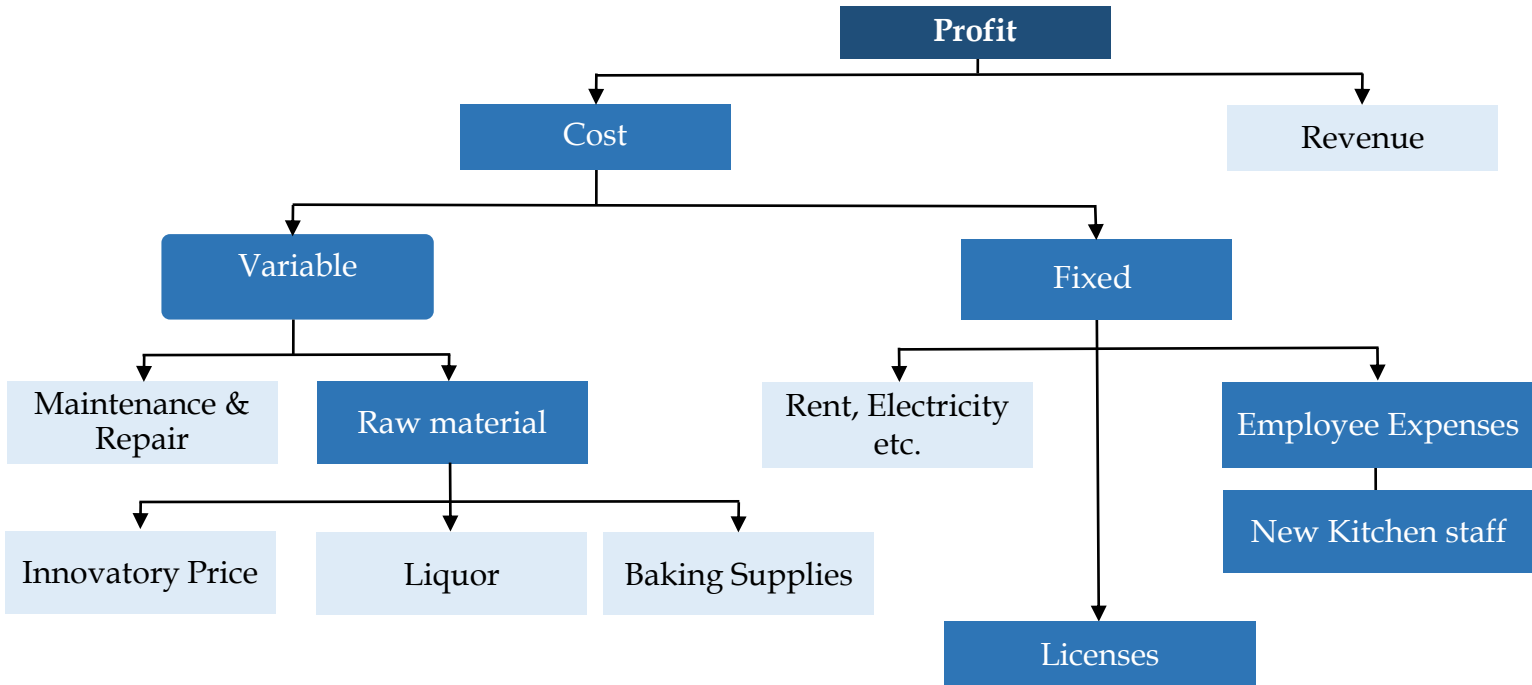
## Suggestions
- The restaurant should take up a license that has low or no transaction costs.
- Cross-train staff for flexibility, market renowned chefs, organize events, adjust prices strategically for profitability without discouraging customers. Utilize social media and loyalty programs for marketing.

# MERGER AND ACQUISITION FRAMEWORK

Mergers and acquisitions provide pathways for companies to attain growth through non-organic methods. This strategic business transaction is aimed at enhancing competitiveness, achieving synergies, and fostering growth by combining assets, operations, and resources, encompassing both financial and non-financial dimensions.

## Merger and acquisition

### Financial
- **Value of the company**: -DCF, -P/E Ratio, -EV/Sales
- **Synergies**: -Financial synergies, -Operational synergies
- **Cost**: -Acquisition price, -Integration cost

### Non-Financial
- **Cultural fit**
- **Organizational fit**
- **Regulatory fit**
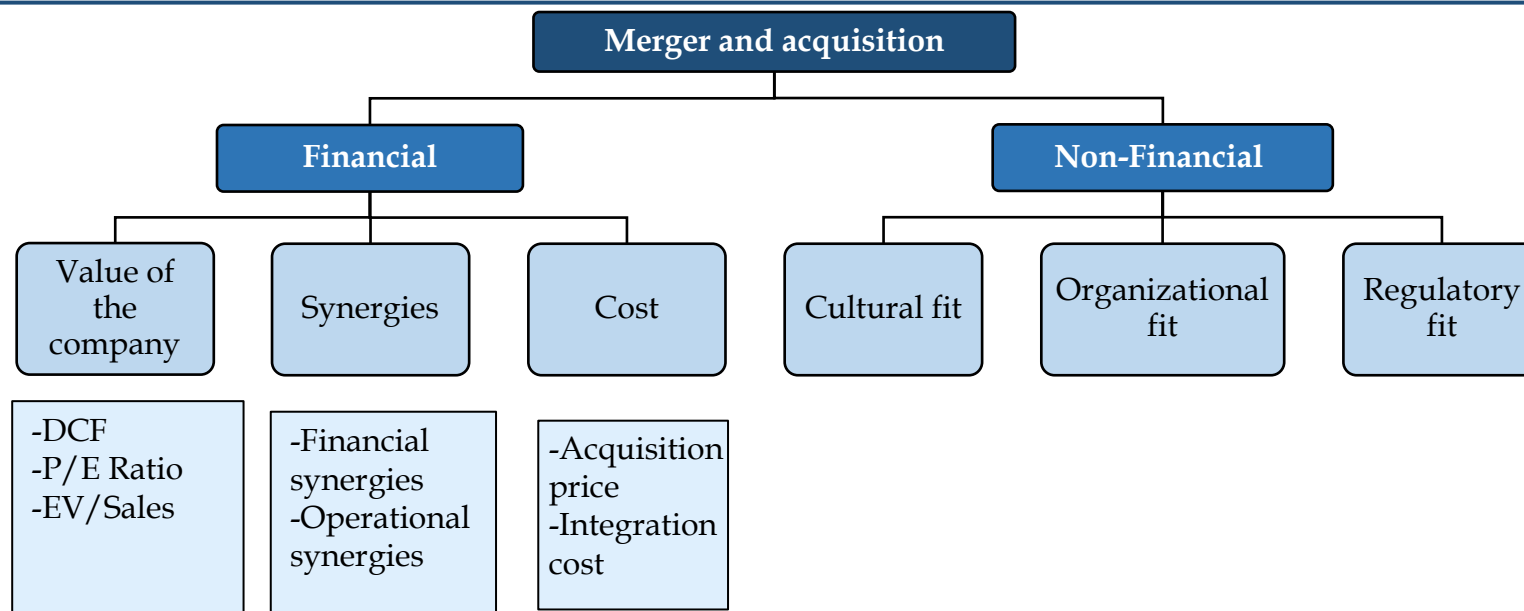
## Steps to solve a Merger and Acquisition case interview:

1. Recognize the purpose of the merger or acquisition
2. Try to quantify the precise objective or target
3. Establish an M&A structure and process the case
4. Take risks into account or look at different acquisition targets
5. Make a recommendation and give justification for the same

**Value of the company**
Discounted Cash flow: Determines a company's current value, according to its estimated future cash flows.
The P/E ratio is a comparison of a company's share price to its annual earnings.
Enterprise value-to-sales (EV/sales) is a financial ratio that measures how much it would cost to purchase a company's value in terms of its sales.

**Synergies**
Financial Synergy arises from the improved efficiency of financing activities and is primarily linked to a reduction in the cost of capital.
Operational Synergy is achieved through the improvement of operating activities, such as reduced costs from Economies of Scale.

**Cost**
Acquisition price: the cost of buying target company.
Integration cost: costs incurred for joining operational, organizational structure.

**Cultural fit**
Local working norms, languages, international culture differences.

**Organizational fit**
Difference in organizational structure, matrix, process fit, reward systems, KPI measurements.

**Regulatory fit**
Issues related to antitrust, company laws, foreign exchange, & investment laws. Analyse using PESTEL.

# CASE INTERVIEW | M&A | PE

Your client is planning to partially diversify its portfolio by investing in textiles. They are currently evaluating an investment proposal and have hired us as consultants.

At first, could you please tell me more about the firm's profile and investment focus and portfolio?

Our client is a major Indian-based PE firm with 15 years of experience investing in growth-stage startups worldwide. They are aiming to become a full-fledged alternative investor.

Is the textile company the client is acquiring small scale or a large scale?

The Company is a growing startup which deals in sustainable clothing and high fashion brand. They also offer a subscription service that sends personalized text messages to their subscribers about exclusive deals, new arrivals, and fashion trends from high-end designers and boutiques. They have a strong following among affluent millennials and Gen Z consumers.

What are your main goals for this acquisition?

The client see the company to expand their reach into the luxury market and build deeper relationships. They also believe their text line model could be replicated across other segments of their business.

Okay. These are both ambitious goals. Thanks for the information. So, what will be the scope of our work here for the client?

The client has hired us to draft a standardized investment checklist and assess the risks of the investment proposal under consideration.

I see. Now, let's talk about the market. What is the competitive landscape for high-end fashion text line services?

It's a relatively new market, but there are a few other players emerging. However, the target company has a first-mover advantage and a strong brand reputation.

How about the deal structure? Are there any deal breakers for us?

The current proposal involves an all-cash acquisition ($40 million for 40% stake).

Thanks, I would like to learn more about the financial performance of the target company to analyze the economic attractiveness and NPV/IRR of the deal.

They're a relatively young company, but they've been growing rapidly. Their subscriber base has doubled in the past year, and their revenue is on track to reach $10 million this year.

That's impressive. But have they achieved profitability yet?

Not yet. They're still investing heavily in marketing and technology. But they have a clear path to profitability in the next 12-18 months.

So, their pre money valuation is $100 million (40/0.4) and their post money valuation is $140 million (100+40). The company right now having $10 million in revenue, reaching profitability is must to justify the valuation. To attain profitability, the target company should focus on clear brand positioning, emphasizing quality and innovation, optimizing its supply chain, and implementing efficient pricing strategies. Additionally, a strong online presence, effective customer relationship management, and strategic partnerships can contribute to increased sales and brand loyalty, while careful cost control and continuous innovation are essential for sustained success.

You talked about NPV/IRR analysis. Can you elaborate more on it?

Apart from the revenue, the factors/costs considered for IRR/NPV analysis may include:
•Product Development Costs: Costs incurred in designing, manufacturing, and developing the high-end fashion products.
•Marketing and Branding Expenses: Investments in marketing campaigns, brand promotion, and establishing a brand presence in the market.
•Distribution and Retail Costs: Costs associated with setting up retail stores, distribution channels, and any partnerships with high-end department stores or boutiques.
•Operating Costs: Day-to-day operational expenses, including salaries for staff, rent for physical stores, utilities, and other general expenses.
•Customer Acquisition and Retention Costs: Costs associated with acquiring new customers and retaining existing ones, including marketing expenses and loyalty programs.

That's great. Can you shed some light on various types of risk involved in the deal?

Economic attractiveness – Revenue model, profitability, Break even volume.
Funding plan – All cash deal puts pressure on our company's short-term financial flexibility.
Business model - One concern is the reliance on subscription revenue. A sudden drop in subscriber growth or churn could significantly impact their cash flow. Additionally, the high-end fashion market is susceptible to economic downturns.
Technical capabilities – There are potential challenges. Their text messaging infrastructure operates on a different platform than the client, requiring integration or migration. Additionally, their data analytics capabilities might not align with client's customer relationship management system.

Cultural integration risk - Merging two company cultures, particularly with different working styles and priorities, can be tricky. Effective communication, employee training, and clear integration plans will be crucial to avoid employee disengagement and disruption.
Exit risk - Potential challenges in divesting the brand at a profitable valuation due to volatile market trends or economic downturns. The risk of brand dilution or loss of exclusivity during the holding period may impact its appeal to potential buyers.

Please explain how exit risk can be reduced.

• Diversification and Brand Building: Expanding beyond a single trend and building a strong brand identity can reduce dependence on volatile trends and make the startup more appealing to a wider range of potential buyers.
• Clear Performance Milestones and KPIs
• Thorough Due Diligence and Integration Planning

Great, thanks you properly analyzed both financial and non-financial aspects of an acquisition.

# CASE ANALYSIS | M&A | PE

Your client is an Indian Private equity firm looking to partially diversify its portfolio by investing in textiles. The client wants to expand their reach into the luxury market. Draft a standardized investment checklist and assess the risks of the investment proposal.

## Objective.

The client see the company to expand their reach into the luxury market and build deeper relationships. They also believe their text line model could be replicated across other segments of their business

## Interviewee Notes

- Investment proposal involves an all-cash acquisition ($40 million for 40% stake).
- The target company pre money valuation is $100 million (40/0.4) and their post money valuation is $140 million
- Further, NPV/IRR analysis performed

## Approach/Framework

**Investment Criteria- Risk assessment**

| Economic attractiveness | Funding plan | Business Model | Technical Capabilities | Cultural Integration Risk | Exit risk |
|---|---|---|---|---|---|
| Revenue model, profitability, Break even volume | All cash deal-pressure of short-term financial flexibility | Dependence on subscription revenue | Challenges in-different text messaging infrastructure & data analytics capabilities | Employee disengagement and disruption | Divesting the brand at a profitable valuation due to volatile market trends. Risk of brand dilution or loss of exclusivity |

## Case Facts

- Indian PE firm with ~INR 3000 crores AUM.
- Diversification into textiles.
- Startup offers sustainable clothing, targets affluent millennials and Gen Z, revenue expected to reach $10 million.
- Client aims to expand into luxury market and replicate the model across business segments.
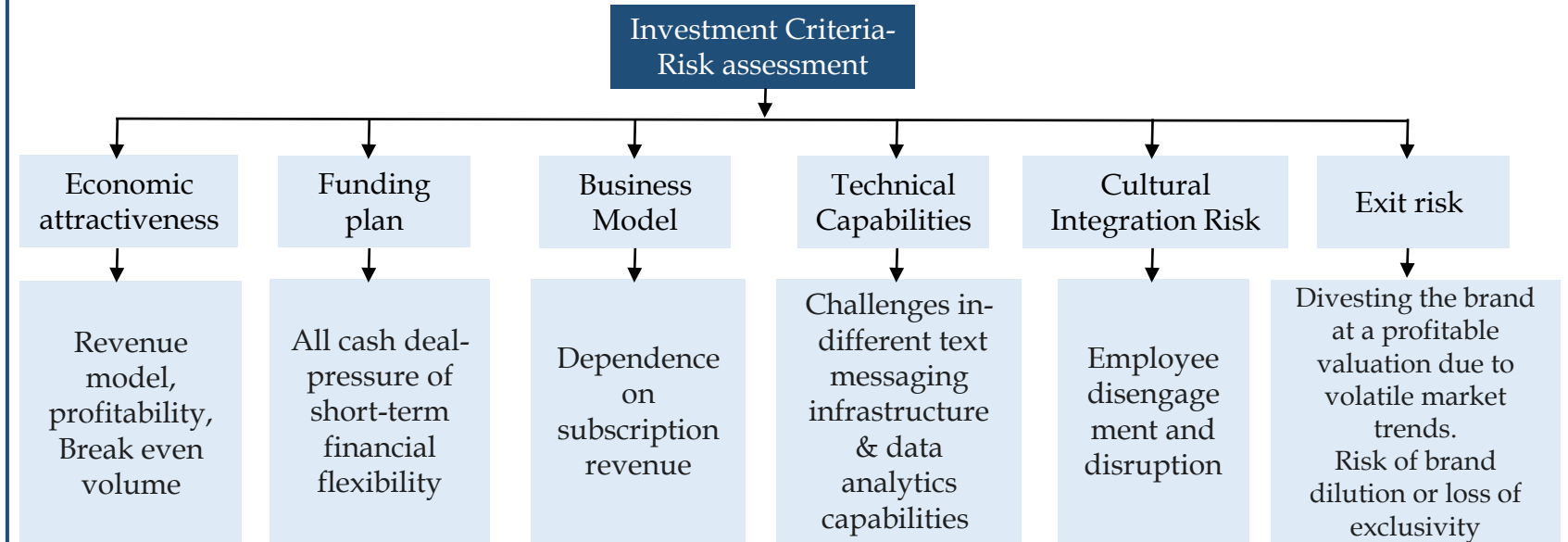
## Suggestions

- To justify valuation, attaining profitability is must. It can be done by clear brand positioning, emphasis quality and innovation, optimize supply chain, implement pricing strategies, strong online presence, effective customer relationship management and strategic partnerships.
- Exit risk can be reduced by diversification beyond a single trend and build a strong brand identity to reduce dependence on volatile trends, by setting clear performance milestones and KPIs and by performing thorough due diligence and integration planning for technical and cultural fit.

# CASE INTERVIEW | M&A | ENTERTAINMENT INDUSTRY

The client is an established player in the entertainment industry who wants to merge with a competitor of the same size for which you are a consultant to analyze if the merger must go forward or not.

May I know the objective for this merger?

The main objective is to improve the market share in the industry while retaining the existing customers and increasing the size of the firm

That sounds like a very interesting problem statement. For a typical merger between two major players in the industry that might create a monopoly/oligopoly, one must look at 5 strategic aspects to go forward-
- Market attractiveness- Market's appeal factors such as growth, competition, customer demand, regulations and entry barriers.
- Financial Attractiveness- Considering the financial viability, revenue potential, profitability, ROI, cost structure, cash flow, etc.
- Synergy- The extra value created by combining the two entities including operational, strategic and financial synergies.
- Risk- Uncertainty and potential adverse outcomes including compliance risks.
- Organizational Fit- Examining alignment in culture, management styles, communication, structures and overall goals and values.

That is very comprehensive. Go ahead.

To understand market attractiveness, may I know the company's growth with respect to the industry over the last 3 years and the number of subscribers for both the companies?

The firm is growing at the same rate as the industry. Currently, the client has 20 million subscribers, and the competitor has around the same.

How many would be unique subscribers for the client when compared to the target?

Out of 20 M, around 16 M are unique subscribers with the client.

So, 20% of the client's customer base use both the platforms. Following the proposed merger, the total number of users would be around 36 million. With the industry growth rate and assuming new subscribers increases at 15%, we can see the number cap at 41.4 million. Is that a close estimate?

Yes, it is. Please go ahead. What are the challenges you see going forward in the merger?

First, organizational fit requires various aspects to align. However, that doesn't seem like a cause of concern as both the companies have been operating in the same field for a long time. Their managements would have to function alike and given that their scale of operations and size is similar, there is very little cause for friction in terms of management competence.

You're right. But what risks do you foresee?

Major risks for a merger of this scale would be regulatory compliance and opportunity cost. Media rights, envelopment and perceived monopoly can be mitigated if the company is restructured and operates in accordance with the Competition Commission Rules. In terms of opportunity cost, either could acquire a smaller firm or sign exclusive deals with prominent production houses to produce exclusive content for the platform.

That sounds fair. Any other insights?

In terms of synergy, it projects a decrease in the overall cost and an increase in the efficiency of the operations. Also, the merger will bring an increase in the revenue of the merged entity considering the growth which I estimated to be 15%.

Sounds great. Let's talk about some finance of the merger. What are the different methods to fund this merger?

# CASE INTERVIEW | M&A | ENTERTAINMENT INDUSTRY

One can pursue it in 3 ways- Cash, Cash plus equity or equity. Please tell which one to consider. Also, to delve into further part of valuation, I'd like to have some additional information. I would like to know the number of total outstanding shares , market price of shares, and the Earnings per share for both the companies.

Consider cash plus equity deal. Also, the total shares outstanding is 0.6 million and the share price would be $40 for the client and for the target, it is 0.5 million with the share price being $30. The  EPS of the client and the target's is $5 and $6, respectively.

Thanks for the information. As per calculations, the equity value calculated is to be $24 million for the client and $15 million. The PE multiple of the client and target's is calculated to be 8 ($40/$5) and 5 ($30/$6) respectively. Is there any information on the amount of premium percentage the client is willing to pay?

Yes, the client is willing to pay a premium of 33..33% on the share price of the target.

Alright. Thank you for the information. The price of the target is $20 million (15*1.33). Consider Cash + Equity deal, $10 million must be paid in cash and $10 million in equity. One share of the target will substitute one share from the client. Total of 250,000 shares of client must give to the shareholders of the target.

Alright. Your insights and recommendation are sound. Thank you for the inputs and I think we can end the case discussion here.

# CASE ANALYSIS | M&A | ENTERTAINMENT INDUSTRY

Your client is a player in the entertainment industry who wants to merge with a competitor of the same size. As a consultant, you need to assess if the merger should proceed.

## Objective

The client's primary objective is to understand the risks and benefits of this merger and decide a valuation.

## Assumptions

- A rate of 15% at which new subscribers are gained is assumed.
- The price of the shares are expected to increase post-merger. However, calculations are done on the data provided.

## Calculations

| | Acquirer | Target |
|---|---|---|
| Shares outstanding (million) | 0.6 | 0.5 |
| Share price (Dollar) | 40 | 30 |
| Equity value (million) | 24 | 15 |
| EPS (Dollar) | 5 | 6 |
| PE Multiple | 8 | 5 |

## Recommendation

Target's valuation is $20 million. $10 million will be paid in cash and 250,000 shares are offered. (1 share of the client will be replacing 1 share of the target company)

## Approach / Framework

**Decision to merge**

- Synergies
  - Operational
  - Revenue
  - Financial
- Organizational Fit
  - Culture
  - Management Style
  - Structure
  - Values
- Economic Attractiveness
- Market Attractiveness
- Risks & Benefits
  - Internal
    - Cash Constraint
  - External
    - Regulatory Barriers
    - Risk of Synergies

Shares transacted = 10 M/40 = 0.25 M

Split (Recommended) → Cash = 10 M Equity = 10 M

Premium = 33.33% 15 M * 1.33 = 20 M

Equity Value = Offered Price * Shares Outstanding 15M = 0.5 M * 30

Total Market Size = 41.4 M

Growth = 15% 36 * (0.15)= 5.4 M

Market = 36 M = (20+20-4) M

Client = 20 M

Competitor = 20 M

Common Subscribers = 4 M

# MARKET ENTRY FRAMEWORK

A market entry framework is a strategic approach or set of guidelines that businesses use to analyze and plan their entry into a new market. It involves evaluating various factors such as market conditions, competition, regulatory environment, consumer behavior etc. to formulate an effective strategy for successfully entering and establishing a presence in a specific market.

**Market Entry**

**Market Entry Strategy**

- Why to Enter — Ansoff Matrix
- Where to Enter
- Metrics — Market Share Capture

**Industrial Attractiveness**

**Market Analysis**
- SWOT
- Segmentation
- Trends
- KSFs
- Risk Assessment

**Customers**
- Demographics
- Consumer behaviour
- Brand Adaptation
- Psychological factors

**Competition**
- Existing Competition
- Market share
- Business strategy
- 4Ps

**Barriers to Entry**
- Capital Expenditure
- Capabilities/ Resources
- Legal Compliance
- IP rights

**Modes of Entry**

**Organic**
- Exporting
- Licensing
- Product Adaptation

**Inorganic**
- Joint Venture
- Acquisition

# CASE INTERVIEW | MARKET ENTRY | OTT PLATFORM

An OTT Platform in India is contemplating entering the gaming arena and wants your opinion on whether they should go ahead or not.

Just to clarify, the scenario is that an OTT Platform in India is considering venturing into the gaming segment, and my task is to evaluate whether they should go ahead with it or not. Is that correct?

Yes, that's right.

May I begin by asking a few questions to gain a better understanding?

Absolutely, please go ahead.

Could you please provide insights into the company's current offerings and capabilities?

Think of it as like Amazon prime video or Disney Hotstar. They produce their own shows and have a significant presence in India and globally. For this case, you can use Disney Hotstar as a proxy.

Thanks for the context. What types of games are they planning to introduce, and how will users access these games? Also, will it be affecting the price of the subscription? Does the company have the similar offering outside India?

The plan is to add a dedicated gaming section within the existing OTT Platform accounts. These games will be inspired by the company's own shows. Additionally, there won't be any change in pricing; it's included in the existing subscription.

To assess the opportunity, I would like to conduct a strategic evaluation by examining factors such as market attractiveness, Rules & regulations of the industry, and the capabilities of the company in terms of financial viability & operational feasibility.

Ok, Please proceed.

Starting with market attractiveness, What's the primary objective behind entering this market?

The company aims to gain a significant market share in the first 2 to 3 years, given the increasing trend of gaming industry in India.

Who are our potential competitors, if any?

There are no direct competitors offering both a gaming platform and OTT entertainment.

Thanks for the information. Now, to estimate the user base, I'll break it down into calculating the potential market size and the percentage conversion rate.
Assuming India's internet penetration is around 50%, we're looking at approximately 700 million potential users (Total population = 1.4 billion). I'll further segment them based on income levels.

Okay, go on.

I'll categorize them into three income levels: low, middle, and high. Assuming 30% for low income, 60% for middle, and 10% for high income, we get roughly 210 million low income, 420 million middle income, and 70 million high-income users. I'll assume subscription affordability as 0% for low income, 50% for middle, and 100% for high income. Does this seem reasonable?

Yes, proceed.

# CASE INTERVIEW | MARKET ENTRY | OTT PLATFORM

This would yield an estimated user base of approximately 280 million families, assuming an average household size of 4 and one subscription per family. Potential market size will be 70 Million. To calculate the percentage conversion, I'd consider awareness and adoption rates. Assuming an awareness rate of 60% for middle and high-income groups and an adoption rate of around 40%, we can estimate around 17 million potential users. Does this figure align with your expectations?

Yes, it seems reasonable.

Thank you. Are there any external factors that might hinder the opportunity such as any rules & regulations by the government or any legal challenges?

Currently there no such barriers.

Great. Moving on to financial viability, I'll consider costs associated with game development, including capital investment for R&D setup, infrastructure, and ongoing SG&A expenses.
Operational viability, in this case, would encompass the capacity of the company to effectively manage the integration of gaming into their existing platform. It involves assessing the capabilities of the workforce, ensuring a seamless customer experience, and addressing potential challenges post-launch. Operational viability also considers the company's ability to adapt to the dynamic gaming industry, providing ongoing support, updates, and maintaining a high level of customer satisfaction.

Okay, now what would be your final recommendation?

Given the objective of gaining a substantial market share within the first 2 to 3 years, the unique absence of direct competitors, and the potential market size, I recommend a phased launch strategy. Introduce a curated selection of games inspired by existing shows, closely monitoring user engagement and feedback. Simultaneously, execute an aggressive marketing campaign to increase awareness among the target audience and leverage the existing subscriber base. Allocate resources effectively for R&D and marketing, maintaining flexibility for unforeseen challenges. Establish a dedicated team for game development and customer support, adapting operational strategies based on real-time data for continuous improvement. This approach will allow the client for a gradual entry into the gaming market while optimizing user satisfaction and market penetration.

Good analysis. We can conclude the case here.

# CASE ANALYSIS | MARKET ENTRY | OTT PLATFORM

Your client has an OTT Platform in India is contemplating entering the gaming arena and wants your opinion on whether they should go ahead or not.

## Objective

The client's primary objective is to understand whether they should venture into the gaming arena or not with aim to gain gaining a substantial market share within the first 2 to 3 years.

## Interviewee Notes

- Potential market size is 70 million based on income segmentation.
- Estimated user base is approximately 280 million families, assuming an average household size of 4 and one subscription per family & 50% internet penetration.
- In guesstimates, we are assuming the middle- & High-Income group.
- Considered that low-income family will not be able to afford subscription thus took it as 0 (zero).

## Case Facts

- The company's current offerings and capabilities are like Disney Hotstar.
- It will be a dedicated gaming section within existing OTT platform accounts, inspired by the company's own shows, gaming service will not impact subscription pricing.
- There are no competitors offering both a gaming and an OTT platform.
- There are no barriers to entry, rules & regulations by the government or any legal challenges.

## Guesstimate Approach

Indian Population
1.4 Bn

Internet penetration

Internet access
700 million

Different income groups

| Low income 210 million | Middle income 420 million | High Income 70 million |

Subscription affordability

| 0 | 210 million | 70 million |

Total individuals
280 million

Market Size

Households
70 million

Awareness rate — 60%

Adoption rate — 40%

Potential User
17 million
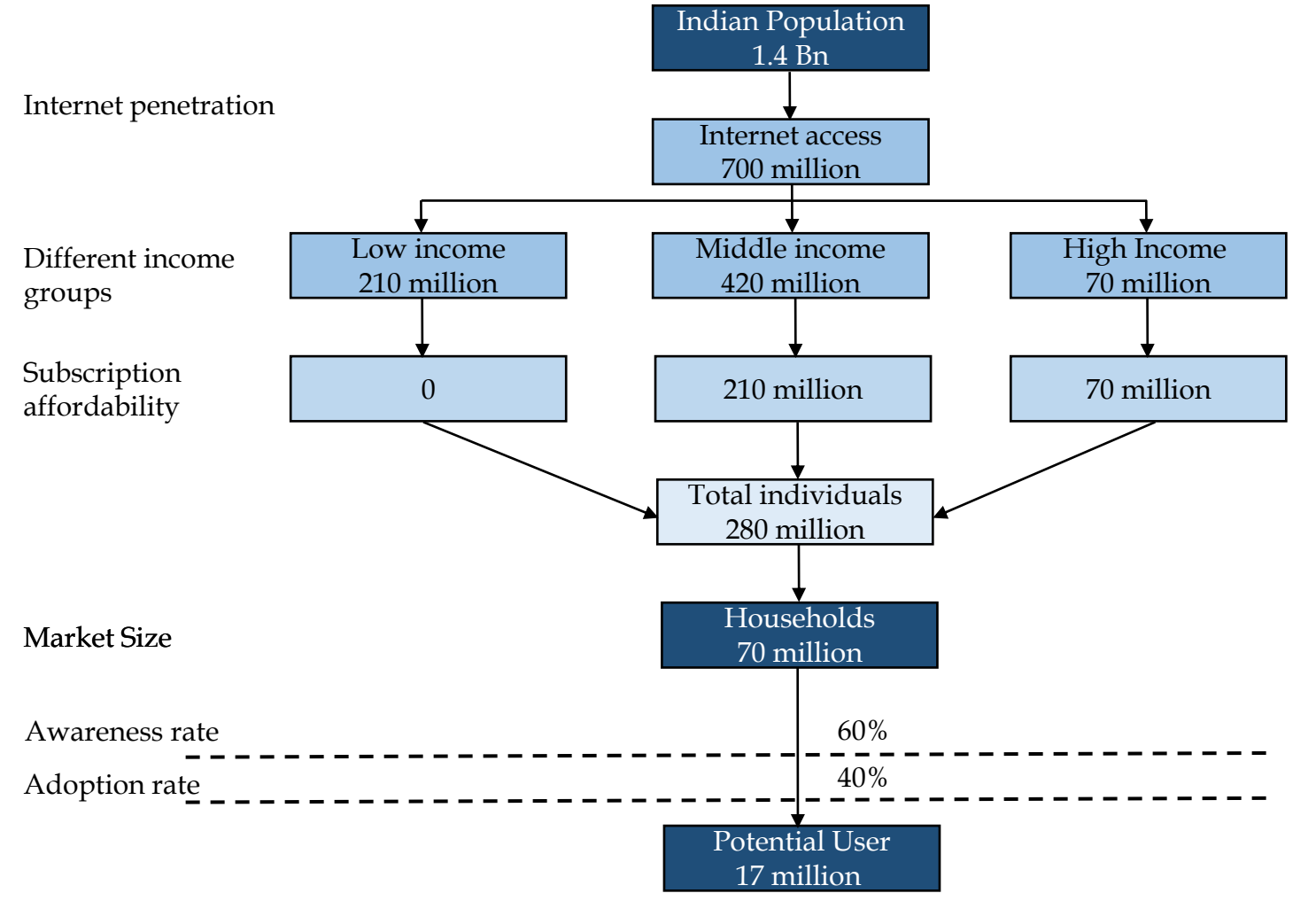
# CASE ANALYSIS | MARKET ENTRY | OTT PLATFORM

## Approach / Framework



**Market Entry**

**Market Entry Strategy** — **Industrial Attractiveness** — **Modes of Entry**

Market Entry Strategy:
- Why to Enter
- Where to Enter
- Metrics
- Market share capture

Industrial Attractiveness:
- Market Analysis: SWOT, Segmentation, Trends, KSFs, Risk Assessment
- Customers: Demographics, Consumer behaviour, Brand Adaptation, Psychological factors
- Competition: Existing Competition, Market share, Business strategy, 4Ps
- Barriers to Entry: Capital Expenditure, Capabilities/Resources, Legal Compliance, IP rights

Modes of Entry:
- Organic: Exporting, Licensing, Product Adaptation
- Inorganic: Joint Venture, Acquisition

## Suggestions

- A phased launch strategy. Introduce a curated selection of games inspired by existing shows, monitor user engagement & feedback.
- Execute an aggressive marketing campaign to increase awareness among the target audience and leverage the existing subscriber base. Allocate resources effectively for research and development and marketing, maintaining flexibility for unforeseen challenges.
- Establish a dedicated team for game development and customer support, with continuous improvement. This may lead to a gradual entry into the gaming market while optimizing user satisfaction and market penetration.

# CASE INTERVIEW | MARKET ENTRY | FMCG

Your client is a highly diversified business based in the United States, involved in the sectors of oral healthcare and personal care products. They are seeking to expand their personal care business in India, where they have already achieved success in their oral care ventures. You have to develop a go-to-market strategy for the client.

Okay. I would like to repeat the key points first to make sure I covered all the important aspects of the case. The client, based in the United States, specializes in oral and personal care products. With a well-established market for its oral care products in India, the client is now planning to enter the Indian market for its personal care products.

That's correct! You've understood the case well, and now you can proceed with analyzing it.

Sure! Could you provide insights into the company's objective for expanding into the Indian market?

India has a burgeoning population and is currently the most populous country. With the rise of social media, the personal care industry is anticipated to experience an annual growth rate of 3.00% (CAGR 2024-2028). Consequently, the client is targeting to break even within the first two years, considering this opportunity favorable.

Okay. How is the client performing in the US market for both the products?

In the U.S., it's quite a fragmented market, and securing a 30% market share is pretty good considering the market's fragmented nature.

That sounds good. Can you provide information on the key competitors of the client in the Indian market and detail the distinctive features that set the client's products apart from theirs?

In India, the fragmented market sees numerous players, including startups influenced by social media and heightened personal hygiene concerns post-COVID. The largest player holds a 20% market share. The product line is same as that of the US but incorporates more organic components, offering a unique advantage tailored to Indian skin health and tone.

Okay got it! Based on my understanding, can I assume that the client's strong presence in the Indian market for oral care products gives them a competitive edge? It seems they may not be overly concerned about the operational aspects of the personal care business at this point, given the well-established network in the other segment.

Yes, the assumptions are right!

Okay. Since the company wants to achieve the break even in the next two years. Let's discuss the feasibility or the economic aspect of the client's goal. Could you provide more details on the targeted market share over this period, along with insights into both variable and fixed costs, as well as the average ticket size?

Sure. The client aims for an 8% share of the Indian personal care market in the next two years, with fixed and variable costs at INR 1 Cr and INR 250 per item, respectively. The average ticket size stands at INR 500 per item.

Thank you for the details! To approximate the market share for the client, I will make an estimated projection for the entire personal care industry in India during the initial two years. Let me know if the following approach is correct.

Sure! Please go ahead.

# CASE INTERVIEW | MARKET ENTRY | FMCG

Assuming negligible rural penetration and a 1:1 sex ratio in urban areas, our focus is on upper middle- and high-income groups. With a 20% and 15% distribution for males and females within upper middle- and high-income groups, and usage rates of 70% for adult males and 90% for adult females, I calculate the total number of customers which comes out to be 77 Mn. The client aims for 8% of this share. Assuming an average product usage duration of 3 months, totaling 8 times over 2 years, multiplying this by the difference between the average ticket size and variable cost yields projected profits of INR 49,280,000—exceeding the Rs. 1 Cr fixed cost. Kindly confirm if this approach and result align with your expectations.

The approach is correct, and it appears to be a highly attractive market to enter. Are there any barriers to entry?

Examining entry barriers in this industry reveals regulatory, input, and market challenges. Regulatory barriers, involving agencies like the Drugs Controller General, pose approval challenges. Despite strong supplier connections and access to raw materials from their well-established oral care segment, obtaining components for the organic formulation might be a bit challenging. Additionally, encountering resistance from competitors in the new market will introduce market barriers to some extent.

Okay that makes sense. What do you think about the operational feasibility of the idea?

So, talking about the overall value chain, encompassing raw materials, manufacturing, logistics, sales, and distribution, the operations appear relatively straightforward, especially given the success of their oral care segment in the Indian market and established distribution channels. However, if the distribution capacity is at full utilization (100%), the client may contemplate outsourcing this aspect.

That was a good analysis. We can close the case here.

# CASE ANALYSIS | MARKET ENTRY | FMCG

Your client is a highly diversified business based in the United States, involved in the sectors of oral healthcare and personal care products. They are seeking to expand their personal care business in India, where they have already achieved success in their oral care ventures. You have to develop a go-to-market strategy for the client.

## Objective

The client's primary objective is to achieve break-even in the first two years.

## Interviewee Notes

- Having a strong foothold in the Indian oral care market facilitates a smoother supply chain and marketing process for the Personal Care Segment.
- In guesstimate, we assumed only the Upper-middle- and High-Income adult Population as the client's users.
- Assumed an average product usage duration of 3 months, totaling 8 times over 2 years.

## Case Facts

- Fixed Cost is INR 1 Cr
- Variable Cost is INR 250 per item
- The average ticket size is INR 500 per item.
- The personal care industry is expected to grow annually at a rate of 3.00% (CAGR 2024-2028)
- The client wants to target an 8% share of the Indian personal care market within the next two years.

## Suggestions

Having met the goal of achieving an 8% market share in the initial 2 years, our analysis suggests that the client is well-positioned to enter the personal care market in India.

## Approach / Framework



**Indian Population 1.4 Bn** → 60% **Rural 840 Mn** | 40% **Urban 560 Mn**

Urban → 50% Gender Wise Population **Male 280 Mn** | 50% **Female 280 Mn**

Male → 20% Upper-Middle + Higher Income Groups **56 Mn** ; Female → 15% **42 Mn**

56 Mn → 70% Usage Among Adults **~ 39 Mn** ; 42 Mn → 90% **~ 38 Mn**

Total Customers **77 Mn**
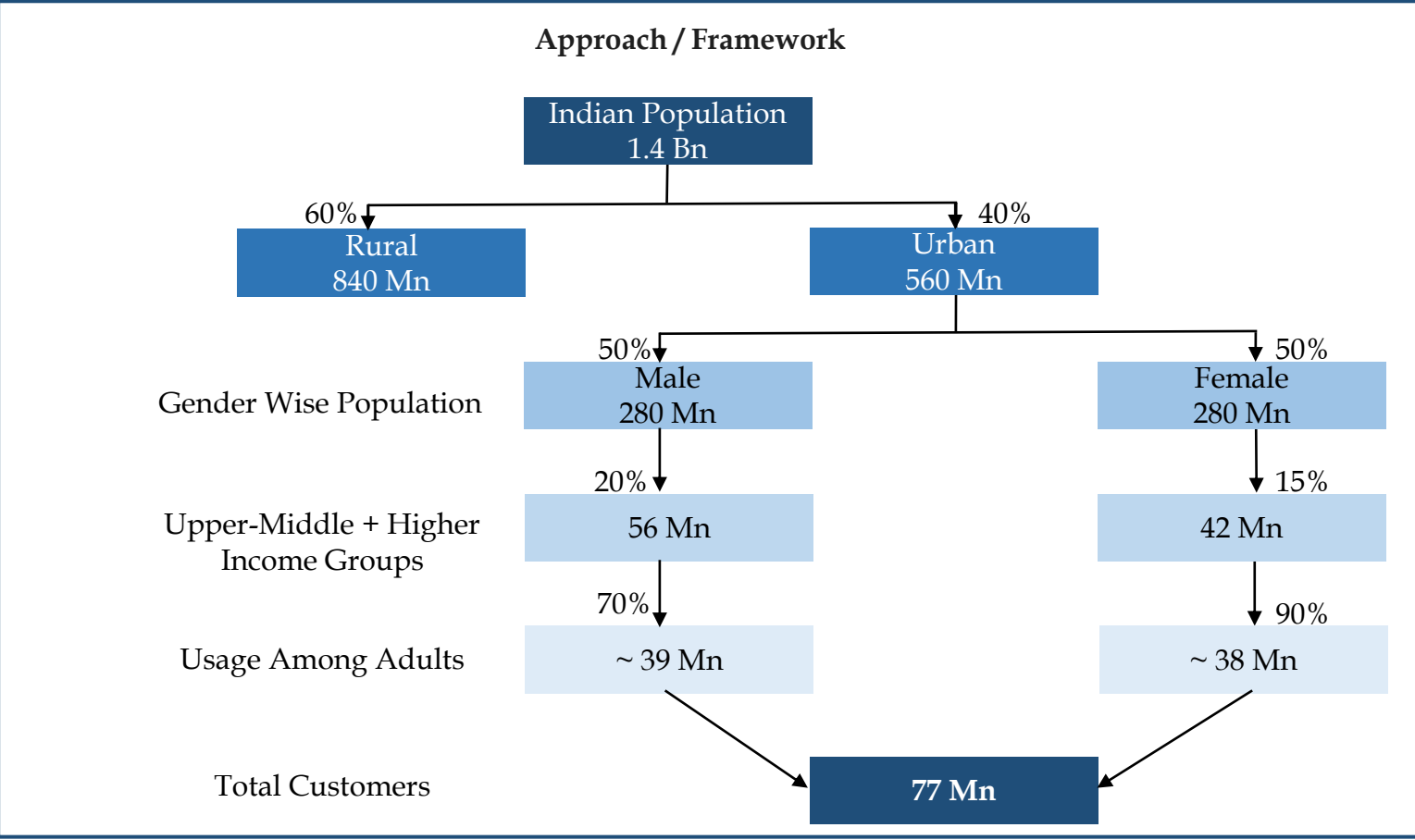
## Calculations

77 Mn* 8%* 8* (500-250) = INR 4,92,80,000 is the profit generated.

# CASE ANALYSIS | MARKET ENTRY | FMCG

**Market Entry**

**Market Entry Strategy**

**Industrial Attractiveness**

**Modes of Entry**

Why to Enter → Ansoff Matrix

Where to Enter

Metrics → Market Share Capture

**Key Learnings**
- Understanding the goal and the timeline for its attainment is important.
- Communicate clearly by explaining your approach to the problem first, then seek feedback
- When analyzing a market, it's essential to consider both its positive and negative drivers.

**Market Analysis**
- SWOT
- Segmentation
- Trends
- KSFs
- Risk Assessment

**Customers**
- Demographic
- Consumer Behaviour
- Brand Adaptation
- Psychological Factors

**Competition**
- Existing Competition
- Market Share
- Business Strategy
- 4 Ps

**Barriers to Entry**
- Capital Expenditure
- Capabilities / Resources
- Legal Compliance
- IP rights

**Organic**
- Exporting
- Licensing
- Product Adaptation

**Inorganic**
- Joint Venture
- Acquisition

# PRICING FRAMEWORK

A pricing framework is a structured approach guiding organizations in setting prices for their products & services. It strategically maximizes revenue by analyzing competition, considering elasticity, and examining cost structures.

## Key point to remember

- Customer-Centric Insights: Understand consumer preferences, income levels, and behavior to align pricing with perceived value and sensitivity.
- Strategic Considerations: Consider psychological pricing factors, brand loyalty, and the impact of government regulations, innovation, and global economic conditions to optimize pricing strategies for demand responsiveness.
- Contextual Assessment: Consider the product within the context of existing products in the market.
- Innovation Evaluation: Assess whether the product represents a radical innovation, a modification, or shares similarities with existing offerings.
- Understand the costs thoroughly, including production, distribution, marketing, and any other relevant expenses.
- Market Dynamics: Evaluate market demand, supply, and competition to position pricing effectively and respond to fluctuations and trends.
- Utility and Use Cases: Evaluate the various use cases and utility of the product to determine its pricing strategy.
- Pros and Cons Consideration: Account for both the advantages and disadvantages of the product
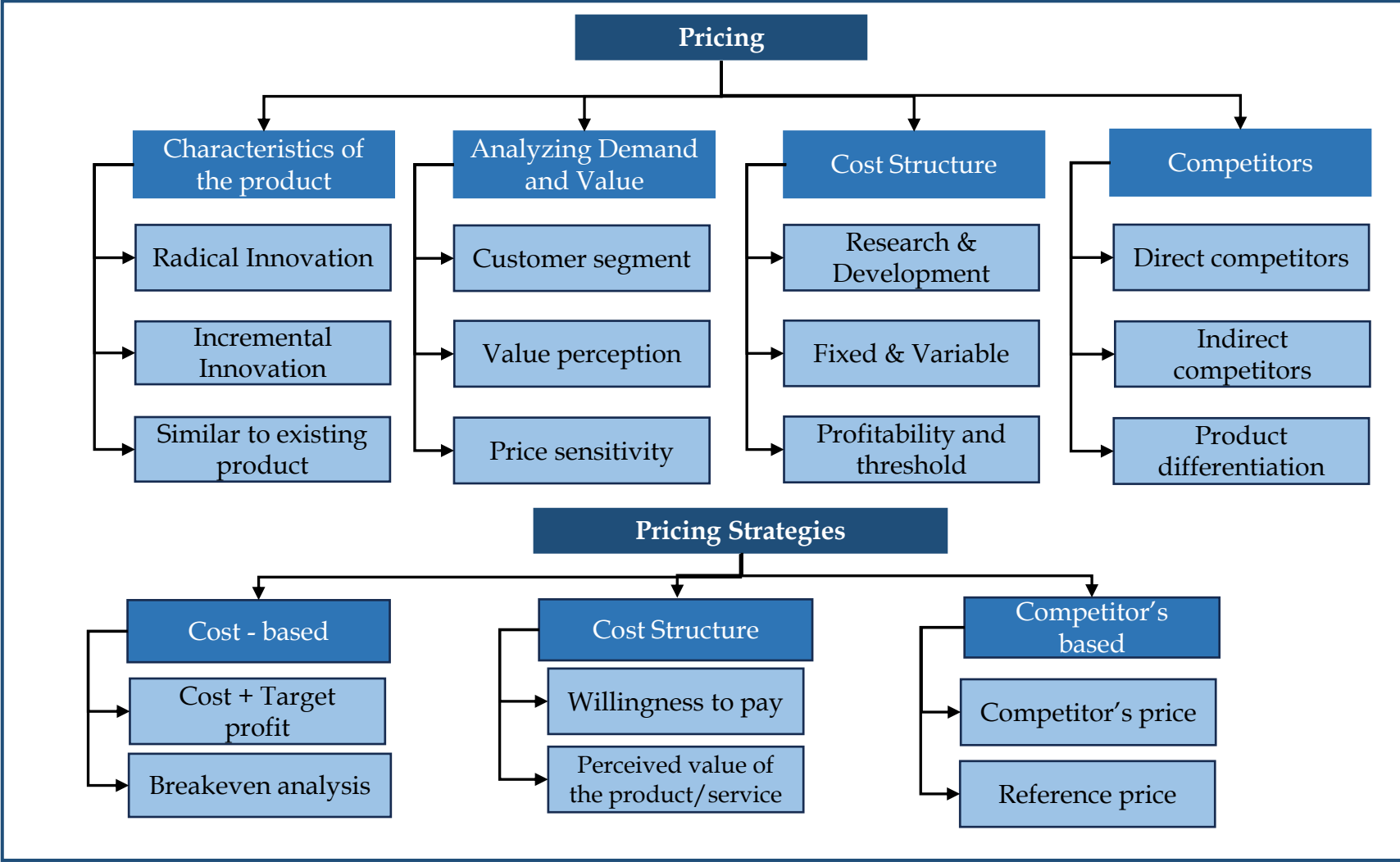
**Pricing**

| Characteristics of the product | Analyzing Demand and Value | Cost Structure | Competitors |
|---|---|---|---|
| Radical Innovation | Customer segment | Research & Development | Direct competitors |
| Incremental Innovation | Value perception | Fixed & Variable | Indirect competitors |
| Similar to existing product | Price sensitivity | Profitability and threshold | Product differentiation |

**Pricing Strategies**

| Cost - based | Cost Structure | Competitor's based |
|---|---|---|
| Cost + Target profit | Willingness to pay | Competitor's price |
| Breakeven analysis | Perceived value of the product/service | Reference price |

# CASE INTERVIEW | PRICING | PERSONAL CARE

The client is a manufacturer of hair-care products and has a product line consisting of various offerings such as hair oils, serums etc. They are planning to launch a Hair Dye which changes its colour when exposed to sunlight. Help the client establish a pricing strategy for the new product.

I would like to ask a few clarifying questions before I proceed with the analysis. Can you tell me more about the client? Is our client based out of India? Are we planning to launch the product in India or globally?

Sure, our client is based out of India but operates in multiple geographies. The product will be launched only in India for now.

Ok, and are there any specific reasons why the client has chosen India to launch its product?

The client is of Indian origin and believes that the product will be a great fit especially for the Indian youth.

Ok, I also have a few questions about the product. Is it temporary or permanent color? Has the product been quality tested and certified?

The product is a temporary hair dye which can be directly applied on the hair and washed off after use. The dye has passed all the quality certifications and is ready for production. Also, the client is planning to sell the dye in 100 mL bottles.

Ok, thanks. One last question before we begin the analysis. Is there any existing product available on the market which is like the client's offering?

No, there are no similar products available in the market. The client is the first company with this product offering.

As there are no competitors for this product category, I was thinking we could approach this problem based on the costs that have been incurred.

Sure, go ahead.

Ok, so how much has the client spent on R&D on this?

The client has spent around Rs. 5 Cr for the R&D of this product.

And what are the raw material costs involved?

The client is using special photochromic chemical compound which are designed to change color when exposed to UV rays. These along with the solution base are expensive and range somewhere around Rs. 5000/L.

Alright, and is the client using any separate production process specifically designed for this product?

No, the client is not using any additional machinery for this product, and it will be manufactured in the client's existing facility. However, a few modifications will be made to the production line considering the special requirements of the product. Also, some additional labor will be required, and they will need to undergo preliminary training especially for understanding the composition of the product. You can estimate that the added costs will amount to Rs.100/bottle. This cost includes the additional labor & electricity costs too.

Ok, and how much is the client spending on the packaging?

As this will be targeted towards the youth and marketed as a semi-premium product, the client would be able to spend around Rs.50/bottle for packaging.

As you mentioned marketing, can we discuss what is the marketing strategy used and how much is the marketing budget?

# CASE INTERVIEW | PRICING | PERSONAL CARE

The client is thinking about creating some social media marketing campaigns along with short TV commercials. He is also thinking about hiring some influencers to market our product. As I previously mentioned, this product is mainly targeted towards the youth, and the marketing budget is around Rs. 5 Cr.

So, looking at the nature of the product, I'm considering the product will be mainly targeted towards the urban population – which is 30% of the entire country. Also, the client would be targeting the youth, i.e. – the age group of 15-35 years, which is around 35%. That brings us to a total addressable market (TAM) of 14.7 crore ~ 15 crore. Now, as this is a completely new product offering, we can consider the adoption rate to be really low, as any new product is first adopted by the innovators, and then the early adopters. The percentage of innovators lies around 2.5- 3.5% of the TAM, we can assume that the serviceable observable market (SOM) = 3% of the total available market will adopt the product in the first year of launch. So, 15 crore * 3% = 45 lakhs. Please let me know if I can proceed with these assumptions?

Yes, please proceed.

Thanks, so considering the above figure, I can arrive at the marketing spend / customer to be 5 Cr/45 lakhs ~ Rs.11.1. I'll assume the R&D costs to be distributed over a span of 5 years. Thus, R&D costs (year 1)/ bottle = 1 Cr/45 lakhs ~ Rs.2.2/bottle. Adding up the other costs previously mentioned, Raw material – Rs.5000/10 = Rs.500/bottle, processing costs = Rs.100/bottle, packaging = Rs.50/bottle. This brings us to a total cost of Rs. 663.3. Other miscellaneous costs are added, and total can be rounded off to Rs. 670. As this is a new product and offers a value proposition of uniqueness and novelty factor, buyers, in our case, the innovators, would pay a premium to own a distinguishable product. We can proceed with a value-based pricing of Rs. 130 to bring the rounded off total of Rs. 800. Can we go ahead with these values and assumptions?

Sounds good. Please carry on.

Thanks, so adding the final component of profit, I would suggest a comparatively conservative profit margin in the beginning to keep prices reasonable. 10% profit margin added to Rs.800 brings us to a selling price of Rs. 880. To incentivize the retailers to push the product to the consumer, we can keep a greater margin of ~ 15% which will bring the total to Rs. 1012. We can keep the maximum retail price at Rs. 999 for the added benefit of charm pricing.

That's good. Thank you!



**Guesstimate Approach**
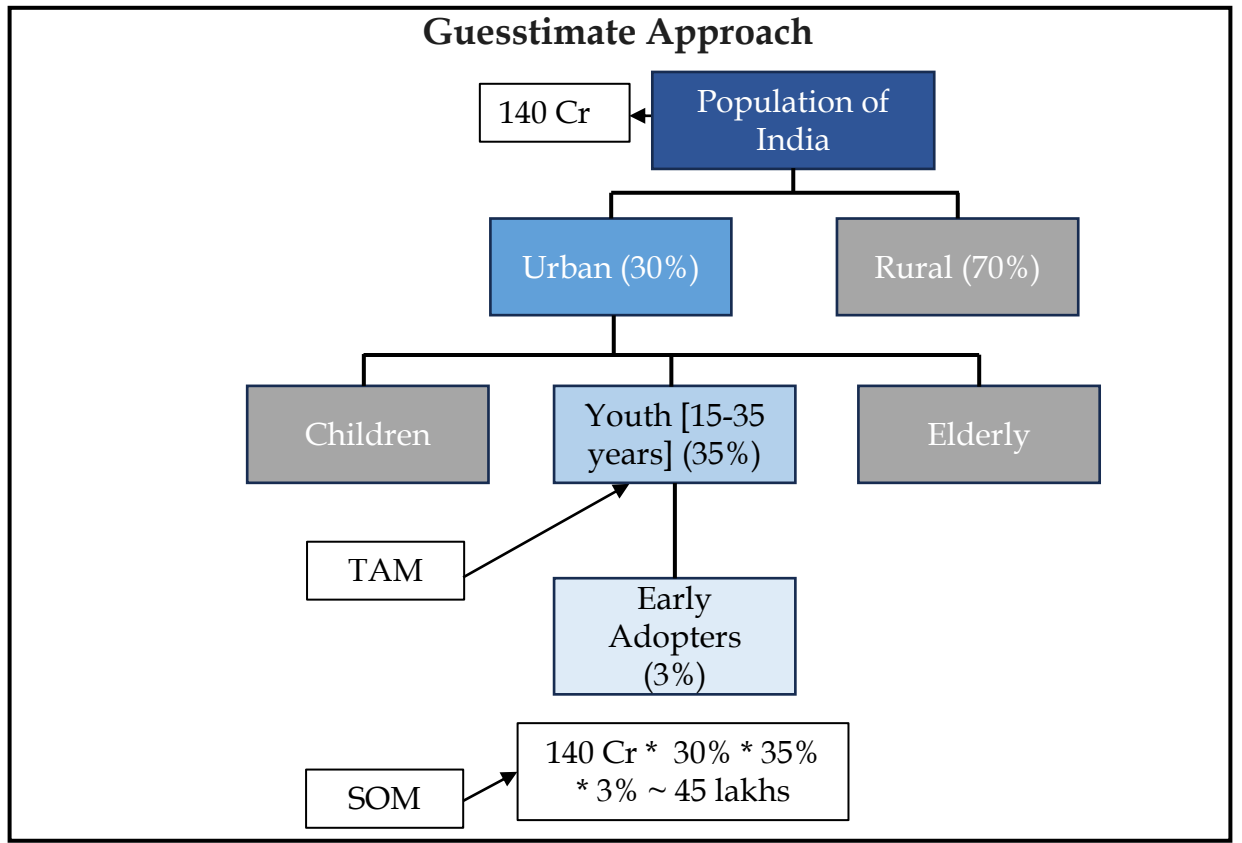
# CASE ANALYSIS | PRICING | PERSONAL CARE

The client is a manufacturer of hair-care products and has a product line consisting of various offerings such as hair oils, serums etc. They are planning to launch a Hair Dye which changes its color when exposed to sunlight. Help the client establish a pricing strategy for the new product.

## Objective

The client wants to launch a color-changing, temporary hair dye targeted towards the youth of India. We need to develop a pricing strategy based on the inputs given in the interview.

## Pricing Approach



### Interviewee Notes

- The client operates in multiple geographies, but the product will be launched only in India for now.
- The product is a temporary hair dye which can be directly applied on the hair and washed off after use.
- There is no competition for the product; the client is the first in the market.
- Client will be using its existing manufacturing process.
- Product is targeted towards the youth and marketed as a semi premium product.
- Marketing will include social media influencer marketing as well as short TV commercials.

### Case Facts & Calculations

- Product will be sold in 100 mL bottles
- R&D costs can be distributed over 5 years
- R&D costs are ₹ 5 Crore/5 = ₹ 1 Crore / year
- Raw materials include chemical compounds and solution base which together cost ₹5000/litre
- Additional operational costs will amount to ₹100/bottle
- Packaging costs are ₹50/bottle
- Marketing budget is around ₹5 Crore
- Serviceable Observable Market (SOM) is calculated at 45 lakhs
- Fixed cost per bottle = (R&D costs + Marketing Costs)/SAM = ₹6 Cr / 45 lakhs ~ **₹13.3**
- Variable costs per bottle = Raw material price/100 mL + Operational costs + Packaging costs = ₹500 + ₹100 + ₹50
- Miscellaneous costs = ₹6.7
- Value based pricing added ₹130, total ₹800
- Profit @ 10%, total ₹880
- Retailer margin @15%, total ₹1012
- Charm pricing @ ₹999
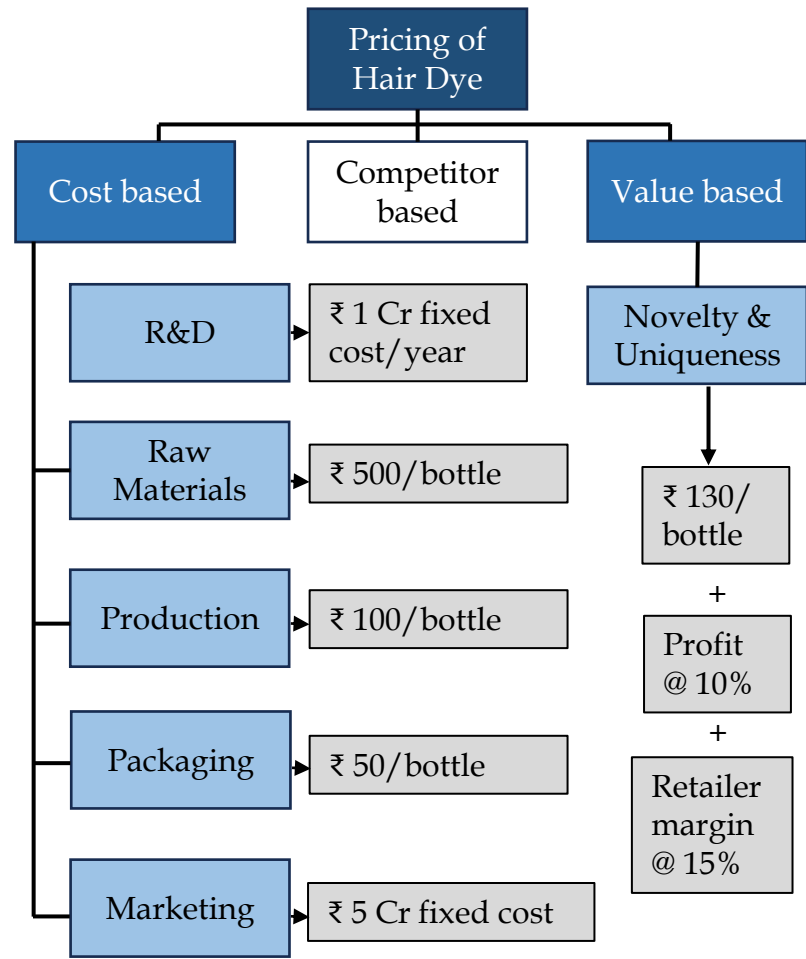
# CASE INTERVIEW | PRICING | SHOE MANUFACTURER

Your client is a shoe manufacturer. They have recently come up with a product that will protect your shoes from getting dirty. You have to suggest a pricing strategy for this product.

Ok! Sounds Interesting. May I ask a few clarifying questions before I proceed further with suggesting a pricing strategy.

Interviewer: Sure, Go ahead

Is there any objective behind the launching of this product by the company?

The company just wants to increase their product portfolio and thus wants to generate some revenue from the sales of this product.

Ok. Is it an invention or modification to any existing product?

Our client has developed this product for the first time. However, there are existing products from other companies. But our client's product is a bit different than the others in terms of its production. The product is capable of repelling not just dirty water but also many other things such as soy sauce, ketchup, mud etc. And another differentiation is the product can be used on any type of shoes, whether it be made of fabric, leather etc.

How does the product work?

It's in the form of spray and is thus easy to apply. After spraying on the shoes, just keep it in dry area for 5 -10 minutes and you are good to go. Once applied, the protection layer lasts for at least 25-30 days.

That sounds good. I guess there must be huge R&D Costs involved. Do we have any data for the same?

The R&D costs is 1 Crore. However, you can ignore the R&D cost as of now.

Just one last question, is there any data related to competitor's product's price?

On average, the competitors have priced such products in the range of 500-800 Rs. for a bottle of 100 mL.

Thank you! Give me a few minutes to gather my thoughts around.

Sure!

There can be 3 ways to do it: Competitive pricing, cost-plus pricing & value-based pricing. Since companies' objective is to generate revenue and not care much about the costs incurred in developing the product as of now, I think we should focus on competitors and value-based pricing. As our product is superior to the competitor's product, thus, we can add a 10-20% premium over the competitor's price.

Ok! Tell me the final price you will recommend for the product to be sold at ?

For a 200 ml bottle, we can price it at 1700 Rs plus 15% value margin. So, the final price would be around 2000 Rs. It might be beneficial to strategically position the product as a premium solution in the market. Emphasizing its superior protection capabilities and versatility across shoe materials can justify the premium pricing.

Any further considerations or recommendations?

Yes, to encourage trial and attract more customers, I recommend introducing smaller SKUs, such as 50 mL or 100 mL, at lower price points. This would allow potential customers to experience the product before committing to a larger purchase.
Additionally, investing in a targeted marketing campaign highlighting the product's unique features and benefits would further support its premium positioning.

Sounds fair! Let's close the case here. Thank you!

# CASE ANALYSIS | PRICING | SHOE MANUFACTURER

Your client is a shoe manufacturer. They have recently come up with a product that will protect your shoes from getting dirty. You have to suggest a pricing strategy for this product.

## Objective

The client wants to increase its product portfolio and generate revenue; need to develop a pricing strategy.

### Interviewee Notes

- R&D costs are ₹1 Crore but can be ignored for now
- Since companies' objective is to generate revenue and not care much about the costs incurred in developing the product as of now, value-based pricing would be the best approach
- Premium pricing can be justified because of the superior capabilities of the product

### Case Facts

- Client is a shoe manufacturer who has produced a new product that will protect shoes from getting dirty
- Client has developed the product for the first time and is different from competitors' products and provides superior protection against a variety of things
- Competitors' products priced at ₹500 - ₹800 per 100 mL bottle

### Pricing Approach

Pricing of Product
- Cost-plus pricing
- Competitive Pricing
  - Premium Pricing
- Value based Pricing
  - Superior Capabilities

### Suggestions

- A 200mL bottle can be priced at ₹1700 + 15% value margin which would bring the final price to around ₹2000
- The product can be strategically positioned as a premium product in the market due to its superior protection capabilities when compared to its competitors
- To encourage trail and attract more customers, smaller SKU's can be introduced such as 50mL or 100mL at lower price points to allow potential customers to experience the product before committing to a larger purchase
- A targeted marketing campaign highlighting the product's unique capabilities would support its premium positioning

₹1700 for 200 mL bottle + 15% value margin

~ ₹2000 per 200 mL bottle
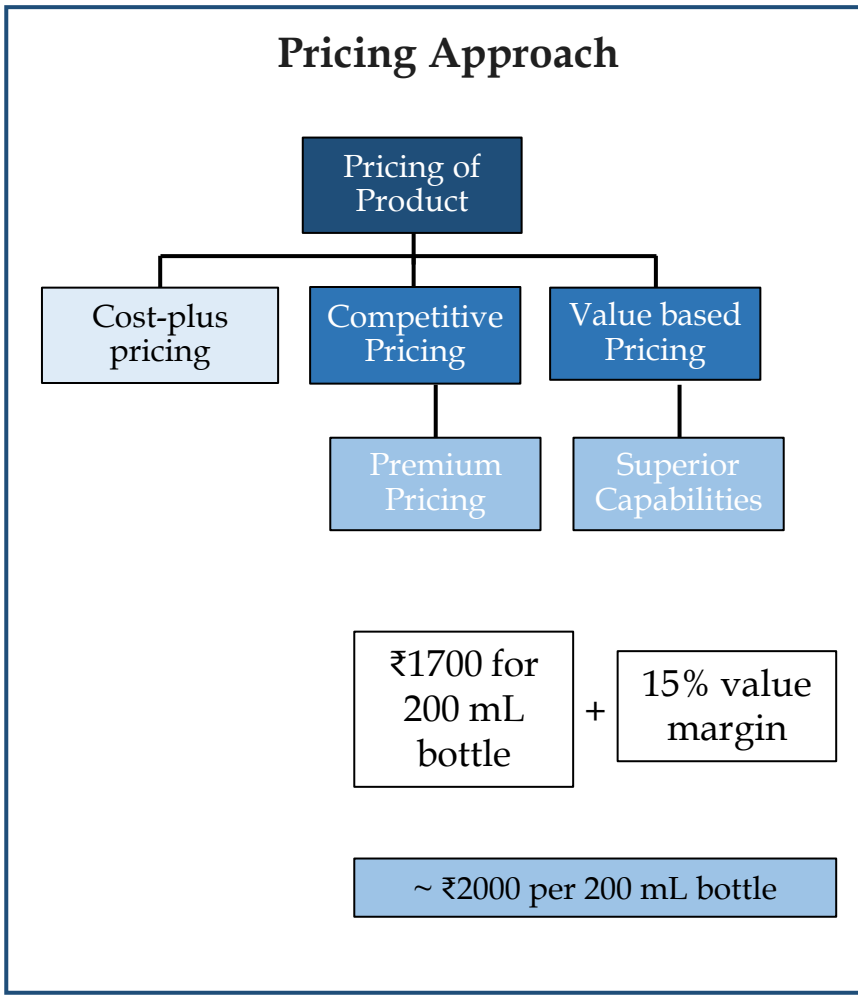
# GROWTH FRAMEWORK

Growth strategy scenarios often revolve around tackling obstacles associated with increasing a company's revenue, profitability, or market presence, with the goal of achieving a year-over-year growth of X%. These cases generally fall into two categories:

1. Identifying avenues for growth within the company's current operations, finding opportunities to expand within existing markets using existing products or services.

2. Exploring possibilities for growth in new areas, which can encompass both entering entirely new markets and expanding within existing markets through the introduction of either similar or different products and services.
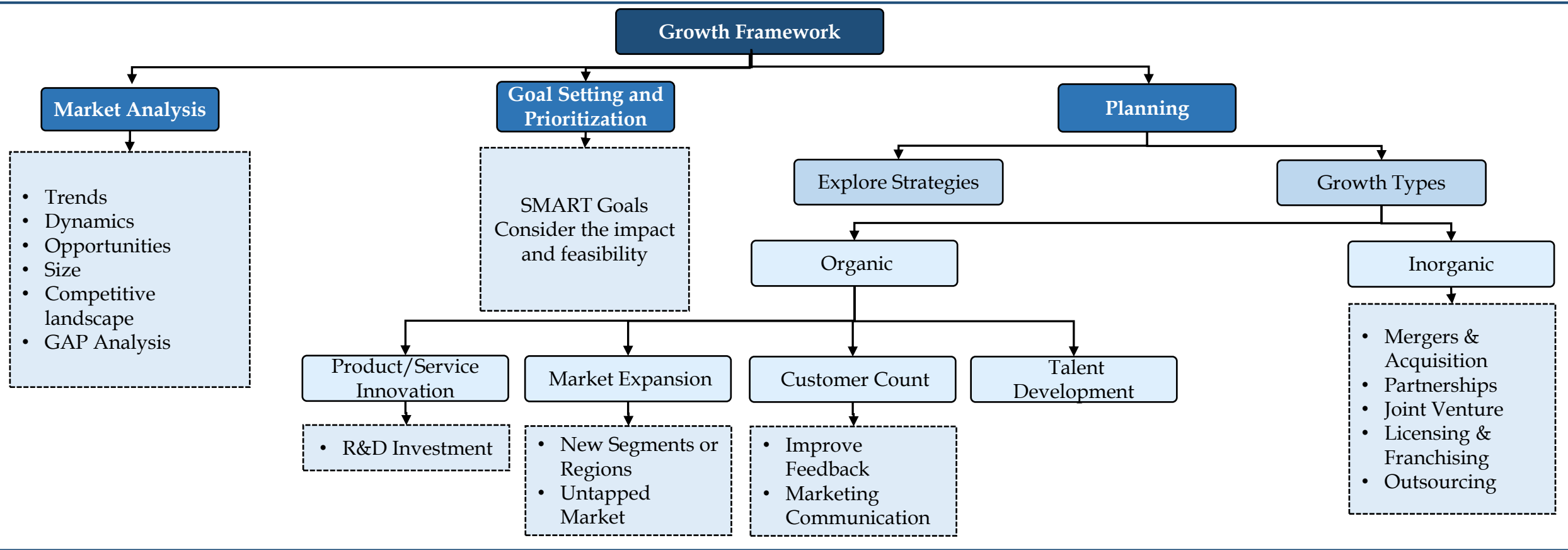
**Growth Framework**

**Market Analysis**

- Trends
- Dynamics
- Opportunities
- Size
- Competitive landscape
- GAP Analysis

**Goal Setting and Prioritization**

SMART Goals
Consider the impact and feasibility

**Planning**

**Explore Strategies**

Organic

Product/Service Innovation
- R&D Investment

Market Expansion
- New Segments or Regions
- Untapped Market

Customer Count
- Improve Feedback
- Marketing Communication

Talent Development

**Growth Types**

Inorganic
- Mergers & Acquisition
- Partnerships
- Joint Venture
- Licensing & Franchising
- Outsourcing

# CASE INTERVIEW | GROWTH | PULP MANUFACTURING

Your client is an Indian company operating across multiple businesses. With consistent growth over the past five years, they now approach you as a consultant to formulate a 10-year growth strategy.

Greetings. I acknowledge your interest in seeking guidance on a decade-long growth strategy. To proceed, could you provide more details on the multiple businesses in which the client is currently engaged?

The client predominantly operates in three key business segments:
1. Pulp Manufacturing
2. Supplying furnished wood to various enterprises, also referred to as log merchandising
3. Forest maintenance for sourcing premium-quality wood

Certainly. I'd like to clarify whether the forest maintenance activities are categorized as part of the client's Corporate Social Responsibility (CSR) initiatives or if they are integrated into their core business model.

The forest maintenance activities are integral to the client's core business operations and not designated as part of their Corporate Social Responsibility. Additionally, the client also engages with external suppliers for wood procurement.

Great. Could you please specify if the client has any objectives or goals in mind for the growth strategy to be proposed?

The client's primary objective is to triple their revenue.

Okay. Could you please provide information on the current segment-wise distribution of revenue for the client? Additionally, the segment-wise growth pattern, and if there is a particular segment the client intends on expanding within.

Currently, pulp manufacturing contributes 50% to the revenue, log merchandising 30%, and forest maintenance 20%. The growth rates are 4-5% for pulp manufacturing, 1-2% for log merchandising, and 3-4% for forest maintenance. You are free to choose any segment for expansion.

Certainly. Given the substantial contribution to revenue and the highest growth trends, focusing on the pulp manufacturing business unit is a strategic choice for the growth strategy. We can develop a comprehensive plan to maximize growth and capitalize on the existing strengths within this segment. Could you provide insights into the current customer base of the client, including key demographics and any specific characteristics that define their customer profile?

The client currently operates in India, with a pan-India presence. There is no specific differentiation based on states. They serve customers across the country.

Okay great. Does the client have any intentions or plans to expand into international markets in the foreseeable future?

Yes, the client has an interest in expanding its operations to international markets.

Certainly. Leveraging the existing product line to enter international markets could be a strategic approach. By doing so, the client may aim to tap into a larger customer base, facilitating revenue growth through expanded market reach.

Could you provide a list of the specific countries you are considering for market expansion?

Given the relatively lower profit margins and growth trends in Pulp Manufacturing, my preference is to narrow down the list of potential countries for expansion to Southeast Asian nations and those neighboring India.

# CASE INTERVIEW | GROWTH | PULP MANUFACTURING

If the client intends to confine its operations within the national boundaries, what would be the strategy in such a scenario?

Certainly. In the scenario of focusing on domestic growth, we have two viable options:
1. Organic Growth
2. Inorganic Growth

Let's discuss the organic growth strategy first.

The organic growth strategy involves the following steps:
- Achieve growth by outperforming competitors through product or service differentiation or cost reduction. Diversify product offerings by developing high-performance pulps for niche markets like medical textiles, food packaging, or bio composites. The client can also explore technologies to convert pulp into bio-based chemicals, fuels, or materials, expanding market reach and revenue potential. Streamlining the production process through the adoption of advanced technologies and automation can enhance operational efficiency, reduce energy consumption, and minimize waste.
- Establish a competitive edge through improved distribution channels and innovative product designs. The client can look for various options for closed-loop systems where wood byproducts are reused or converted into bio-based products, generating additional revenue streams and enhancing sustainability.

That's great. Please tell more on the inorganic strategy.

The flow of the inorganic strategy follows the subsequent path:
- Pursue growth through acquisitions or partnerships. The client can look out for forming strategic alliances with key players in the supply chain, such as forestry companies or distribution partners, which can enhance market reach and operational synergies.
- Consider two main strategies: horizontal integration – The client can join forces with another pulp manufacturer of similar size and capabilities to create a larger, more competitive entity with increased bargaining power and economies of scale. Vertical integration – The client can acquire companies involved in upstream (forestry) or downstream (paper production) segments of the value chain to gain better control over quality, costs, and market access.

Great. That concludes our discussion on the case. We can consider it closed.

# CASE ANALYSIS | GROWTH | PULP MANUFACTURING

Your client is an Indian company operating across multiple businesses. With consistent growth over the past five years, they now approach you as a consultant to formulate a 10-year growth strategy.

## Objective

The client's primary objective is to triple their revenue.

### Interviewee Notes

- Clear preference for focusing on Pulp Manufacturing for strategic growth.
- Existing customer base nationwide with no state-wise differentiation.
- Client expresses interest in international market expansion.

### Case Facts

- Three business Segments: Pulp Manufacturing, Log Merchandising and Forest Maintenance.
- Pulp Manufacturing segment is growing at 4%-5% annually, the other two segments are growing at 1%-4% annually
- Nationwide presence in India, pan-India operations.

### Suggestions

- Leverage existing product line for **international entry**.

**Domestic Growth Strategy:**

- The organic growth strategy involves outperforming competitors, diversifying products, adopting technology, optimizing operations, and establishing a competitive edge for sustainability.
- If pursuing inorganic growth, consider acquisitions or partnerships, forming alliances, and exploring horizontal or vertical integration strategies for competitiveness.

## Approach / Framework
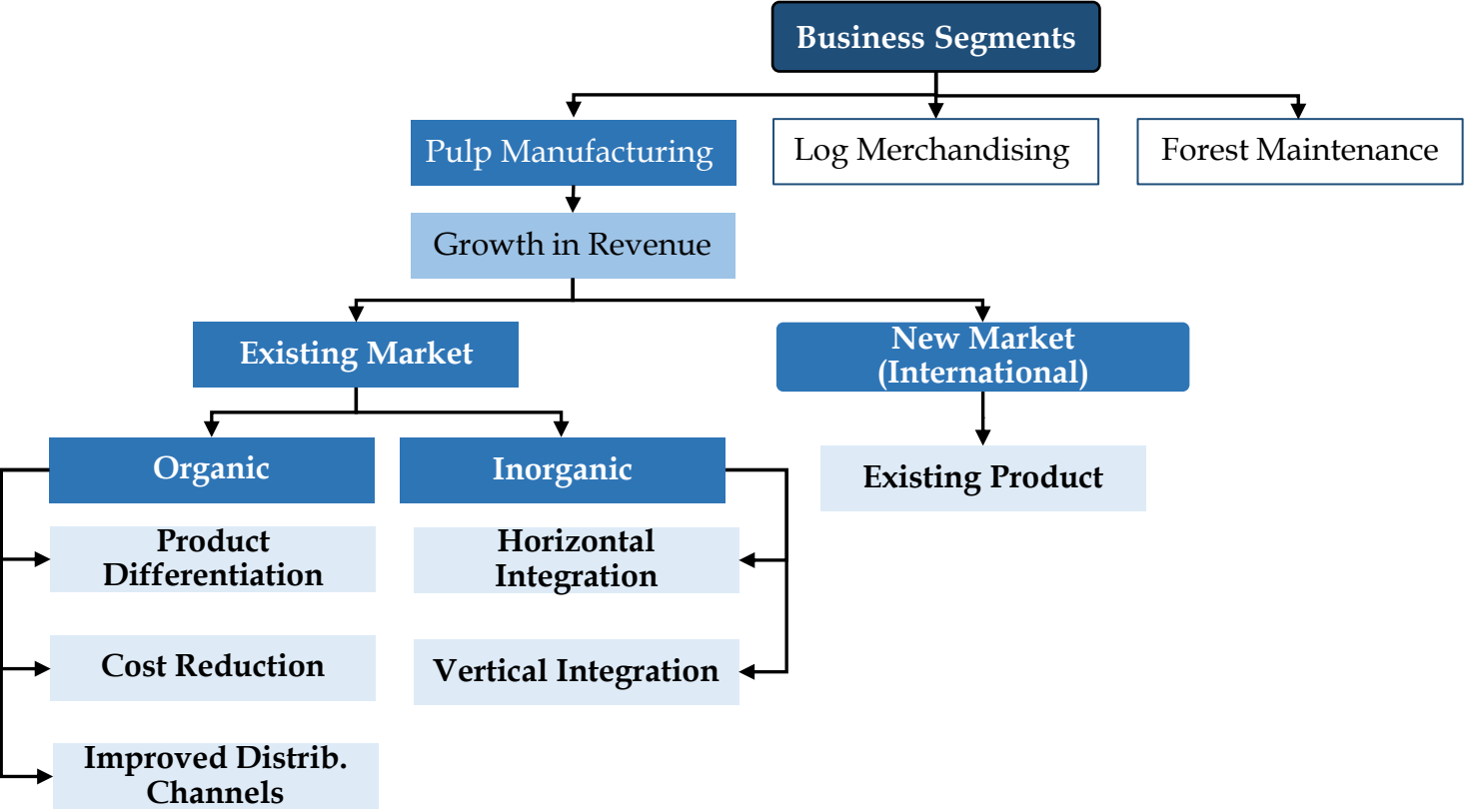
# CASE INTERVIEW | GROWTH | E-COMMERCE

Your client is Myntra and requested for a medium-term strategy for 4-5 years. The client is keen to hear your assessment on how they can solidify their position as the leading online fashion destination in India, while also maintaining healthy profitability.

Good day. I understand you're seeking advice on Myntra's medium-term strategy for the next 3-5 years. Are there specific objectives in mind of the client?

Yes, their dual objective is growth and improving profitability.

Myntra has enjoyed phenomenal growth, but the fashion e-commerce landscape is constantly evolving. To stay ahead, let's break down the strategy into four key areas:
- Customer Acquisition: Expanding reach beyond metro cities and attracting new customer segments.
- Customer Retention: Fostering brand loyalty and repeat purchases.
- Basket Size and Order Frequency: Encouraging customers to buy more, more often.
- Cost Optimization and increased profitability: Identifying and streamlining operations to improve profitability.

Excellent framework. Let's start with customer acquisition. The client has seen some success with influencer marketing and social media campaigns, but reaching new demographics, particularly in smaller towns, remains a challenge.

Indeed. Myntra's trendy and youthful image might not resonate well in tier-II and tier-III cities. The client could explore collaborations with regional influencers and celebrities, or even partner with local boutiques to offer a curated selection of Myntra styles.

Interesting. What about customer retention? They have a loyalty program, but

engagement could be improved.

Absolutely. Consider personalizing the program, offering exclusive deals and early access to sales based on individual preferences and purchase history. The client could also gamify the experience with points, badges, and rewards for social sharing and brand advocacy.

I like the gamification idea. It aligns well with the client's younger customer base. Now, onto basket size and order frequency. Discounts and promotions seem to be the main driver currently, but client want to move beyond that.

Agreed. Focus on building a strong content strategy with engaging fashion shoots, styling tips, and trend guides. This can inspire customers to experiment and add more items to their carts. Offer curated collections and outfit recommendations based on individual preferences and purchase history.

That makes sense. Client have a vast amount of customer data; they need to leverage it better to personalize the shopping experience. Now pls explain the last part.

Precisely. Now, regarding cost optimization and profitability, let's analyse the client's biggest expense heads. Marketing and logistics are likely significant factors.

Yes, marketing campaigns and delivery costs eat into the client's margins.

Optimizing ad targeting and influencer partnerships can bring down marketing costs. For logistics, explore partnerships with regional couriers and fulfilment centres to improve efficiency and reduce last-mile delivery costs. Drawing lessons from Walmart's supply chain efficiency, as the client is now a part of the Walmart group, could enhance their operational efficiency.

Those are concrete suggestions. Any other strategy you can think of and please tell the factors that have to be kept in mind while executing.

# CASE INTERVIEW | GROWTH | E-COMMERCE

Considering expanding into private label brands is a good option. Private label can be a good strategy to control margins and offer unique products. However, ensure the private label offerings cater to the client's core customer segments and complement the existing brand identity.

Great. Finally, any external factors client should consider?

Competition from established players like Amazon and Reliance Jio is always a concern. Additionally, the Indian fashion market is highly fragmented, with numerous small brands and online retailers emerging. Stay agile and adaptable to cater to changing trends and customer preferences.

Myntra is primarily known for its mass-market appeal and fast-fashion offerings. Entering the B2B and high-end segments requires establishing a distinct brand identity that resonates with luxury and exclusivity. What can be the potential solutions you can provide.

Some of them are:-
• Create a dedicated platform within Myntra showcasing premium brands, exclusive collections, and designer collaborations.
• Collaborations with established players
• Content marketing and storytelling
• Omnichannel experience: Provide a seamless omnichannel experience for B2B and high-end customers. Offer virtual showrooms, 3D product views, and personalized styling consultations.
• Technology and security: Invest in robust security measures to ensure data privacy and brand protection of B2B clients and high-end brands.

That concludes our discussion on the case. We can consider it closed.

# CASE ANALYSIS | GROWTH | E-COMMERCE

Your client is Myntra and requested for a medium-term strategy for 4-5 years. The client is keen to hear your assessment on how they can solidify our position as the leading online fashion destination in India, while also maintaining healthy profitability.

## Objective

The client's objective is growth and improving profitability.

## Approach / Framework

### Interviewee Notes

- Four key strategy areas outlined: Customer Acquisition, Customer Retention, Basket Size, and Profitability.
- External factors considered: Competition from Amazon and Reliance Jio, evolving fashion market dynamics.
- Expansion into B2B and high-end segments discussed, requiring a distinct brand identity and omnichannel experiences.

### Case Facts

- Myntra, known for mass-market and fast-fashion.
- Venturing into B2B and high-end demands a unique brand identity.
- Intense competition from Amazon and Reliance Jio.
- Indian fashion market marked by high fragmentation.

| | |
|---|---|
| **Customer Acquisition** | Expanding reach beyond metro cities and attracting new customer segments. |
| **Customer Retention** | Fostering brand loyalty and repeat purchases. |
| **Increasing Basket Size and Order Frequency** | Encouraging customers to buy more, more often. |
| **Cost Optimization and increased profitability** | Identifying and streamlining operations to improve profitability. |

### Suggestions

- Collaborate with regional influencers for customer acquisition in smaller towns. Personalize the loyalty program and gamify the experience for customer retention.
- Focus on content strategy to inspire larger basket sizes and frequent orders.
- Enter B2B and high-end segments with a dedicated platform, collaborations, content marketing, omnichannel experience, and robust security measures.

# DUE DILIGENCE

Due diligence entails a thorough investigation or audit carried out by the acquiring firm to verify in detail the specific areas and heads of the target company. It is used to assess target company's suitability, risks, and opportunities associated with the acquisition, business transaction, investment, or decision.

**Financial Due Diligence**
- Review financial statements including income statements, balance sheets, and cash flow statements, to assess the company's financial health.
- Analyze historical financial performance, revenue growth, profitability, and cost structure. Assess the target company's debt obligations, outstanding loans, and financial liabilities.

**Operations and Supply Chain**
- Examine the target company's production processes, supply chain management, and inventory levels. Review contracts with suppliers.
- Evaluate the company's manufacturing facilities, equipment, and maintenance records.

**Sales and Marketing**
- Analyze the company's customer base and distribution channels, sales and marketing strategies, including customer acquisition costs.
- Review customer contracts, focusing on customer retention rates. Evaluate the brand reputation and positioning in the market.

**Human Resources:**
- Review the department's organizational structure and staffing levels, assess the quality of the workforce, turnover rates.
- Analyze compensation and benefit programs and evaluate the company's compliance with employment laws and regulations.

**Technology and IT Systems**
- Evaluate the target company's IT infrastructure, including hardware, software, and data security measures and assess the condition of IT systems and any potential technology risks. Review software licenses, technology contracts, and ongoing IT projects.

**Legal and Compliance**
- Examine all legal agreements, contracts, and pending litigation cases, company's intellectual property portfolio and any issues related to patents, trademarks, or copyrights. Review regulatory compliance records, licenses, permits, and any history of regulatory violations.

**Environmental and Sustainability**
- Assess compliance with environmental regulations and any potential environmental liabilities considering emission, pollution levels, reuse, recycle refurbish stages. Consider the company's sustainability initiatives and corporate social responsibility efforts.

**Customer Service and Support**
- Analyze customer service processes and assess customer satisfaction levels. Review customer service contracts and agreements.

# GROWTH FRAMEWORKS (ANSOFF MATRIX & BCG MATRIX)

## Ansoff Matrix
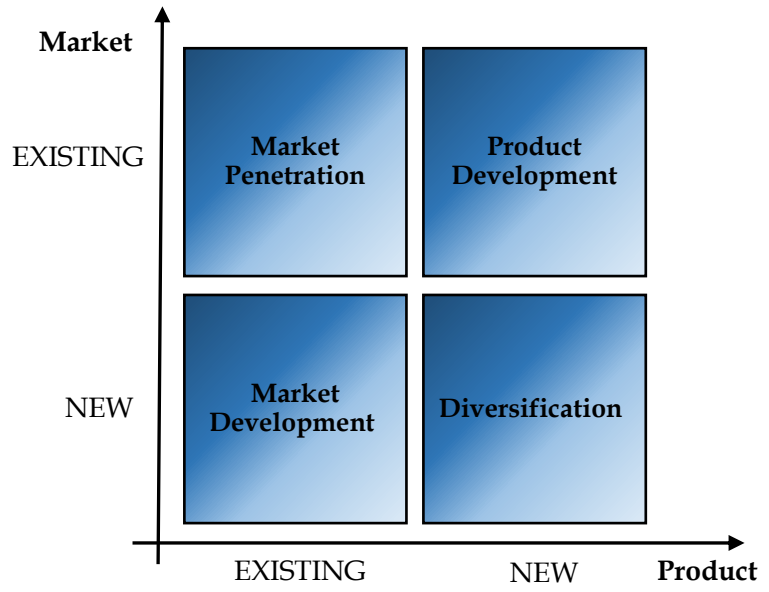


Ansoff Matrix is a two-by-two strategic planning matrix that helps businesses identify and evaluate growth opportunities by mapping out four different growth strategies.

| Growth Strategy | Description | Risk |
|---|---|---|
| Market Penetration | Selling more of your existing products or services to your existing customers. | Low |
| Product Development | Developing new products or services for your existing customers | Medium |
| Market Development | Selling your existing products or services to new customers | High |
| Diversification | Developing new products or services for new customers | Very High |

## BCG Matrix
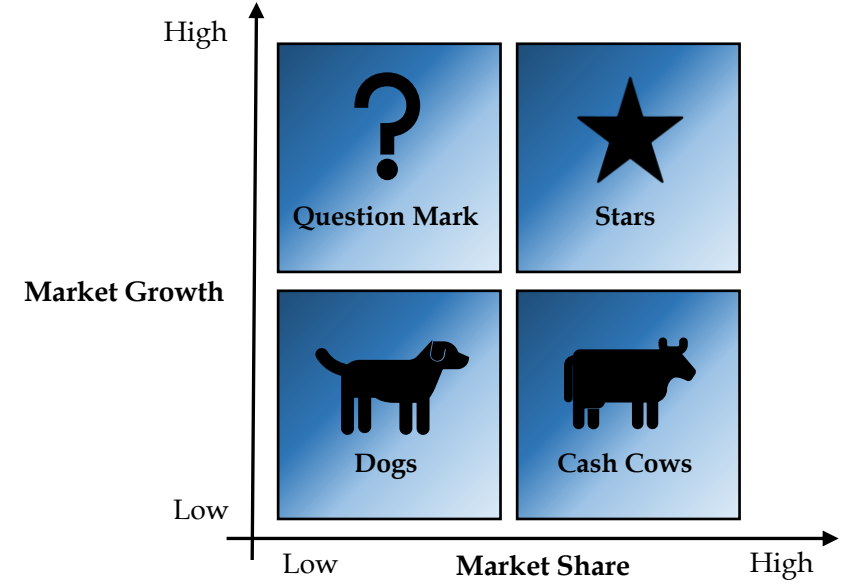


The Boston Consulting Group growth-share matrix, is a strategic planning tool utilized by businesses to effectively distribute resources and make informed decisions regarding their product lineup. This two-dimensional matrix, aligns the rate of market growth with the relative market share of a company's business units.

- **Question Mark:** Products that have a high market growth rate but a low market share. They are typically not profitable, but they have the potential to become stars if they can increase their market share.
- **Stars:** Products that have a high market growth rate and a high market share. They are typically the most profitable products in a company's portfolio.
- **Dogs:** Products that have a low market growth rate and a low market share. They are typically not profitable.
- **Cash Cows:** Products that have a low market growth rate and a high market share. They are typically very profitable, but they do not require a lot of investment.

# MARKETING FRAMEWORKS

## 4P's of Marketing

- For a product to be properly marketed, four key considerations need to be thoughtfully analyzed and acted upon in the right way.

- The four Ps are referred as the marketing mix. These measures include several factors which are taken into consideration when the product is marketed, such as what consumers require, how they meet or do not satisfy those wants, perception in the marketplace, differentiations from competitors and relations between them and their customers.

- All four Ps of marketing play a role in value creation. By creating a product that customers value, setting a fair price, communicating the value of the product effectively, and making it easy for customers to buy, businesses can maximize their chances of success.

| Product | The design, development, & production of the product or including other features that makes the offering unique. |
| --- | --- |
| Price | The price at which consumers will buy the product considering product's perceived value. |
| Promotion | To communicate to the audience that the product is essential and is priced appropriately using overall media strategy. |
| Place | Considering where the product should be sold, offline stores or online and how it will be displayed. |

## 5C's of Marketing

- 5Cs Analysis is the marketing framework to analyze an environment in which a company works.

- It can help to understand the main drivers of success, as well as risk exposures in different environmental factors.

| Company |
| --- |
| • To understand the company, its essential to identify sustainable competitive advantage of the company, which can be done using VIRO model. |

| Customers |
| --- |
| • The potential customers that a company can reach to for its products.<br>• It can be divided into Total Available Market (TAM), Serviceable Available Market (SAM), and the Serviceable Obtainable Market (SOM). |

| Collaborators |
| --- |
| • The external entities like suppliers, vendors that enhances or supports a company's ability to provide product and services. |

| Competition |
| --- |
| • To understand the other companies and their strategies working in the same industry and to examine their market share within the industry. |

| Context |
| --- |
| • The external factors in which all the other 4Cs operates. It is most often analyzed with the use of PESTEL model. It provides the areas that may affect a business, but where the business has either no or limited control. |

# PESTEL ANALYSIS

A PESTEL analysis is a tool used to identify and assess the macro-environmental factors that can affect a business. Each of these factors can have a significant impact on a business, both positive and negative. It can be used to help businesses identify potential risks and opportunities, and to develop strategies to mitigate the risks and capitalize on the opportunities.

| **P** | **E** | **S** | **T** | **E** | **L** |
|---|---|---|---|---|---|
| **Political** | **Economical** | **Social** | **Technological** | **Environmental** | **Legal** |

**Political**
- Government policies & regulations
- Political Stability
- Trade Barriers
- Taxation policies
- Political influences

**Economical**
- Interest Rates
- Inflation
- GDP
- Exchange Rates
- Economic Growth
- Economic Stability

**Social**
- Social and cultural trends
- Demographics
- Consumer behavior
- Lifestyle changes
- Attitudes and beliefs

**Technological**
- Advances in technology
- Innovation and Research & Development
- Automation
- Digital disruption

**Environmental**
- Climate change
- Resource Availability
- Natural Disasters
- Carbon footprint
- Sustainability

**Legal**
- Labour laws
- Industry specific regulations
- Intellectual Property rights
- Consumer protection laws

# SEGMENTATION TARGETING POSITIONING

STP, which stands for Segmentation, Targeting, and Positioning, is a marketing strategy framework. It involves dividing the market into distinct segments, selecting specific target audiences, and positioning products or services to meet the unique needs and preferences of those chosen segments. STP helps businesses tailor their marketing efforts for greater effectiveness and customer satisfaction.

**Segmentation** involves the procedure of breaking down the market into smaller clusters of customers who share common requirements and desires. This division can be achieved by considering a range of factors, including demographics, psychographics, and behavioral attributes.

**Targeting** refers to the process of selecting out one or multiple market segments to concentrate on. The aim of targeting is to select the segments that exhibit the highest likelihood of being interested in a company's offerings and generating profitability.

**Positioning** is the practice of crafting a distinctive perception for a company's products or services within the minds of its intended audience. The objective of positioning is to differentiate the company's offerings from competitors and establish them as the preferred choice within the target market.

Segmentation

Targeting
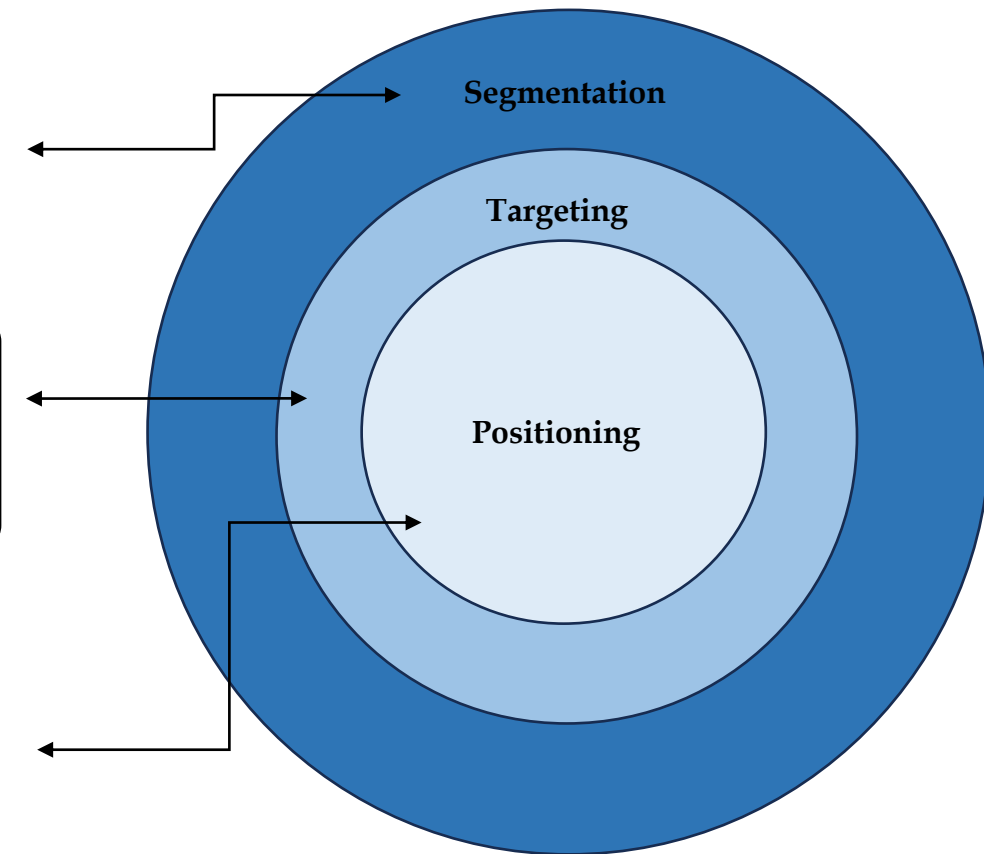
Positioning

# OTHER FRAMEWORKS

## SWOT ANALYSIS

SWOT analysis is a framework used to evaluate a company's competitive position and to develop strategic planning. SWOT stands for strengths, weaknesses, opportunities, and threats. While strengths and weaknesses are internal factors and can be worked upon once analyzed, opportunities and threats are considered as external factors.

**STRENGTHS**
- Strengths are internal factors or attributes that give a competitive advantage or a positive position.
- Example- Strong Brand Reputation, Wide Distribution Network, Excellent Customer Service

**WEAKNESSES**
- Weaknesses are internal factors that signify areas where the entity lacks or faces challenges.
- Example- High Employee Turnover, High Debt Levels, Weak Brand Image

**OPPORTUNITIES**
- Opportunities are external factors or situations that can be utilized to benefit the entity.
- Example- Global expansion, Technological Advancements , Falling Raw Material Prices

**THREATS**
- Threats are external factors that negatively affect or hinder the progress of the organizations.
- Example- Changing Consumer Preferences, Competitive Pressure, Unfavorable Regulatory Changes

## 4 A'S OF MARKETING

The 4 A's of marketing can be used to guide all aspects of a marketing campaign, from product development to pricing to distribution to advertising. By focusing on these four key elements, businesses can create marketing campaigns that are more likely to be successful.

| |
|---|
| **Acceptability** |
| The product or service must be acceptable to the customer in terms of its features, benefits, and price |
| **Affordability** |
| The product or service must be affordable to the customer |
| **Accessibility** |
| The product or service must be accessible to the customer in terms of its availability and convenience |
| **Awareness** |
| The customer must be aware of the product or service |

# MISCELLANEOUS FRAMEWORKS

## VRIO

It is a framework used in strategic management to analyze and evaluate the competitive advantage of a firm's resources and capabilities

**VALUE** — yes → **RARITY** — yes → **IMITABILTY** — yes → **ORGANIZED**
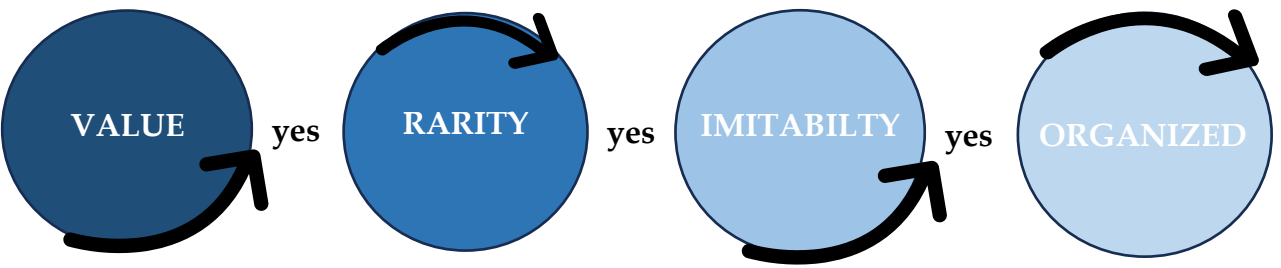
**Sustained competitive advantage**
Organizations can improve their market competitiveness by using VRIO to make educated strategic decisions and spend resources wisely.

## AMO

The AMO framework maximizes success by aligning an individual's Abilities with motivating Opportunities and creating an environment that fosters intrinsic Motivation. Bridge any gaps with training, resource allocation, or addressing demotivating factors.

| Ability | Motivation | Opportunity |
|---|---|---|
| The skills and resources Assess technical, tools and relevant experience. | Gauge intrinsic drive, passion for the goal, and commitment to the task. | Evaluate available resources, supportive structures, and market demand. |
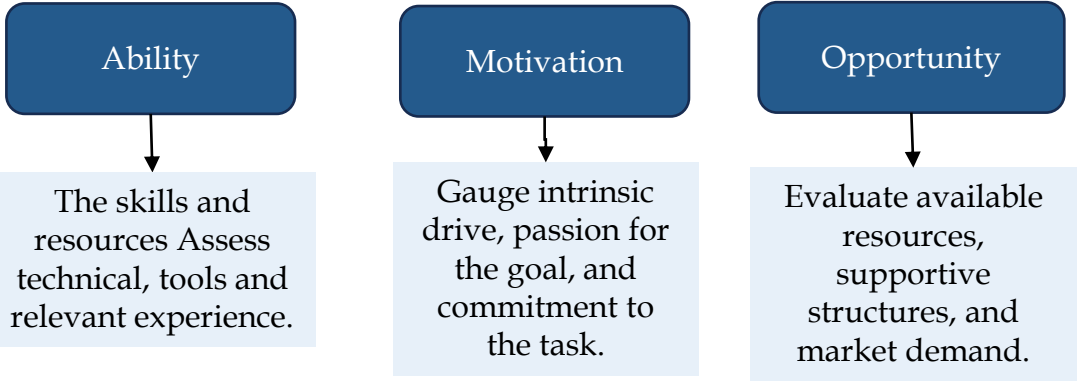
## 4V's of Data

Mastering the 4V's is the key to turning data into a potent weapon. Prioritize your needs, choose the right tools for each dimension, and build a foundation of data integrity for impactful analysis. Remember, the 4V's are not a checklist, but a dynamic interplay – optimize one to strengthen the others.

| Volume | Assess storage capacity, processing power, and analytical muscle to avoid getting buried under the avalanche. | Variety | Equip yourself with tools to understand each unique language, from text and images to sensor readings and beyond. |
|---|---|---|---|
| Velocity | Ensure your systems can keep pace with the information torrent, leveraging real-time tools and agile response mechanisms to stay ahead of the curve. | Veracity | Analyze data quality, implement robust cleaning processes, and address potential biases to ensure your insights are built on a bedrock of reliable information. |

# GUESSTIMATES

# ABOUT GUESSTIMATES

Guesstimates are estimation problems that require individuals to make an educated guess about a quantity or solve a problem with incomplete or limited information. These types of questions are frequently used in job interviews, particularly in fields like consulting, finance, and management consulting. Guesstimates evaluate a candidate's ability to think logically, use assumptions effectively, and come up with reasonable approximations when dealing with uncertainty.

## Key Elements in Tackling Guesstimates

- **Logical Structure:** Make sure to organize your approach in a structured manner. The idea is to break down the problem into smaller, more manageable components.

- **Assumptions:** Clearly state your assumptions. This helps the interviewer better understand your thought process and ability to make reasonable assumptions when necessary.

- **Simple Math:** Use basic math and rounded figures to simplify calculations. This helps in arriving at quick and practical estimates.

- **Practice:** Familiarize yourself with common types of guesstimate problems and practice solving them. This will enhance your speed and accuracy during interviews.

## Different Strategies to Approach Guesstimates

In guesstimate questions, top-down and bottom-up approaches are different strategies for arriving at an estimate or calculation, used to structure one's thought process in problem-solving.

### Top-Down Approach

In a top-down approach, you start with a broad, high-level perspective and progressively narrow down to more specific details. You make assumptions about the overall scenario and then break it down into smaller components.

**When to use the Top-Down Approach:**

Suitable when you have limited details and need a quick estimate. It's a useful approach when dealing with macro-level questions or scenarios.

**For Example:** Suppose you're tasked with determining the number of Gillette Shaving Foam users in Delhi. In this case, you would employ a top-down approach.

### Bottom-Up Approach

In a bottom-up approach, you start with specific details and gradually build up to a comprehensive estimate. This involves breaking down a complex problem into smaller, more manageable parts and calculating each part individually.

**When to use the Bottom – Up Approach:**

Ideal when you can break down the problem into smaller, more manageable components and have specific data for each component. This approach is often used for micro-level estimation.

**For Example:** You could estimate an individual's daily spending at a McDonald's outlet. By extrapolating this average to the entire population, you can determine the daily earnings for a McDonald's outlet. This example employs the bottom-up approach.

# GUESSTIMATE 1 - Estimate the total number of Swiggy orders in a day

## Assumptions-1

- Rural Urban - 70:30
- Swiggy is active in 70% of Urban and 5% of Rural
- Smartphone penetration - 80% Urban, 40% Rural
- Considering orders placed by 1 person in a family
- Average Household – 4.4

## Assumptions-2

**Based on Usage**
- Frequent users: Order 2 meals per week.
- Active users: Order 1 meal bi-weekly
- Passive users: order 1 meal per month

**Based on Income**
- High Class- 10%
- Upper Middle Class-20%
- Lower middle Class- 20%
- Lower Class-50%

### India's Population 1.4 Bn

| | Urban | | Rural |
|---|---|---|---|
| Urban-Rural Distribution | 30% → 0.3*1400 = 420 Mn | 70% | 0.7*1400 = 980 Mn |
| Area where Swiggy is Active | 70% → 0.7*420 = 294 Mn | 5% | 0.05*980 = 49 Mn |
| Smartphone Penetration | 80% → 0.8*294 = 235.2 Mn | 40% | 0.4*49 = 19.6 Mn |
| Market Share of Swiggy | 45% → 0.45*235.2 = 105.84 Mn | 45% | 0.45*19.6 = 8.82 Mn |
| Average Household Size=**4.4** | 105.84/4.4 = 24.05 Mn | | 8.82/4.4 = 2 Mn |

**Potential Users of Swiggy 26.05 Mn**

| | High Class 26.05 *0.1 =2.60 Mn (10%) | Upper Middle Class 26.05*0.2 =5.21 Mn (20%) | Lower Middle Class 26.05*0.2 = 5.21 Mn (20%) | Lower Class 26.05*0.5 = 13.02 Mn (50%) |
|---|---|---|---|---|
| **Frequent Users** | 40% → (2/7)*40%*2.60 = 0.29 Mn | 30% → (2/7)*30%*5.21= 0.44 Mn | 5% → (2/7)*5%*5.21 =0 .074 Mn | 0% → (2/7)*0%*13.02 = 0 Mn |
| **Active Users** | 30% → (1/14)*30%*2.60 =0.05 Mn | 50% → (1/14)*50%*5.21 =0.18 Mn | 10% → (1/14)*10%*5.21 =0.03 Mn | 5% → (1/14)*5%*13.02 =0.04 Mn |
| **Passive Users** | 30% → (1/30)*30%*2.60 =0.02 Mn | 20% → (1/30)*20%*5.21 =0.03 Mn | 85% → (1/30)*85%*5.21 =0.14 Mn | 95% → (1/30)*95%*13.02 =0.41 Mn |
| **Total Orders** | 0.36 Mn | 0.65 Mn | 0.24Mn | 0.45 Mn |

**Total Orders = 1.7 Mn**

# GUESSTIMATE 2 - Estimate the daily revenue of a toll on a national highway

## Facts / Assumptions

- Low traffic means a rate of 1 vehicle / 2 mins for 8 hours.
- Medium traffic means a rate of 1 vehicle / 1 min for 8 hours.
- Heavy traffic means a rate of 1 vehicle / 30 secs for 8 hours.
- The toll has 10 lanes (5+5).
- LMV, LCV, HCV & Exempted Vehicles (govt. vehicles & emergency services) consists of 50%, 30%, 15%, 5% of vehicles respectively.
- Monthly passes and 2-way rides are not considered.
- The estimations are for a weekday.

**Operating hours 24 hours**

| | Low traffic hours | Medium traffic hours | Heavy traffic hours |
|---|---|---|---|
| **1 Lane** | (8*60)/2 = 240 vehicles | (8*60)/1 = 480 vehicles | (8*60)/0.5 = 960 vehicles |
| **10 Lanes** | 10X = 2400 vehicles | 10X = 4800 vehicles | 10X = 9600 vehicles |

**16800 vehicles**

| Light Motor Vehicles (LMV) | Light Commercial Vehicles (LCV) | Heavy Commercial Vehicles (HCV) | Exempted Vehicles |
|---|---|---|---|
| **50%** | **30%** | **15%** | **5%** |
| 8400 vehicles | 5040 vehicles | 2520 vehicles | 840 vehicles |
| **Rs. 50** | **Rs. 100** | **Rs. 200** | **Rs. 0** |
| Rs. 4,20,000 | Rs. 5,04,000 | Rs. 5,04,000 | Rs. 0 |

**Total daily revenue of a toll on a national highway=Rs. 14.28 lakhs**

# GUESSTIMATE 3 - Estimate the average time spent on Zoom in term 1 by a PGP Student of IIM V

**Facts / Assumptions**

1. Average 12 classes of 90 mins each in a week.
2. Video lectures for external certification **(Avg Time: 0.5 hrs)**
3. Weekend Guest Lectures of 1 hour excluding weekends during exams .
4. Study group meets & project works for 6 subjects **(Avg Time: 3 hrs)**
5. Place-Com sessions of 5 hours a month.
6. SAC meeting- 2 hours a month.
7. Mentor sessions of 1 hour a month.
8. 2 case competitions a month **(Avg Time: 3 hrs)**
9. Assume Zoom is the only video calling tool.
10. Considering students didn't miss any sessions.
11. Excluding doubt clearing sessions and interviews.
12. Student is not part of any club/POR.

| | |
|---|---|
| Duration of Term 1 : 3 months ~ 13 weeks = 11 weeks (normal classes) + 2 weeks (term exams) | |
| Total time spent on classes for 11 weeks | 11*12*90 = 11880 mins |
| Total time spent on video lectures for certification for 11 weeks | 11*0.5*60 = 330 mins |
| Total time spent on guest lectures for 11 weeks | 11*2*60 = 1320 mins |
| Total time spent on study group meets | 3*6*60 = 1080 mins |
| Total time spent for Place Com sessions | 3*5*60 = 900 mins |
| Total time spent for SAC Meets | 3*2*60 = 360 mins |
| Total time spent for mentor sessions | 3*1*60 = 180 mins |
| Total time spent on case competition meetings for 3 months | 3*2*3*60 = 1080 mins |

**Average time spent on Zoom by PGP student of IIM V in term-1 = 17130 mins ~ 285.5 hours ~ 11.9 days**

# GUESSTIMATE 4 - Estimate the total number of Flights Taking Off from Delhi Airport in a Day

**Facts / Assumptions**

1. Commercial (Domestic and International) Passenger flights only, no Cargo/Military flights.

2. All the days in a year are the same irrespective of weekends/weekdays/festivals/weather.

3. It takes 2 minutes for each flight to clear the runway for takeoff.

4. The airport is operating at maximum capacity of 90% in Peak, 50% in Medium and 33.3% in Low Frequency

5. Number of runways in Delhi Indira Gandhi International airport - 4, 2 runaways operate parallelly so considering 1 for landing, 1 for takeoff and 3rd, operates for both, and 4th runaway has only departure flights (take off) hence, 2.5 runways for takeoff.

Operating hours of airport
24 hours (for 1 runway)

| Peak Frequency (8 hours) | Medium Frequency (8 hours) | Low Frequency (8 hours) |

During peak frequency, in an hour,
$(60/2)*(9/10) = 27$ flights

During medium frequency, in an hour,
$(60/2)*(1/2) = 15$ flights

During low frequency, in an hour,
$(60/2)*(1/3) = 10$ flights

In 8 hours, during peak frequency, in a day,
$27*8 = 216$ flights

In 8 hours, during medium frequency, in a day,
$15*8 = 120$ flights

In 8 hours, during low frequency, in a day,
$10*8 = 80$ flights

Total number of flights taking off in 24 hours from 1 runaway
$216+120+80 = 416$ flights

Total number of flights taking off in 24 hours from 2.5 runaway
$416*2.5 = \textbf{1040 flights}$

# GUESSTIMATE 5 - Estimate the average monthly revenue of a McDonald's Store in a metro city

**Facts / Assumptions**

1. Avg time taken to process 1 order = 4 mins

2. No. of counters in a medium sized store =3

3. Online Orders are not considered.

4. Operating hrs from 10 AM - 10PM (12 hrs)

**Weekdays**

- Peak hours: 5 hours (5 PM -10 PM)

- Non-peak hours: 7 hours (Remaining time)

**Weekends**

- Peak hours: 7 hours (3 PM-10 PM)

- Non- peak hours: 5 hours (Remaining time)

5. Average order price

- For a weekday -INR 200

- For a weekend- INR 300

6. Occupancy Percentage: Considering both dine-in and takeaway

**Weekday**

- Peak hours: 75% & Non-Peak hours:30%

**Weekend**

- Peak hours: 100% & Non-Peak hours: 50%

---

Processing Time = 4 mins
Orders that can be processed per hour from a counter = 60/4= 15

Counter 1 | Counter 2 | Counter 3

Total orders that can be processed in 1 hour from 3 counters
=15 * 3 = 45

Operating hours 10 AM - 10 PM (12 hours)

**Total Orders Processed**

Weekday | Weekend

Peak Hours | Non-Peak Hours | Peak Hours | Non-Peak Hours

Orders processed in
1 hr * No. of hours * Occupancy%
= 45 * 5 * 0.75 = 168.75

Orders processed in
1 hr * No. of hours * Occupancy%
= 45 * 7 * 0.30 = 94.50

Orders processed in
1 hr * No. of hours * Occupancy%
= 45 * 7 * 1 = 315

Orders processed in
1 hr * No. of hours * Occupancy%
= 45 * 5 * 0.50 = 112.50

Average order price = INR 200
Revenue generated in a weekday
= (168.75 + 94.5) * 200= 52,650

Average order price = INR 300
Revenue generated in a weekend
= (315 + 112.5) * 300 = 1,28,250

Total revenue in a month (30 days)
=52,650 * 22 + 1,28,250 * 8 = 21,84,300

# GUESSTIMATE 6 – Estimate the number of orders that take place on Flipkart & Myntra in a day in India

## Approach / Framework

1. The population of India is 1.4 billion.
2. Internet penetration in India is considered as 50%.
3. Rural vs Urban populations who have access to internet are divided in the ration of 2:3.
4. % of people ordering online are considered to estimate the number of people from the respective income brackets who are ordering through such apps.
5. Rural low-income group's buying pattern is negligible.
6. Frequency of buying varies across age groups and income.
7. Yearly number of orders are considered according to the age brackets.
8. Market share of Flipkart + Myntra is 50%.
9. Considering a life expectancy of 65 years
10. **One-day orders =** % people ordering online* Sum product of age group and orders yearly/360.

India's Population
1.4 bn

People Using Internet
( 50 % Penetration) = 0.7 BN

Rural Population (40%) 0.28 Bn

Urban Population (60%) 0.42 Bn

Low Income (60%) 0.168 Bn

Middle Income (30%) 0.084 Bn

High Income (10%) 0.028 Bn

Low Income (40%) 0.168 Bn

Middle Income (40%) 0.168 Bn

High Income (20%) 0.084 Bn

**% of people ordering online**

| Middle Income | High Income | Low Income | Middle Income | High Income |
|---|---|---|---|---|
| 15% | 18% | 10% | 35% | 35% |
| 12.6 Mn | 5.04 Mn | 16.8 Mn | 58.8 Mn | 29.4 Mn |

**Number of orders yearly**

| Age Groups | | | | | |
|---|---|---|---|---|---|
| 10-25 (50%) | 8 | 12 | 5 | 12 | 20 |
| 25-40 (35%) | 8 | 18 | 12 | 24 | 36 |
| 40-55 (15%) | 0 | 2 | 2 | 5 | 12 |

**One day orders**

| 2.38 Lakh | 1.764 Lakh | 3.267 Lakh | 24.745 Lakh | 19.927 Lakh |
|---|---|---|---|---|

**(Assuming market share of Flipkart +Myntra is 50%)**  50%

52.08 Lakhs

**Number of orders that take place on Flipkart + Myntra in a day=26 Lakhs**

# GUESSTIMATE 7 – Estimate the total time spent on Instagram by Indian population in a day

## Facts / Assumptions

Smartphone Penetration= 65%

| Age Group | Age Group Distribution | Instagram Usage % |
|-----------|------------------------|-------------------|
| 0-25 | 40% | 40% |
| 26-50 | 35% | 20% |
| 51-75 | 20% | 5% |
| 75+ | 5% | 0% |

Smartphone users not using Instagram=35%

### Frequency
0-20   mins -  20%
20-60  mins – 30%
60-120 mins- 30%
120+   mins – 20%

**Total Population 140 Crores**

**Smartphone Users 65% of 140 Crores= 91 Crores**

Age group Distribution

| 0-25 | 26-50 | 51-75 | 75+ |
|------|-------|-------|-----|
| 40% | 35% | 20% | 5% |
| 40% of 91 =36.4 Crores | 35% of 91 =31.85 Crores | 20% of 91 =18.2 Crores | 5% of 91 =4.55 Crores |

Instagram % usage

| 40% | 20% | 5% | 0% |
|-----|-----|-----|-----|
| 40%of 36.4 =14.56Cr | 20%of 31.85 =6.37Cr | 5%of 18.2 =0.91Cr | 0%of 4.55 =0 |

**Instagram User 21.84Cr**

Frequency

| 20% | 30% | 30% | 20% |
|-----|-----|-----|-----|
| 0-20min Avg=10min 20%*21.84*10 =43.68 | 20-60min Avg=40min 30%*21.84*40 =262.08 | 60-120min Avg=90min 30%*21.84*90 =589.68 | 120+min Avg=150min 20%*21.84*150 =655.2 |

**Total Time Spent=1550.58Cr Minutes**

# GUESSTIMATE 8 - Estimate the number of TVs sold during Flipkart Big Billion Sale

**Facts / Assumptions**

- Flipkart's market share is considered 45%.
- All high and upper middle-class households have TVs.
- No. of TVs per household for lower middle class is 1.2 because there are high chances that they have either 1 or 2 TVs.
- Internet penetration and online purchases are collectively assumed at 50%, 80%, 70%, 50%, 5% for high income, upper middle income, lower middle income, low income and below poverty line households, respectively.

**Population 1.4 Bn**

**Households 350 Mn**

| | High Income ~17.5 Mn (5%) | Upper Middle Inc ~35 Mn (10%) | Lower Middle Inc ~105 Mn (30%) | Low Income ~105 Mn (30%) | BPL ~87.5 Mn (25%) |
|---|---|---|---|---|---|
| Households having TV | ~17.5 Mn (100%) | ~35 Mn (100%) | ~84 Mn (80%) | ~52.5 Mn (50%) | ~21.88 Mn (25%) |
| No. of TVs per household | 3 | 2 | 1.2 | 1 | 0.8 |
| Total TV | 17.5*3 ~52.5 Mn | 35*2 ~70 Mn | 84*1.2 ~100.8 Mn | 52.5*1 ~52.5 Mn | 21.88*0.8 ~17.50 Mn |
| Life of TV (years) | 3 | 5 | 7 | 10 | 12 |
| No. of TV required this year | 52.5/3 ~17.5 Mn | 70/5 ~14 Mn | 100.8/7 ~14.4 Mn | 52.5/10 ~5.25 Mn | 17.50/12 ~1.46 Mn |
| New Purchases | 100% ~17.5 Mn | 100% ~14 Mn | 90% ~12.96 Mn | 70% ~3.675 Mn | 20% ~0.29 Mn |
| Number of TVs purchased | 50%*45% 3.94 Mn | 80%*45% 5.04 Mn | 70%*45% 4.08 Mn | 50%*45% 0.83 Mn | 5%*45% 0.0065 Mn |
| Flipkart TV Sales | 10% | 20% | 30% | 40% | 50% |
| Big Billion | ~394000 | ~1008000 | ~1224000 | ~332000 | ~3250 |

**Total TV Sales on Flipkart during Big Billion Days =2,961,250**

# GUESSTIMATE 9 - Estimate the number of Snapchat snaps shared in a day in India

## Approach / Framework

1. Consider the propensity of individuals to send snaps

2. In case of Urban, the division is done on basis of age brackets whereas in case of Rural, the division is done based on education level.

## Facts / Assumptions

1. Snaps are sent exclusively to individuals in India.

2. Only Snapchat snaps are considered, not any other snaps

3. In case of Urban Population, the age bracket of 0-12 years is discounted as they are assumed not to have phones, while the age group of 60+ is discounted due to limited phone usage.

4. The number of people in each age bracket is distributed proportionately based on a life expectancy of 70 years

5. For urban areas, the average number of snaps sent is assumed to be 8, while for rural areas, it is assumed to be 2.

### Diagram

**India's Population 1.4 bn**

- **Rural India (60%) 840 Mn**
  - Primary Education or less (70%) 588 Mn
  - Higher Education (25%) 210 Mn
  - Graduation or more (5%) 42 Mn
- **Urban India (40%) 560 Mn**
  - 0-12 Years (15%) 84 Mn
  - 12-60 Years (73%) 409 Mn
    - Lower Class (20%) 82Mn
    - Middle Class (55%) 225 Mn
    - Upper Class (25%) 102 Mn
  - 60+ Years (12%) 67 Mn

| | Primary Education | Higher Education | Graduation | Calculation | Lower Class | Middle Class | Upper Class |
|---|---|---|---|---|---|---|---|
| % of People Using Phone | 40% | 70% | 100% | | 65% | 85% | 99% |
| % of People Using Smartphone | 20% | 40% | 90% | | 70% | 90% | 90% |
| % of People Using Social Media | 50% | 60% | 90% | | 60% | 80% | 85% |
| | | | 93 Mn | | | 237 Mn | |
| % having Snapchat | | 20% | | | | 55% | |
| % sending Snaps | | 20% | | | | 65% | |
| Avg No. of Snaps sent in a day | | 2 | | | | 8 | |
| | | 7.44 Mn | | **~685 Mn** | | 677.82 Mn | |

# GUESSTIMATE 10 – Estimate the Average Revenue for a Multiplex in Visakhapatnam

## Facts / Assumptions

- Capacity of multiplex: 300
- Number of Screens: 2, 3
- Avg. Price of Ticket, Parking and F&B :

| Revenue Streams | Avg. Ticket Price | Parking | F&B |
|---|---|---|---|
| Weekday | 250 | 30 | 300 |
| Weekend | 300 | 50 | 300 |

- Frequency of people visiting Multiplex weekdays and weekends respectively:

| Morning | 25% | 30% |
|---|---|---|
| Noon | 30% | 40% |
| Evening | 35% | 50% |
| Night | 40% | 70% |

- Frequency of people buying parking tickets and Meal respectively: 40% & 50%
- Advertisement per show:10
  Avg. Revenue per Advertisement on weekends and weekdays: 4000 & 5000
- Number of weekdays: 208 (excluding Friday )
- Number of weekend: 157 (Including Friday).



Revenue Per Screen

**Weekday** Cap: 300
- 25% Morning ~75
- 30% Noon ~90
- 35% Evening ~105
- 40% Night ~120

**Weekend** Cap: 300
- 30% Morning ~90
- 40% Noon ~120
- 50% Evening ~150
- 70% Night ~210

Total number of people visiting on a weekday: ~390

Total number of people visiting on a weekend: ~570

Revenue Streams (Weekday):
- Ticket: 390*250
- Parking (40%): 156*30
- Food & Beverage (50%): 195*300
- Ads: 10*4*4000

Revenue Streams (Weekend):
- Ticket: 570*300
- Parking (40%): 228*50
- Food & Beverage (50%): 285*300
- Ads: 10*4*5000

Weekday: ~ 3.20 lacs → **2 screens** → ~ 6.41 lacs → **208 Days** → ~ 1334 lacs

Weekend: ~ 4.67 lacs → **3 screens** → ~ 14.03 lacs → **157 Days** → ~ 2203 lacs

**Average revenue for a multiplex in Visakhapatnam = 3537 lacs**

# INDUSTRY ANALYSIS

# IT & ITES INDUSTRY

The information technology (IT) and technology-enabled services (ITES) industry has been a key driving force for India's economic growth. IT and ITES sector's contribution to the national GDP has increased from 1.2 per cent in 1997-98 to an estimated 7.5 per cent in 2022.
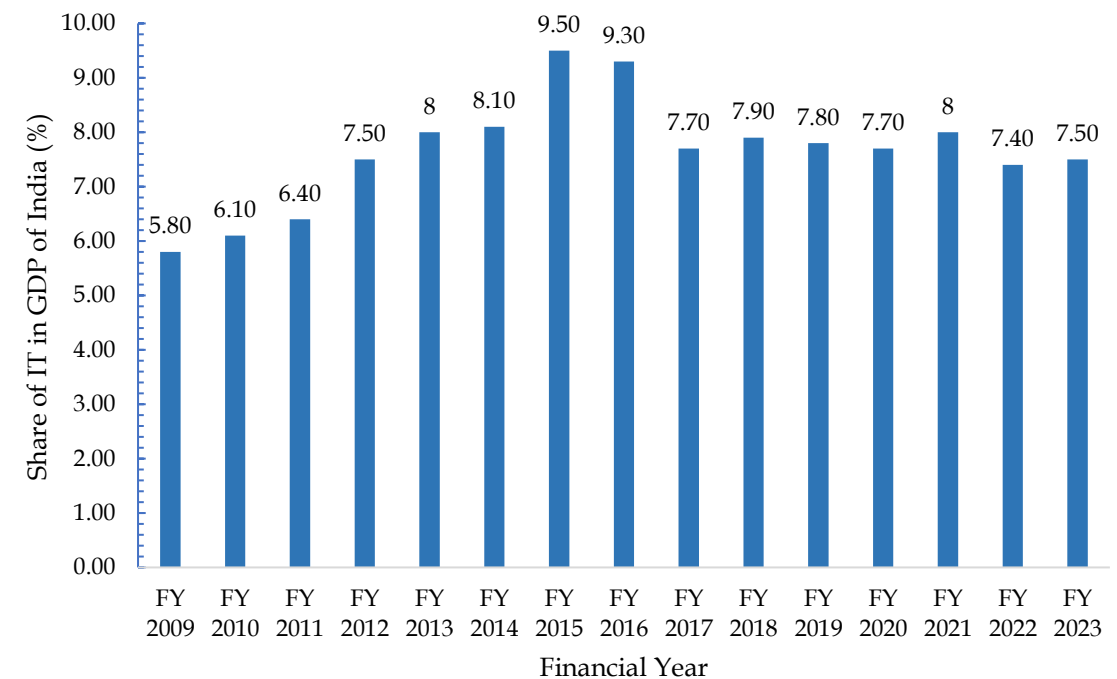
IT has evolved as a major contributor to India's GDP and plays a vital role in driving the growth of the economy in terms of employment, export promotion, and revenue generation. Indian IT & ITES companies have set up over 1,000 global delivery centres in over 200 cities around the world.

## INDUSTRY TRENDS

- **Focus on Emerging Technologies:** Adoption of emerging technologies like artificial intelligence (AI), blockchain, cloud computing, and robotic process automation (RPA) is transforming the industry and creating new opportunities. The AI market in India expected to reach US$13.7 billion by 2025. (Mordor Intelligence)

- **Shift towards Automation and Digital Transformation:** Companies are increasingly automating routine tasks and embracing digital transformation to improve efficiency, productivity, and customer experience. (Source: Gartner, Deloitte)

- **Growing Demand for Cybersecurity Expertise:** As cyber threats evolve, the demand for cybersecurity professionals and services is booming. Cybersecurity market in India expected to reach US$7.6 billion by 2025. (Source: Mordor Intelligence)

- **Focus on Tier-2 and Tier-3 Cities:** IT/ITES companies are expanding beyond metro cities, setting up operations in tier-2 and tier-3 cities to access talent and cater to regional demand. (Source: NASSCOM, Invest India)

- **Hybrid and Flexible Work Models:** The post-pandemic world has seen a rise in hybrid and flexible work models, impacting talent recruitment, retention, and workplace practices. 70% of Indian IT employees prefer hybrid work models.

- **Skilling and Upskilling:** The industry faces a challenge of skilling and upskilling its workforce to keep pace with technological advancements. (NASSCOM, FICCI)

## MARKET TRENDS

**Share of Information technology/business process management sector in the GDP of India from financial year 2009 to 2023**

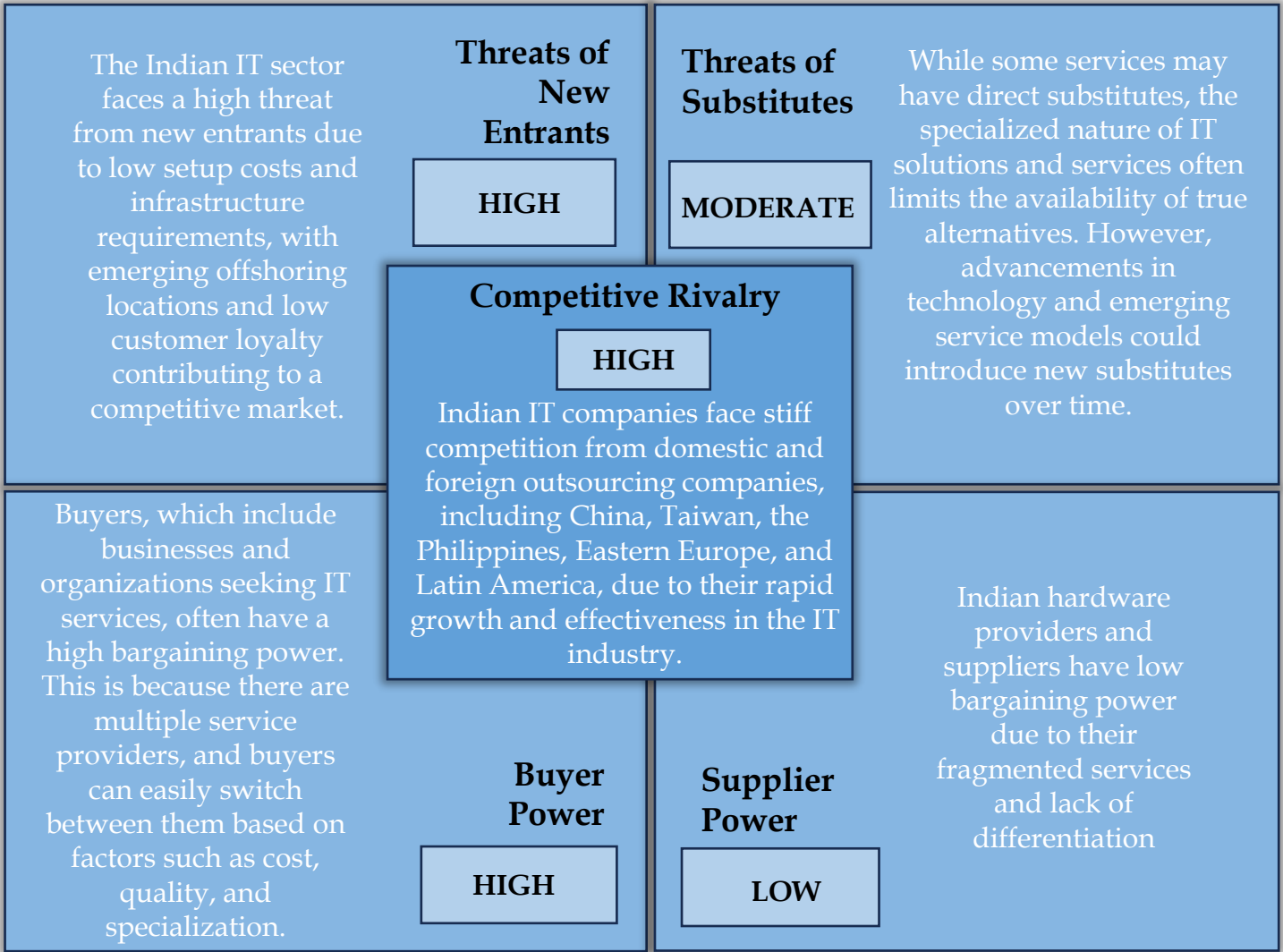| Financial Year | Share of IT in GDP of India (%) |
|---|---|
| FY 2009 | 5.80 |
| FY 2010 | 6.10 |
| FY 2011 | 6.40 |
| FY 2012 | 7.50 |
| FY 2013 | 8 |
| FY 2014 | 8.10 |
| FY 2015 | 9.50 |
| FY 2016 | 9.30 |
| FY 2017 | 7.70 |
| FY 2018 | 7.90 |
| FY 2019 | 7.80 |
| FY 2020 | 7.70 |
| FY 2021 | 8 |
| FY 2022 | 7.40 |
| FY 2023 | 7.50 |

# IT & ITES INDUSTRY (CONT.)

## KEY PERFORMANCE INDICATORS

- **Financial KPIs:** An IT and ITES company in India can be assessed financially by examining its earnings per share, profitability through margin analyses, return on investments (ROE and ROA), and top-line growth. The company's financial situation and capacity for continued expansion are depicted by this complex strategy.
- **Operational KPIs:** Assessing an IT and ITES company in India involves evaluating employee welfare, customer satisfaction, and productivity, aiming to balance external and internal elements for long-term expansion.
- **Customer-centric KPIs**: Customer acquisition cost (CAC) measures the cost of acquiring a new customer, customer lifetime value (CLV) measures the estimated revenue a customer brings to the business, and ARPU measures the average revenue per user.
- **Innovation KPIs**: The business's R&D expenditure, patent application volume, time to market, and success rate are key indicators of its commitment to intellectual property protection, innovation, and public acceptance of new products or services.
- **BPO**: Average Handling Time (AHT), First Call Resolution Rate (FCR), Customer Satisfaction Score (CSAT).
- **Software Development**: Defect Rate, Code Coverage, Project Delivery on Time and Within Budget.
- **Cloud Services**: Server Uptime, Data Loss Prevention (DLP) Effectiveness, Service Level Agreements (SLA) Adherence.
- **Adoption of Cloud Computing**: Track the percentage of clients migrated to cloud platforms to gauge progress towards digital transformation and scalability.

## PORTER'S 5 FORCES

**Threats of New Entrants**

The Indian IT sector faces a high threat from new entrants due to low setup costs and infrastructure requirements, with emerging offshoring locations and low customer loyalty contributing to a competitive market.

**HIGH**

**Threats of Substitutes**

**MODERATE**

While some services may have direct substitutes, the specialized nature of IT solutions and services often limits the availability of true alternatives. However, advancements in technology and emerging service models could introduce new substitutes over time.

**Competitive Rivalry**

**HIGH**

Indian IT companies face stiff competition from domestic and foreign outsourcing companies, including China, Taiwan, the Philippines, Eastern Europe, and Latin America, due to their rapid growth and effectiveness in the IT industry.

Buyers, which include businesses and organizations seeking IT services, often have a high bargaining power. This is because there are multiple service providers, and buyers can easily switch between them based on factors such as cost, quality, and specialization.

**Buyer Power**

**HIGH**

**Supplier Power**

**LOW**

Indian hardware providers and suppliers have low bargaining power due to their fragmented services and lack of differentiation

# IT & ITES INDUSTRY (CONT.)

## INDUSTRY METRICS

| | |
|---|---|
| **Industry Size** | US$ 245 billion in FY 2023 |
| **Average Net Profit Margin** | 6.9% in 2022-23 from 19.9%in 2021-22 |
| **Prominent Players** | Infosys, Cognizant, Accenture, Tata Consultancy Services, Wipro |
| **Industry Terminology** | Knowledge-intensive, Service-oriented, Intense competition, Project-based work |

## KEY DRIVERS

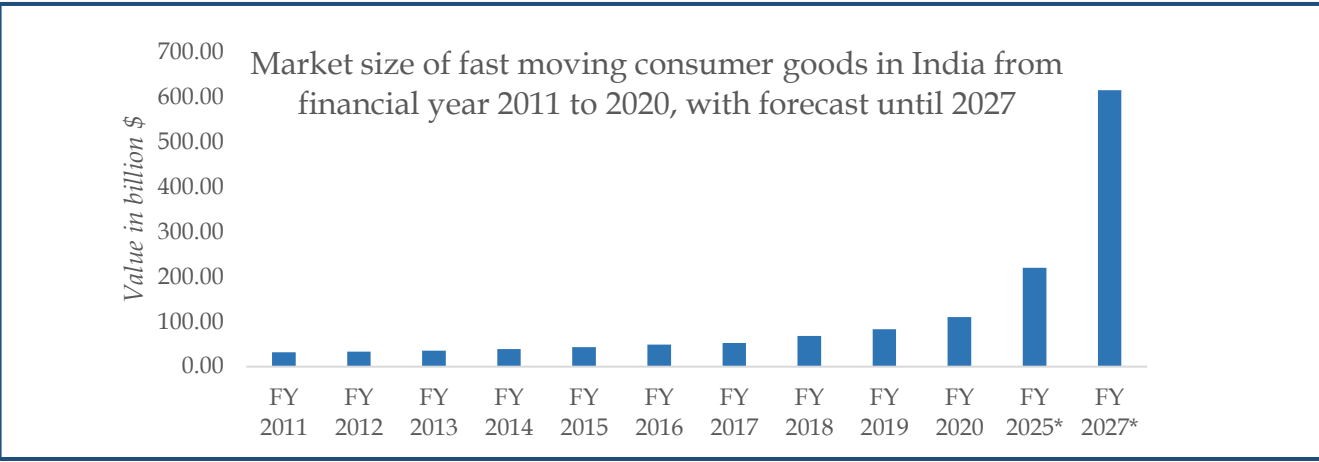| Economic Factors | Cost Segment | Talent and Skills | Challenges |
|---|---|---|---|
| Globalization | Salaries | Competitive position | Sustainability |
| Cost competitiveness | Software cost | Continuous learning and upskilling | Upgrading Cost |
| Government initiatives | Hardware cost | Adoption of Technology | Cyber Security |

## VALUE CHAIN

| Inbound Logistics | Operations | Outbound Logistics | Marketing and Sales | Service |
|---|---|---|---|---|
| • Research & Development. <br> • Procurement of hardware components, software licenses. <br> • Use of Software and Development. | • Product development <br> • Data gathered & used for product service <br> • Focus on Agility & Scalability <br> • Data Governance& Security | • Selection of subscription type <br> • Platform Integration <br> • Customer onboarding | • Digital Marketing <br> • Technical Sales & Consulting <br> • Scalability & Flexibility | • Cloud Computing <br> • Cybersecurity <br> • IT Consulting Remote Infrastructure Management (RIM) |

# FMCG INDUSTRY

The Fast-Moving Consumer Goods (FMCG) industry, also recognized as Consumer-Packaged Goods (CPG), encompasses a broad array of products that individuals encounter and utilize daily. These goods have a fast turnover, characterized by quick sales and relatively low prices. Consumer goods include a diverse range of products designed for everyday personal use, spanning categories like food, healthcare items, beverages, cosmetics, cleaning products, personal care, and tobacco. Half of this sector is comprised of household and personal care products. Due to the swift movement of these consumer goods, the industry is not only expansive but also highly competitive. Major global corporations, including Tyson Foods, ITC Limited, Unilever, Procter & Gamble, Nestlé, and PepsiCo, actively compete for their respective market shares.

## INDUSTRY TRENDS

- **Sustainability-** Consumer climate awareness is pushing FMCG firms to embrace eco-friendly options like sustainable packaging and cruelty-free ingredients across product categories.
- **Digitalization -** FMCG brands prioritize digital transformation to engage with customers across various online as well as offline channels, harness data insights, and foster customer loyalty.
- **Big Data & Analytics-** FMCG companies harness big data to innovate and stay competitive, gaining insights into customer behavior from online shopping. Analytics delves into preferences, enabling personalized experiences and improved communication with customers in the FMCG sector.
- **Artificial Intelligence -** AI, including Machine Learning and Natural Language Processing, is rising in the FMCG sector, offering 24/7 voice assistance, personalized recommendations, and enhancing customer satisfaction and retention.
- **Blockchain –** Competition in FMCG drives blockchain adoption for supply chain insights and consumer transparency by allowing them to track the source of their purchases, and thus gain a competitive edge.
- **Rising Rural Consumption**: With increasing disposable income, rural sector of India is a major growing area for FMCGs (Source: Invest India FMCG Sector Report 2023) with specially designed products for the sector.



Market size of fast moving consumer goods in India from financial year 2011 to 2020, with forecast until 2027

## KEY DRIVERS

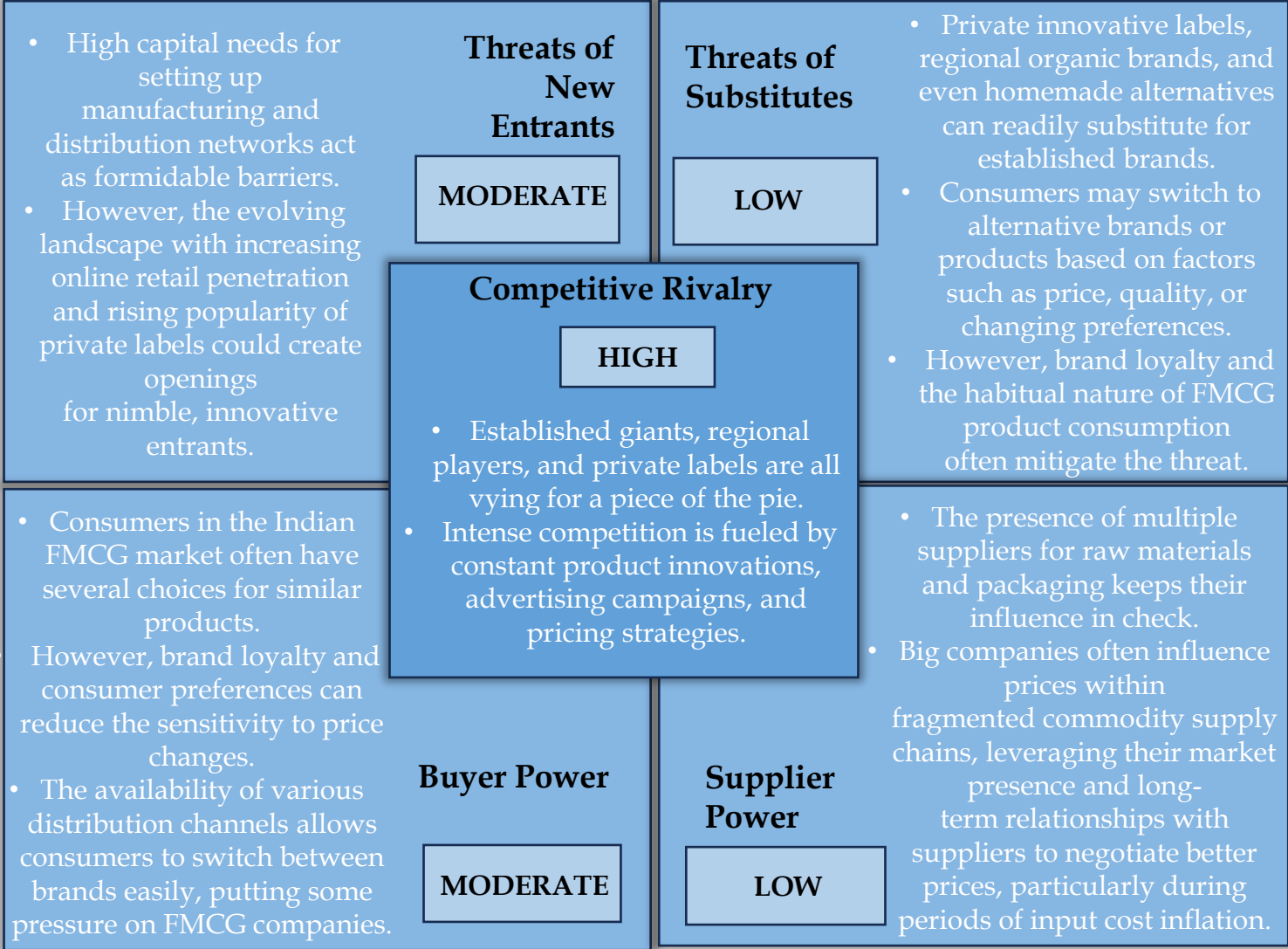| Revenue Driver | Cost Driver | Market Growth Driver |
|---|---|---|
| • Pricing<br>• Promotion through Branding & Advertising<br>• Distribution<br>• Supply Chain Efficiency | • Raw Materials<br>• Manufacturing<br>• Logistics<br>• Marketing<br>• Quality Control and Compliance<br>• Technology and IT Infrastructure | • Growth of E-commerce<br>• Changing consumer Behaviour<br>• High Investments<br>• Govt Schemes |

# FMCG INDUSTRY (CONT.)

## KEY PERFORMANCE INDICATORS

- **Churn Rate:** Churn Rate quantifies the number of customers a business loses within a given time period.
- **Customer Acquisition Cost:** It refers to the total expenses incurred by a business to acquire a new customer within a specific period.
- **Gross Margin:** The difference between the cost of goods sold (COGS) and total revenue, expressed as a percentage.
- **SKU rationalization:** It is the process of assessing and optimizing a company's product or service offerings to improve efficiency and profitability.
- **Market Share:** Tracks the percentage of the total market captured. A rising market share indicates strong brand performance and customer preference.
- **Brand loyalty:** Tracks the repeat purchase rate and customer preference for your brand over competitors.
- **Inventory turnover rate:** Measures how quickly inventory is sold and replaced. A high turnover rate indicates efficient inventory management and reduces holding costs.
- **Customer Complaints and Returns:** Monitoring the number and nature of customer complaints and product returns.
- **Supply chain costs:** Cutting supply chain costs can significantly boost profits without the necessity of increasing sales.
- **Customer Retention:** Customer retention reflects brand loyalty, ensures revenue stability, and maximizes long-term customer value.

## PORTER'S 5 FORCES

### Threats of New Entrants

**MODERATE**

- High capital needs for setting up manufacturing and distribution networks act as formidable barriers.
- However, the evolving landscape with increasing online retail penetration and rising popularity of private labels could create openings for nimble, innovative entrants.

### Threats of Substitutes

**LOW**

- Private innovative labels, regional organic brands, and even homemade alternatives can readily substitute for established brands.
- Consumers may switch to alternative brands or products based on factors such as price, quality, or changing preferences.
- However, brand loyalty and the habitual nature of FMCG product consumption often mitigate the threat.

### Competitive Rivalry

**HIGH**

- Established giants, regional players, and private labels are all vying for a piece of the pie.
- Intense competition is fueled by constant product innovations, advertising campaigns, and pricing strategies.

### Buyer Power

**MODERATE**

- Consumers in the Indian FMCG market often have several choices for similar products.
- However, brand loyalty and consumer preferences can reduce the sensitivity to price changes.
- The availability of various distribution channels allows consumers to switch between brands easily, putting some pressure on FMCG companies.

### Supplier Power

**LOW**

- The presence of multiple suppliers for raw materials and packaging keeps their influence in check.
- Big companies often influence prices within fragmented commodity supply chains, leveraging their market presence and long-term relationships with suppliers to negotiate better prices, particularly during periods of input cost inflation.

# FMCG INDUSTRY (CONT.)

## INDUSTRY METRICS

| Industry Size (India) | 179.94 billion U.S. dollars in 2022 | Average Net Profit Margin (India) | Tata Consumer (8.6%), Marico (13.1%), Hindustan Unilever (HUL) (16.9%), Dabur (15.5%), Godrej Consumer Products (14.4%) FY22. |
|---|---|---|---|
| Prominent Players | Hindustan Unilever, Amul, ITC, Nestlè, P&G, Marico, Godrej Consumer Products, Tata Consumer, Dabur, Patanjali Ayurved, Britannia | Industry Terminology | FMCG: Fast Moving Consumer Goods, SKU: Stock Keeping Unit, POS: Point of Sale, Branding, Primary and Secondary packaging |

## VALUE CHAIN

| Innovation | Sourcing | Manufacturing | Logistics | Marketing | Sales |
|---|---|---|---|---|---|
| Consumer insights guide R&D and marketing teams in developing or enhancing products, packaging, and branding to align with consumer preferences and trends. | After concept development, sourcing teams procure materials based on consumer-driven product specifications, considering what consumers value and demand. | Raw materials are transformed into finished products in factories, adhering to consumer preferences, quality standards, and market demands | Finished products are efficiently transported through the logistics network to distribution points, optimizing based on consumer demand patterns. | Consumer insights inform the creation of advertising, promotions, and content tailored to resonate with the target audience's preferences and needs. | Sales teams use consumer insights to select distribution channels and retail outlets that cater to consumer preferences, ensuring accessibility. |

# AVIATION INDUSTRY

The aviation industry encompasses all aspects of air activities such as aircraft manufacturing, research companies and military aviation. The Indian civil and military aviation sectors have seen rapid growth recently, the domestic market for commercial aviation is set to rank third globally by 2024. In the year 2023, volume of global air traffic, which is expected to cater to as many as 57.7 million passengers.

**Ref Graph:** Market exhibits a medium concentration, with a balanced mix of dominant players and competitors. This level of concentration impacts factors such as competitive dynamics, pricing, and innovation.

## INDUSTRY TRENDS

- **Robust Recovery and Growth:** Passenger traffic is rebounding strongly after the pandemic, expected to surpass pre-pandemic levels by 2024. Domestic air travel is leading the charge, exceeding pre-pandemic levels in 2023. (Source: Mordor Intelligence, CAPA)
- **AI and Automation:** From optimizing flight paths to streamlining maintenance, AI is revolutionizing operations and enhancing efficiency.
- **Sustainable Skies:** Airlines are embracing greener alternatives like biofuels and electric aircraft to reduce their carbon footprint.
- **Consolidation Spree:** Mergers and acquisitions are reshaping the landscape. The recent Air India-Vistara deal is a prime example, and more alliances are on the horizon. This could lead to stronger airlines, but also raise concerns about competition.
- **Regional Reach:** The Regional Connectivity Scheme (RCS) is connecting Tier 2 and 3 cities, boosting air travel accessibility and opening doors for smaller airlines.
- **Low-Cost Dominance:** Budget airlines are still the driving force, catering to price-sensitive travelers.
- **Urban Air Mobility (UAM):** Drones and flying taxis might soon become a reality, revolutionizing short-distance travel within cities.
- **Space Tourism:** India is aspiring to become a player in space tourism, with ventures like Virgin Gala.
- **Rise of Tier-2 and Tier-3 Cities:** Air travel is expanding beyond metro cities, with increasing connectivity to tier-2 and tier-3 cities.
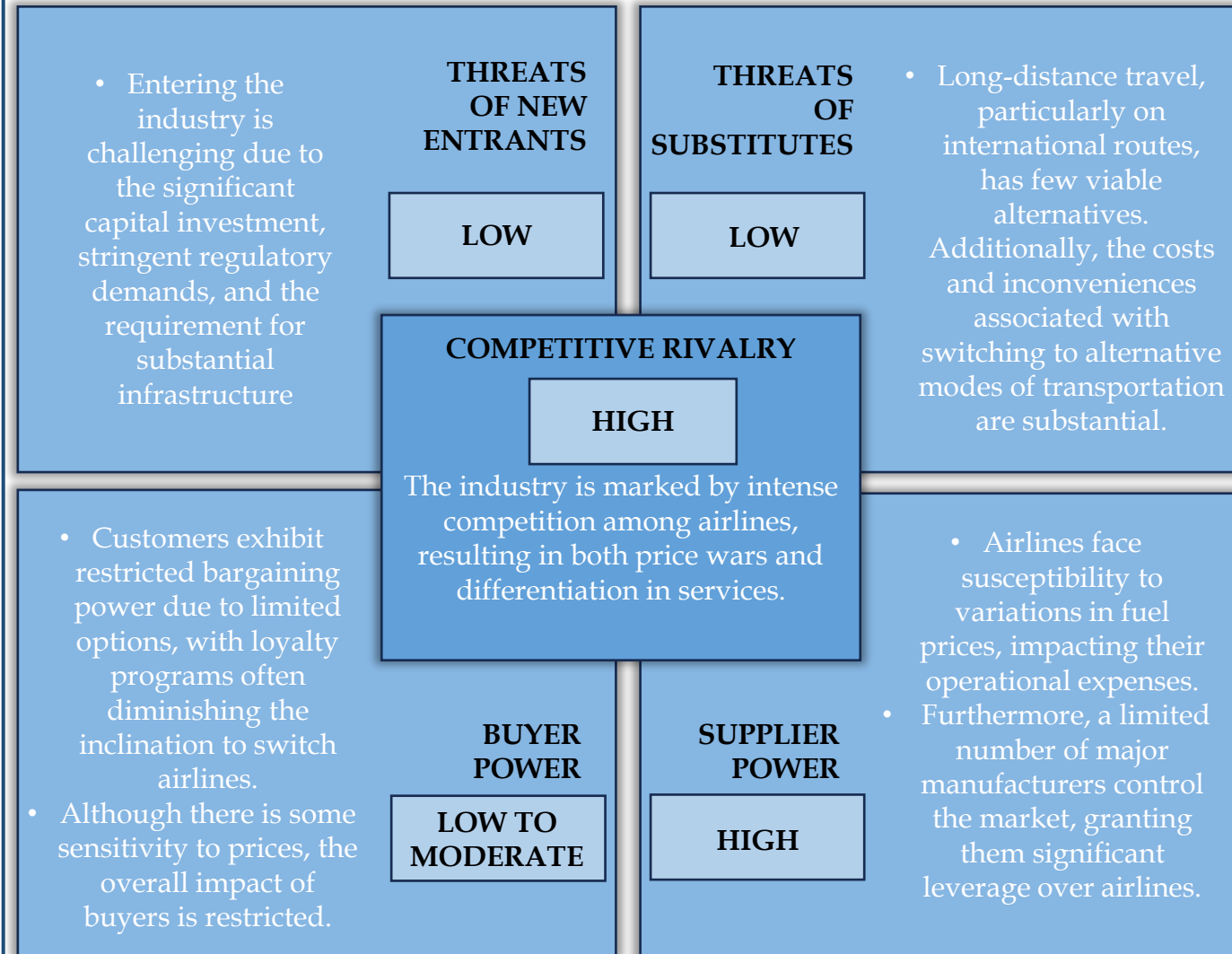
## MARKET TRENDS

### Aviation Market Size in billion USD



■ Aviation Market Size in billion USD
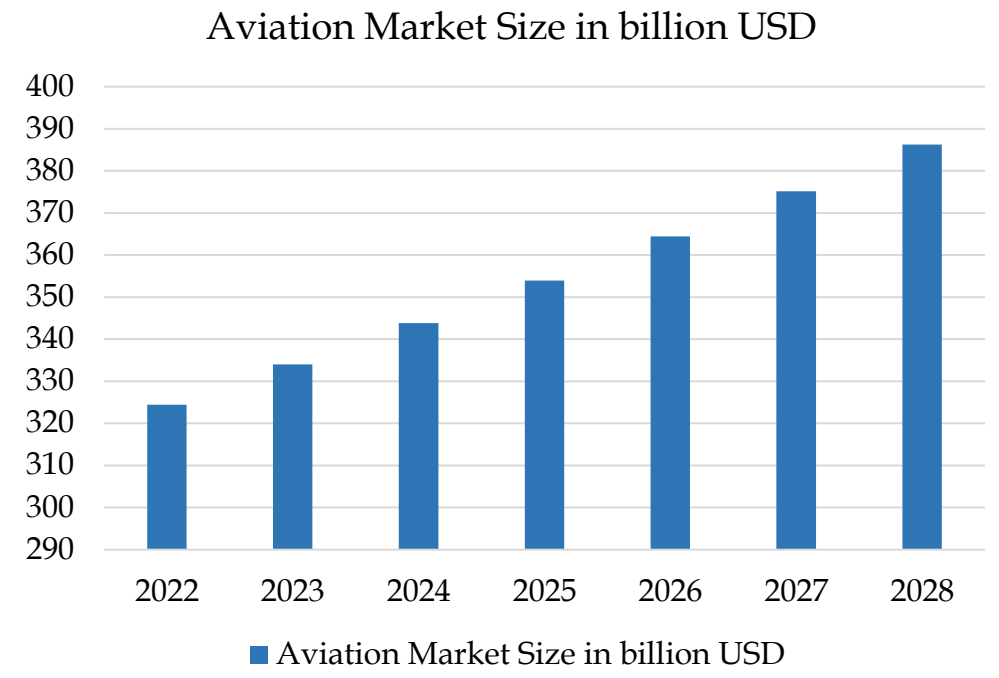
**Size of the global aviation market forecasts from 2022 to 2028, with a CAGR of 2.95%** *(in billion U.S. dollars)*

# AVIATION INDUSTRY (CONT.)

## KEY PERFORMANCE INDICATORS

- **Available Seat Kilometres (ASK):** It measures an airline's capacity, determined by multiplying the number of available seats by the distance covered during flights.
- **Cost per Available Seat Kilometer (CASK):** It is an efficiency metric derived by dividing operating expenses by the total Available Seat Kilometers (ASK), indicating the cost incurred for each seat kilometer flown.
- **Revenue per Available Seat Kilometer (RASK):** It is computed by dividing an airline's total revenue by its overall available seat kilometers, providing a measure of the revenue generated for each seat kilometer flown.
- **CASM-Ex Fuel** is derived by dividing operating expenses by ASM and subsequently subtracting the fuel cost.
- **CASK-Ex Fuel** is determined by dividing operating expenses by ASK and then deducting the cost of fuel.
- **Passenger Yield (in kilometers):** It signifies the average fare paid per kilometer per passenger. It is computed by dividing passenger revenue by revenue passenger kilometers (RPKs).
- **Environmental Impact Metrics:** It measures carbon emissions per passenger or per kilometer flown. It indicates the airline's commitment to sustainability and environmental responsibility.
- **Customer Satisfaction Index**: From the surveys or feedback scores from passengers regarding their overall experience. It reflects the airline or airport's commitment to customer service.
- **Aircraft Turnaround Time**: The time it takes to unload passengers, load new passengers, and prepare the aircraft for its next flight. It affects the scheduling efficiency and overall fleet utilization.

## PORTER'S 5 FORCES

### THREATS OF NEW ENTRANTS — LOW
- Entering the industry is challenging due to the significant capital investment, stringent regulatory demands, and the requirement for substantial infrastructure

### THREATS OF SUBSTITUTES — LOW
- Long-distance travel, particularly on international routes, has few viable alternatives. Additionally, the costs and inconveniences associated with switching to alternative modes of transportation are substantial.

### COMPETITIVE RIVALRY — HIGH
The industry is marked by intense competition among airlines, resulting in both price wars and differentiation in services.

### BUYER POWER — LOW TO MODERATE
- Customers exhibit restricted bargaining power due to limited options, with loyalty programs often diminishing the inclination to switch airlines.
- Although there is some sensitivity to prices, the overall impact of buyers is restricted.

### SUPPLIER POWER — HIGH
- Airlines face susceptibility to variations in fuel prices, impacting their operational expenses.
- Furthermore, a limited number of major manufacturers control the market, granting them significant leverage over airlines.

# AVIATION INDUSTRY (CONT.)

## INDUSTRY METRICS

| | |
|---|---|
| **Industry Size** | Global market is valued at $841.4 billion. |
| **Average Net Profit Margin** | 2.7% as of 2023 |
| **Prominent Players** | Qatar Airways, Emirates, Delta Air Lines, United Airlines |
| **Industry Terminology** | **ATC :** Air Traffic Control, **ANS :** Air Navigation Services. |

## KEY DRIVERS

- ❖ Infrastructure Developments
- ❖ Demographic Trends
- ❖ Environmental Concerns
- ❖ Fuel Prices
- ❖ Regulatory Environment
- ❖ Technological Advancements
- ❖ Economic Growth
- ❖ Safety and Security
- ❖ Digital Transformation
- ❖ Globalization

## VALUE CHAIN

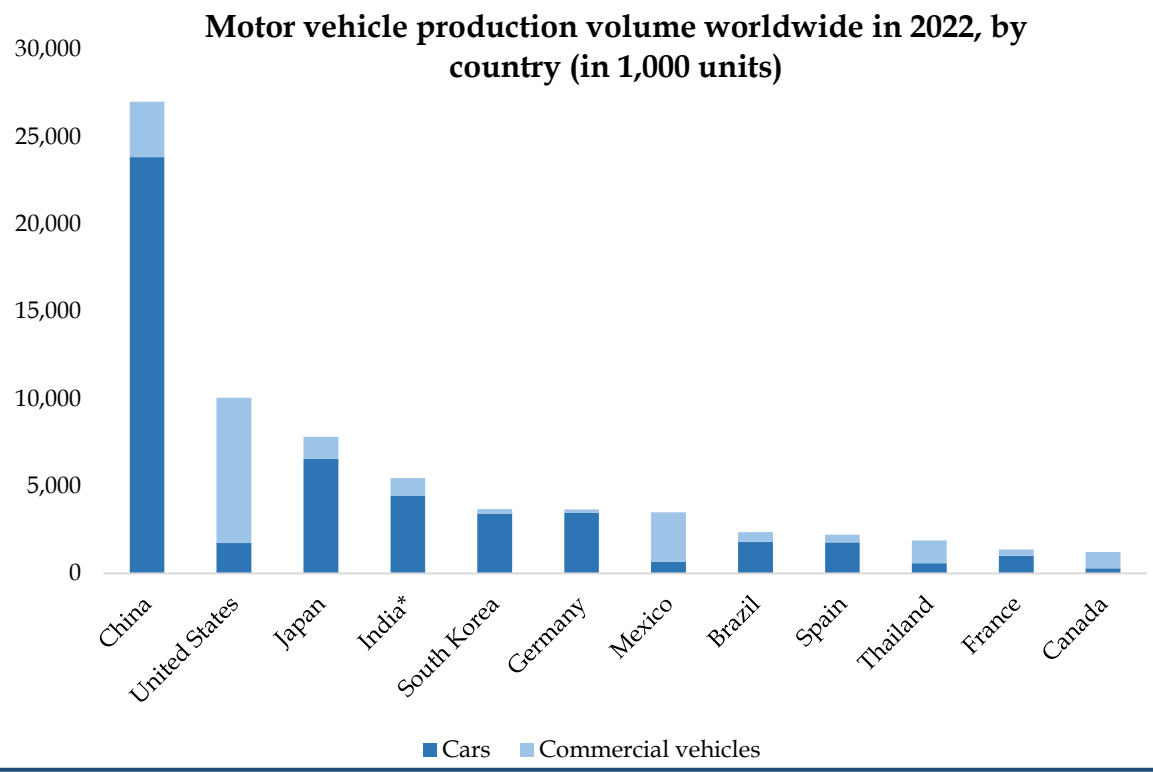| Inbound Logistics | Operations | Outbound Logistics | Marketing and Sales | Service |
|---|---|---|---|---|
| • Acquiring aircraft, spare parts, and fuel, while establishing maintenance and overhaul facilities.<br>• Ensuring industry reliability to positively impact production schedules, maintenance activities, and overall operational reliability. | • Flight operations, including pilots and cabin crew.<br>• Ground handling services, airport operations, and aircraft maintenance.<br>• Integrating AI to automate various processes, achieving operational efficiency. | • Passenger services, baggage handling, and cargo operations.<br>• Coordination with airports and air traffic control.<br>• Compliance with regulatory authorities, customs and immigration. | • Ticket sales, marketing, and promotions.<br>• Partnering with travel agencies and online booking platforms.<br>• Customer Relationship Management and Feedback Systems.<br>• Event Sponsorship for brand visibility. | • In-flight services and ancillary passenger experience.<br>• Maintenance and repair services for aircraft.<br>• Strategic partnerships<br>• Aviation training: pilots, controllers, technicians for safety and reliability. |

# AUTOMOBILE INDUSTRY

The automobile industry is one of the most important and dynamic industries in the world. It is a key driver of economic growth and employment, and it plays a vital role in global transportation and logistics.

The Indian automobile industry is one of the fastest-growing in the world. It is the fourth-largest automobile producer in the world, and it is expected to become the third-largest by 2026. The Indian automotive market is expected to grow at a CAGR of 8.1% over the next five years. The global automobile industry is expected to grow at a slower pace than the Indian market, at a CAGR of 3.8% over the same period.

## INDUSTRY TRENDS

- **Policy Push:** The government's ambitious target of 30% EV penetration by 2030 has ignited a rush of investments and policies like FAME-II subsidies. Data from SIAM shows EV sales jumped 334% from April-November 2023 compared to the same period in 2022, reaching over 1.2 lakh units.
- **Charging Infrastructure:** While still nascent, charging infrastructure is steadily expanding. As of November 2023, over 2,400 public charging stations have been installed across India, with a target of 10,000 by 2024.
- **Tech Integration:** Advanced features like touchscreen infotainment systems, voice-activated assistants, smartphone connectivity, and telematics are becoming increasingly common, even in budget models. Maruti Suzuki's Baleno Hatchback, with its connected car features, saw a 34% sales increase in the last quarter.
- **Safety Focus:** Advanced driver-assistance systems (ADAS) like lane departure warning, blind-spot monitoring, and automatic emergency braking are gaining traction, with brands like Mahindra & Mahindra incorporating them in several models.
- **Alternative Materials:** Lightweight materials like aluminium and carbon fibre are being explored to improve fuel efficiency and reduce emissions. MG Motor's Gloster SUV uses high-strength steel that enhances fuel efficiency by 8%.
- **Sustainability:** Automakers are increasingly focused on developing sustainable vehicles. This is leading to the development of new technologies and materials that can reduce the environmental impact of vehicles.
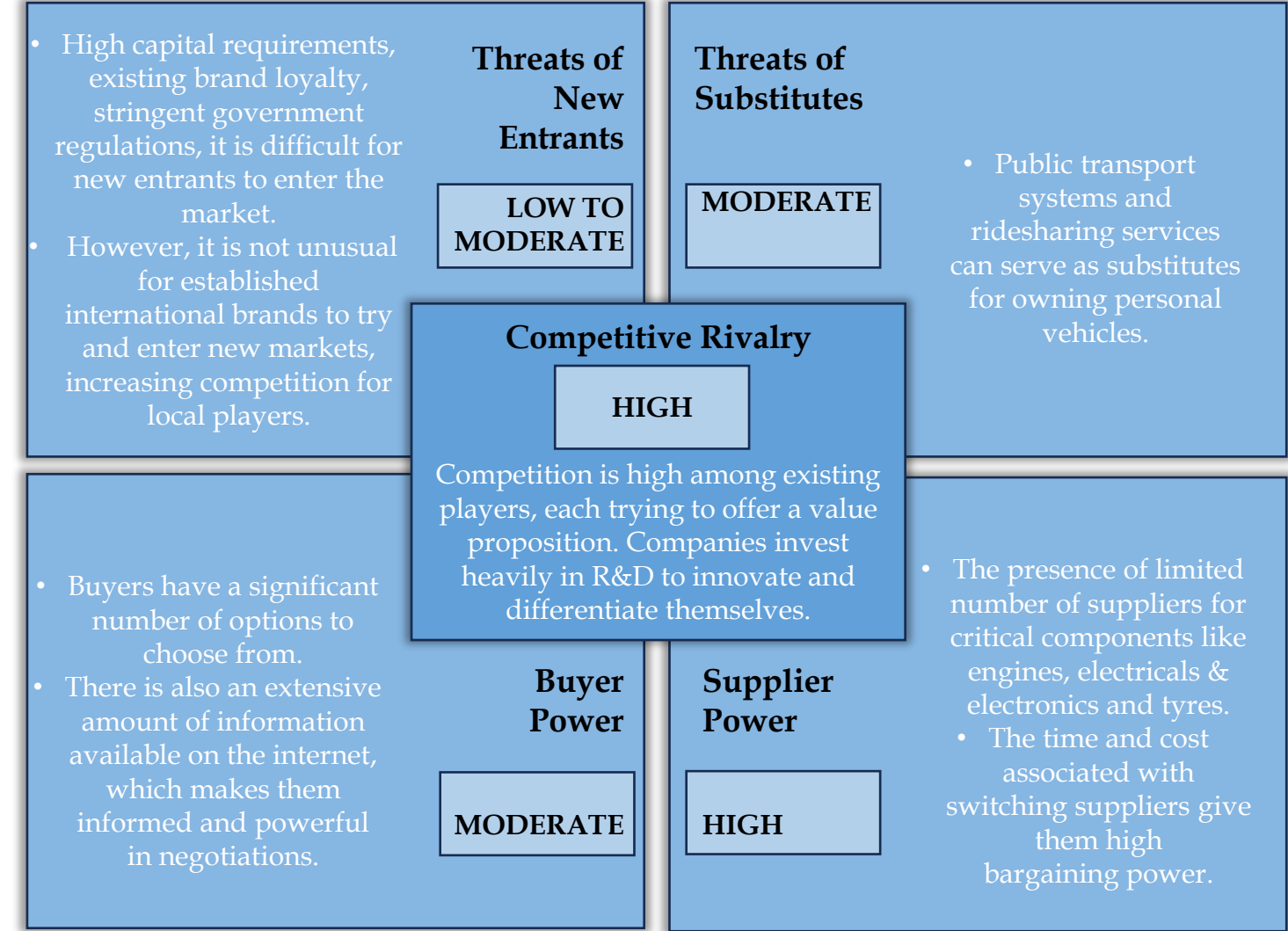
## MARKET TRENDS



**Motor vehicle production volume worldwide in 2022, by country (in 1,000 units)**

■ Cars  ■ Commercial vehicles

# AUTOMOBILE INDUSTRY (CONT.)

## KEY PERFORMANCE INDICATORS

- **Sales and Revenue KPIs**: These include sales volume, revenue, Average transaction price which indicate the profitability of sales.
- **Financial Performance KPIs:** Profit margins including gross, operating, and net profit margins, Return on Investment (ROI)measuring the return on investments made in research, development, and production.
- **Market Share:** The percentage of total vehicle sales in a specific market or segment that a company holds.
- **Production KPIs:** Parameters such as production volume, production efficiency etc. measure the effectiveness of the manufacturing process in terms of cost, time, and resources.
- **Quality and Defects KPIs:** Defect rate, customer complaints refer to the vehicle quality and reliability.
- **Safety KPIs:** Accident rate and vehicle recall rates of the company indicate the safety issues with the vehicles.
- **Research and Development (R&D) KPIs:** R&D expenditures associated with developing new technologies and products, and the success rate of new vehicle models launched.
- **Environmental Sustainability KPIs:** Carbon emissions indicating the company's carbon footprint and fuel efficiency of the vehicles.
- **Customer Satisfaction KPIs:** Customer Satisfaction Score (CSAT) measures customer satisfaction through surveys and feedback. Net Promoter Score (NPS) measures customer loyalty and willingness to recommend the brand.

## PORTER'S 5 FORCES

**Threats of New Entrants**

- High capital requirements, existing brand loyalty, stringent government regulations, it is difficult for new entrants to enter the market.
- However, it is not unusual for established international brands to try and enter new markets, increasing competition for local players.

LOW TO MODERATE

**Threats of Substitutes**

MODERATE

- Public transport systems and ridesharing services can serve as substitutes for owning personal vehicles.

**Competitive Rivalry**

HIGH

Competition is high among existing players, each trying to offer a value proposition. Companies invest heavily in R&D to innovate and differentiate themselves.

**Buyer Power**

- Buyers have a significant number of options to choose from.
- There is also an extensive amount of information available on the internet, which makes them informed and powerful in negotiations.

MODERATE

**Supplier Power**

HIGH

- The presence of limited number of suppliers for critical components like engines, electricals & electronics and tyres.
- The time and cost associated with switching suppliers give them high bargaining power.

# AUTOMOBILE INDUSTRY (CONT.)

## INDUSTRY METRICS

| | | | |
|---|---|---|---|
| **Industry Size** | Indian automobile industry is worth more than $ 222 Bn. It accounts for 7.1% of India's GDP and is set to become the 3rd largest in the world by 2030. | **Net Revenue Margin** | Varies from 10.2% (Maruti Suzuki), 7.5% (Hyundai), 6.2% (Mahindra& Mahindra), 4.8% (Kia Motors), 3.3% (Volkswagen), 4.2% (Toyota), 3.1% (MG Motor India) |
| **Prominent Players** | Hero MotoCorp, Bajaj Auto, TVS Motors, Royal Enfield, Yamaha Motor India (Two-Wheeler), Maruti Suzuki, Hyundai Motor India, Tata Motors, Toyota, Volkswagen India (Four-Wheeler) | **Industry Terminology** | OEMs – Original Equipment Manufacturers, EV – Electric Vehicle, PHEV – Plug-in Hybrid Electric Vehicle. |

## VALUE CHAIN

| Research & Development | Design and Styling | Manufacturing and Assembly | Logistics and Supply Chain Management | Marketing and Sales | After-Sales Service |
|---|---|---|---|---|---|
| • Designing and engineering new vehicles, including concept development, prototyping, and testing.<br>• Innovations in fuel efficiency, safety, and connectivity features. | • Once the conceptual design is complete, designers create the exterior and interior aesthetics.<br>• It is important as it affects consumer preferences and branding. | • The actual production of vehicles, where all the components and parts are put together in handcrafted or automated production lines or a mix of both. | • Transportation and distribution of parts and vehicles from suppliers to assembly plants and from assembly plants to dealerships. | • This stage focuses on advertising, promotion, and distribution of vehicles to dealerships.<br>• Dealerships play a key role in selling vehicles to consumers. | • Providing maintenance, repairs, and replacement parts for vehicles already sold.<br>• Building customer loyalty through excellent service is essential. |

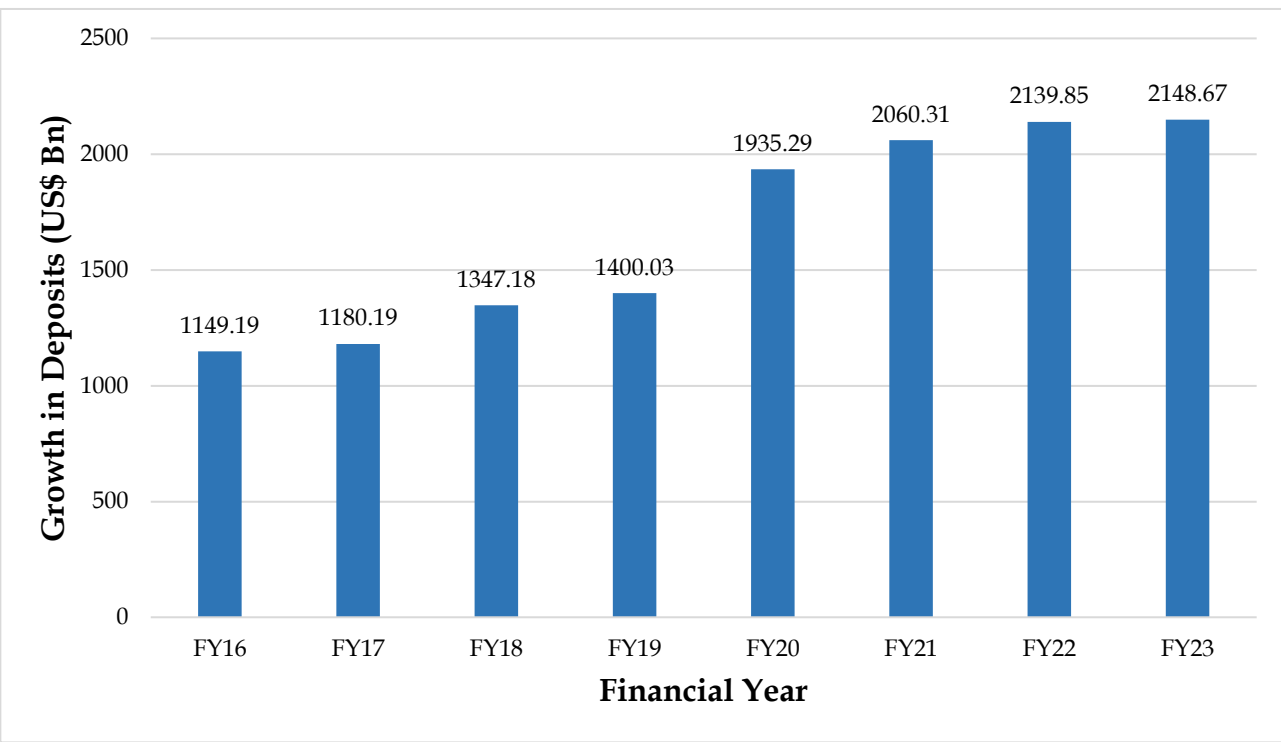# BANKING FINANCIAL SERVICES AND INSURANCE

The BFSI (Banking, Financial Services, and Insurance) sector refers to a diverse array of companies that offer an extensive range of financial services and products to individuals, businesses, and government. It encompasses traditional financial institutions such as commercial banks, savings and loan associations, credit unions, investment banks, insurance companies, and various other providers of financial services. The BFSI sector is characterized by its intricacy and stringent regulation, with strict rules and guidelines in place to oversee its operations, aimed at safeguarding the stability and security of the financial system.

## INDUSTRY TRENDS

- **Fintech Boom:** Fintech startups are disrupting traditional financial services with innovative solutions like digital payments, peer-to-peer lending, and robo-advisory. UPI transactions crossed a record $131 trillion in November 2023, highlighting the rapid adoption of digital payments. (Source: NPCI)
- **Mobile Banking Growth:** Mobile banking is becoming the preferred channel for financial transactions. According to RBI data, active mobile banking users exceeded 170 million in March 2023, a 58% increase from the previous year.
- **Customer Centricity:** Banks and insurers are leveraging AI and big data analytics to personalize offerings, predict customer needs, and provide targeted financial products and services. A 2023 Accenture report revealed that 73% of Indian consumers prefer personalized financial products.
- **Risk Management and Fraud Detection:** AI-powered algorithms are used to detect fraudulent transactions, predict loan defaults, and optimize risk management strategies. AI in fraud detection saved Indian banks $5.2 billion in 2022. (Source: Juniper Research)
- **Digital Rupee Launch:** The RBI's introduction of the Central Bank Digital Currency (CBDC) in 2023 aims to further boost financial inclusion and facilitate secure, instant digital transactions.

## MARKET TRENDS

### Growth in Deposits

| Financial Year | Growth in Deposits (US$ Bn) |
|---|---|
| FY16 | 1149.19 |
| FY17 | 1180.19 |
| FY18 | 1347.18 |
| FY19 | 1400.03 |
| FY20 | 1935.29 |
| FY21 | 2060.31 |
| FY22 | 2139.85 |
| FY23 | 2148.67 |

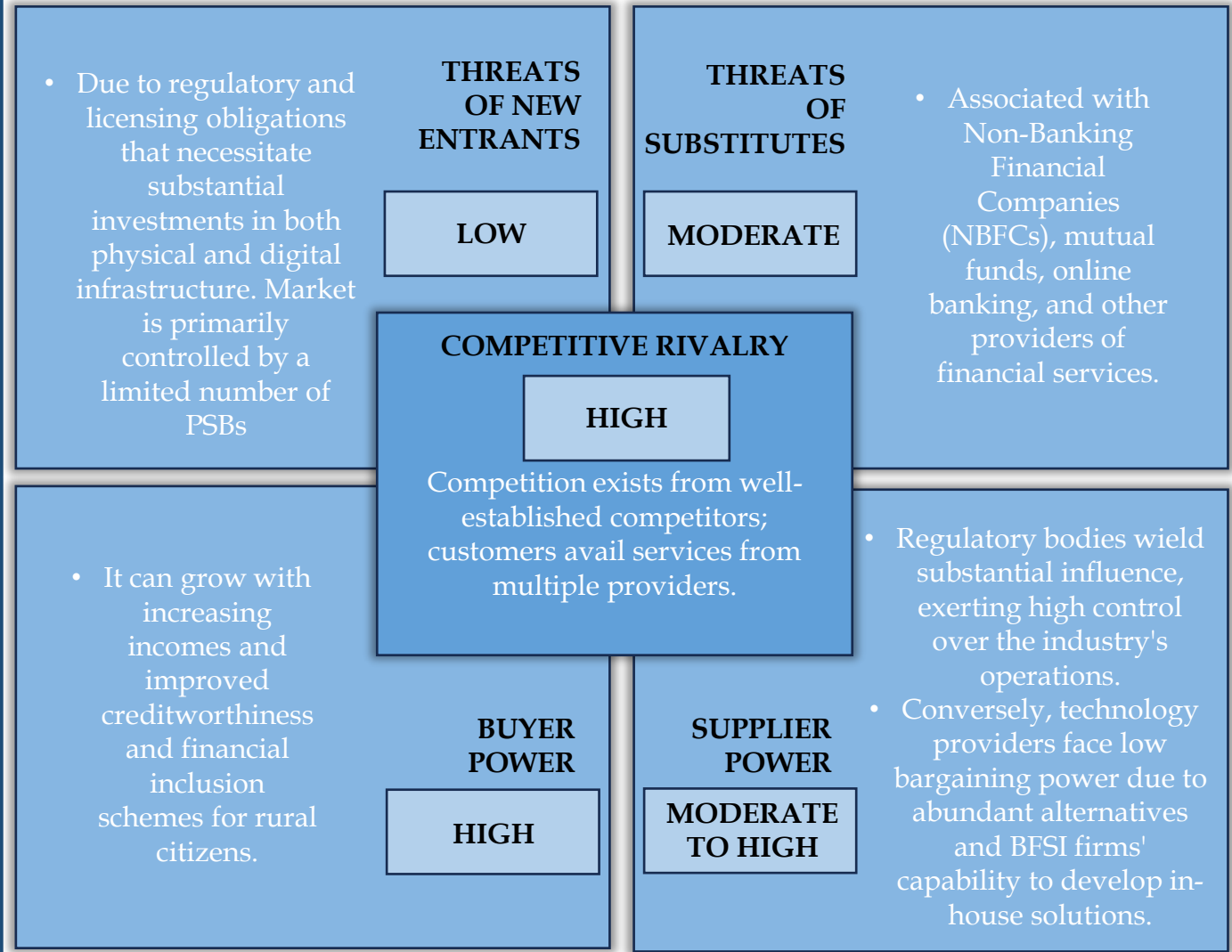# BANKING FINANCIAL SERVICES AND INSURANCE (CONT.)

## KEY PERFORMANCE INDICATORS

- **Earning Asset Yield** is a key solvency ratio that assesses asset performance by comparing interest income to earning assets.
- **Return on Average Assets (ROAA)** is a metric primarily utilized by banks and financial institutions to evaluate the profitability of their assets, serving as a key indicator of financial performance.
- **Return on Average Equity** is a financial ratio that assesses performance by considering the average outstanding shareholders' equity.
- **Net interest margin (NIM)** is the calculation of the gap between interest received and interest paid, with adjustments made for the total interest-generating assets under the bank's control.

### COST DRIVERS

- **Personnel costs:** This includes salaries, benefits, and other costs associated with employees.
- **Operating expenses:** This includes rent, utilities, and other costs associated with running a business.
- **Technology costs:** BFSI institutions must invest in technology systems to support their lending, deposit, and other activities.
- **Risk costs:** BFSI institutions face a variety of risks, such as credit risk, market risk, and operational risk.

## PORTER'S 5 FORCES

**THREATS OF NEW ENTRANTS**

LOW

- Due to regulatory and licensing obligations that necessitate substantial investments in both physical and digital infrastructure. Market is primarily controlled by a limited number of PSBs

**THREATS OF SUBSTITUTES**

MODERATE

- Associated with Non-Banking Financial Companies (NBFCs), mutual funds, online banking, and other providers of financial services.

**COMPETITIVE RIVALRY**

HIGH

Competition exists from well-established competitors; customers avail services from multiple providers.

**BUYER POWER**

HIGH

- It can grow with increasing incomes and improved creditworthiness and financial inclusion schemes for rural citizens.

**SUPPLIER POWER**

MODERATE TO HIGH

- Regulatory bodies wield substantial influence, exerting high control over the industry's operations.
- Conversely, technology providers face low bargaining power due to abundant alternatives and BFSI firms' capability to develop in-house solutions.

# BANKING FINANCIAL SERVICES AND INSURANCE (CONT.)

## REVENUE DRIVERS

| | |
|---|---|
| **Net Interest Income** | The difference between the interest income that a bank earns on its loans and investments and the interest expense that it pays on its deposits. |
| **Non-Interest Income** | Includes income from fees and commissions, such as ATM fees, credit card fees, and investment management fees. |
| **Investment Banking & Asset Management** | Includes income from underwriting securities, providing advisory services, and managing assets for clients. |
| **Insurance Premiums** | Income that insurance companies generate from selling insurance policies. Insurance premiums are a major revenue driver for insurance companies. |

## INDUSTRY METRICS

| | |
|---|---|
| **Industry Size** | Indian banking system includes 12 public, 22 private, and 46 foreign banks, along with numerous cooperative and rural banks. Deposits of all scheduled banks increased by a significant INR 1.98 lakh crore, growing at a rate of 10.2%. |
| **Prominent Players** | State Bank of India, HDFC Bank, Bajaj Finance, Life Insurance Corporation of India, SBI Mutual Fund |
| **Industry Terminology** | **Asset-backed Security:** A financial instrument that is backed by a pool of assets, such as mortgages, auto loans, or credit card receivables.<br>**CASA Ratio:** Calculated by dividing the total current account and savings account deposits by the total deposits of the bank.<br>**Capital Adequacy Ratio (CAR):** A measure of a bank's capital in relation to its risk-weighted assets, used to ensure that banks have enough capital to support their risk.<br>**Net Interest Margin (NIM):** A profitability metric that measures how well a company is making money from its core lending and borrowing activities. |

## VALUE CHAIN

| Inbound Logistics | Operations | Outbound Logistics | Marketing and Sales | Service |
|---|---|---|---|---|
| • Management of financial data and customer information.<br>• Regulatory compliance and data security measures. | • Core banking and financial services operations.<br>• Risk assessment and investment management. | • Distribution of financial products and services.<br>• Client servicing and support. | • Customer acquisition and retention strategies.<br>• Product and service promotion. | • Customer relationship management.<br>• Complaint resolution and support. |

# CONSTRUCTION INDUSTRY

One of the major sectors of the economy that deals with the creation, conceptualization, building, and supervision of various structures.. It encompasses a wide range of activities and a varied spectrum of professionals, from architects and engineers who design projects to contractors and labourers who build them.

Construction and real estate have always been upbeat prospects with the Indian real estate sector being projected to increase from USD 700 billion to USD 1 trillion by 2030. Furthermore, it is the second-highest provider of jobs in India, currently employing 7.1 crore individuals with the figure expected to surpass 10 crore by the decade's end. Notably, of the current workforce, a significant 81% are unskilled labourers, and the remaining 19% comprising skilled workers.

## INDUSTRY TRENDS

•**BIM (Building Information Modeling)**: BIM adoption is skyrocketing, with the global BIM market expected to reach $13 billion by 2027. (Source: Grand View Research). BIM improves project planning, collaboration, and cost estimation, reducing project overruns by up to 30% (Source: McGraw-Hill Construction).
•**Drones**: Construction drone usage is booming, with a projected market value of $4.8 billion by 2025.
**Robotics**: Construction robot sales are surging, with a projected market size of $181.2 billion by 2026. (Source: Allied Market Research). Robots automate repetitive tasks, enhance worker safety, and improve productivity by 20-40% (Source: McKinsey & Company).
•**Circular economy principles**: Construction waste is being tackled through circular economy practices, with a projected market value of $700 billion by 2030. (Source: Ellen MacArthur Foundation). This involves reusing and recycling materials, minimizing waste generation.
•**Internet of Things (IoT)**: Sensors and connected devices enable real-time data collection, optimizing building operations and maintenance.
•**Focus on Smart Cities and Infrastructure:** Government initiatives like the Smart Cities Mission and National Infrastructure Pipeline (NIP) are driving investments in urban infrastructure development, renewable energy projects, and smart city infrastructure.
•**Prefabrication and Modular Construction:** Prefabricated and modular construction methods are gaining popularity due to faster construction times, reduced waste, and improved quality control. The Prefabricated construction market expected to grow at 10-15% annually. (ResearchandMarkets.com)
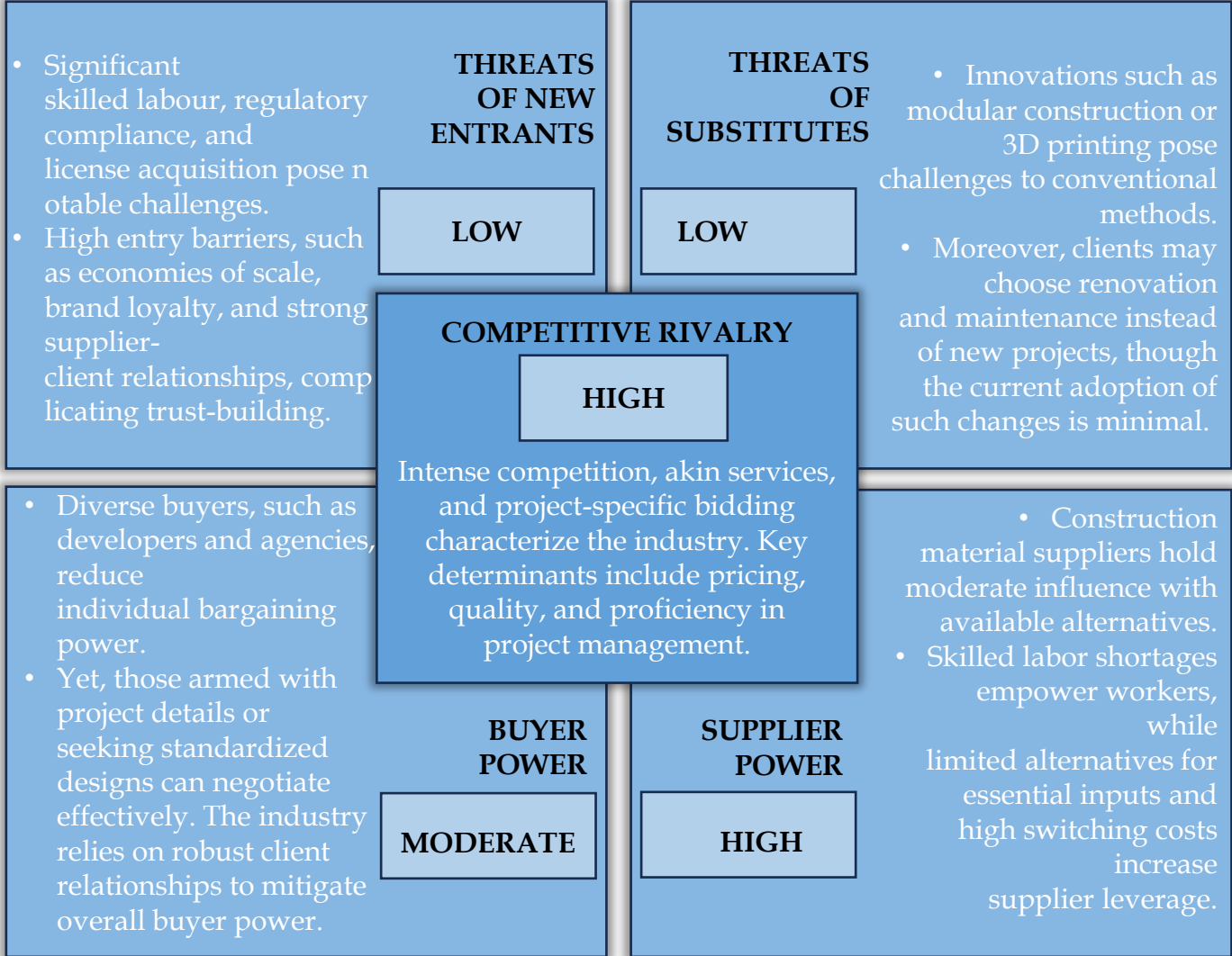
## MARKET TREND
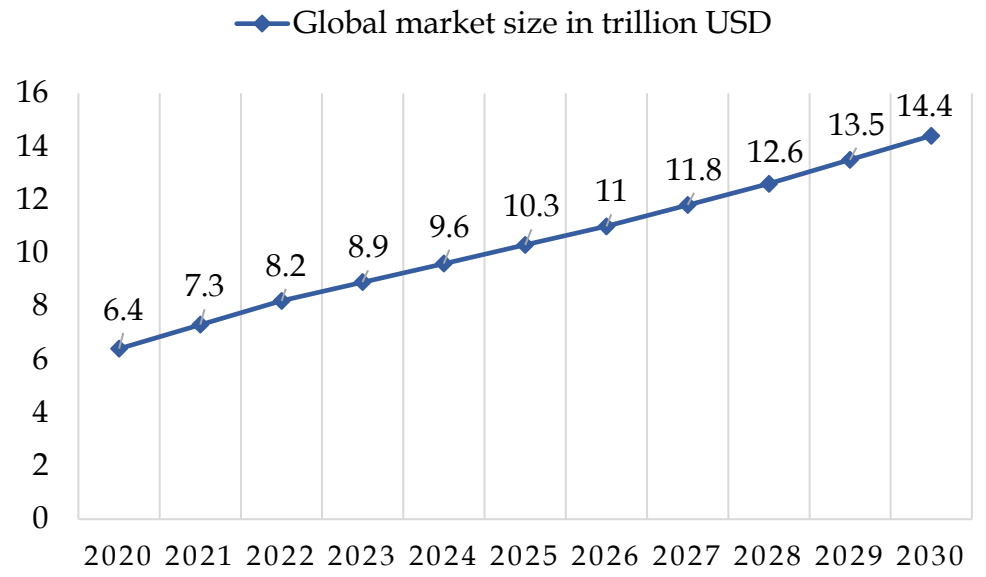


**Size of the global construction market from 2020 to 2021, with forecasts from 2022 to 2030**(in trillion U.S. dollars)

# CONSTRUCTION INDUSTRY (CONT.)

## PORTER'S 5 FORCES

- Significant skilled labour, regulatory compliance, and license acquisition pose notable challenges.
- High entry barriers, such as economies of scale, brand loyalty, and strong supplier-client relationships, complicating trust-building.

**THREATS OF NEW ENTRANTS**

LOW

**THREATS OF SUBSTITUTES**

LOW

- Innovations such as modular construction or 3D printing pose challenges to conventional methods.
- Moreover, clients may choose renovation and maintenance instead of new projects, though the current adoption of such changes is minimal.

**COMPETITIVE RIVALRY**

HIGH

Intense competition, akin services, and project-specific bidding characterize the industry. Key determinants include pricing, quality, and proficiency in project management.

- Diverse buyers, such as developers and agencies, reduce individual bargaining power.
- Yet, those armed with project details or seeking standardized designs can negotiate effectively. The industry relies on robust client relationships to mitigate overall buyer power.

**BUYER POWER**

MODERATE

**SUPPLIER POWER**

HIGH

- Construction material suppliers hold moderate influence with available alternatives.
- Skilled labor shortages empower workers, while limited alternatives for essential inputs and high switching costs increase supplier leverage.

## KEY PERFORMANCE INDICATORS

- **Revenue and Profitability Metrics**: Revenue Growth assesses the company's financial health, Gross Profit Margin highlights the efficiency of production and pricing, and Net Profit Margin reveals overall profitability after expenses.
- **Project Performance Metrics**: Cost Variance (CV) aids in financial planning and budget adherence, while Schedule Variance (SV) evaluates project time management.
- **Safety Metrics**: LTIFR & TRIR are metrics used to assess workplace safety standards.
- **Productivity Metrics**: Labor Productivity gauges & Equipment Utilization evaluates the effectiveness of equipment usage & workforce efficiency.
- **Project Backlog & Bidding**: Backlog Value offers a glimpse into prospective work and revenue, whereas Bid-to-Win Ratio indicates the company's bidding competitiveness.
- **Financial Health Metrics**: Materials Inventory Turnover assesses the effectiveness of inventory management strategies.
- **Project Profitability**: ROI evaluates the return value from project investments.
- **Environmental Sustainability Metrics**: LEED Certification & carbon emissions are used to measure commitment towards green building.
- **Blockchain Integration**: It tracks the implementation & effectiveness of blockchain technology for improving transparency, accountability, and security in construction project transactions and documentation.
- **Regulatory Compliance & Permitting Efficiency**: Measures the efficiency of obtaining necessary permits & compliance with authorities.

# CONSTRUCTION INDUSTRY (CONT.)

| KEY DRIVERS | ❖ Infrastructure Investment<br>❖ Population Growth & Urbanization. | ❖ Economic Growth<br>❖ Government policies & Regulations | ❖ Technological Advancements<br>❖ Environmental Considerations |
|---|---|---|---|

## INDUSTRY METRICS

| | | | |
|---|---|---|---|
| **Industry Size** | The construction market in India is about 700 USD billion dollars and is anticipated to see a compound annual growth rate of 6% during the forecasted period. | **Net Revenue Margin** | Construction is a notoriously low-margin business, the average gross profit margin hovers around 20%, the average net profit margin for construction is usually between 2% and 10%. |
| **Prominent Players** | Larsen & Toubro Limited, Reliance Infrastructure Limited, Punj Lloyd Ltd, Shapoorji Pallonji Group, GMR Group, Gammon India Limited, Hindustan Construction Company Limited, TATA Group. | **Industry Terminology** | **BIM** – Building Information Modelling<br>**BOQ** – Bill Of Quantities |

## VALUE CHAIN

| Research and Development | Raw Materials | Product Manufacturing | Design and Engineering | Construction | Quality Assurance and Control | Operations and Maintenance | Demolition and Recycling |
|---|---|---|---|---|---|---|---|
| • Viability assessments, evaluation of social and environmental effects, market analysis for proposed project | • The procurement process entails sourcing, acquiring, and rigorously assessing the quality of all raw materials for a project, this ensures reliability and durability. | • Involves manufacturers producing intermediate project materials. Acquiring construction materials, equipment, & necessary resources for the project. | • Involves the building owner, architects and engineers and focuses on developing the design and a proposed timeline for completion of the project. | • This phase will include the architects, engineers, contractors and the labor force. Actualization of the proposed project. | • Quality and safety checks at different stages. Ensuring adherence to standards and codes. Health and safety monitoring along with regulatory compliance. | • Comprises work performed by periodical maintenance companies and associated services. Also includes the owner and anyone who occupies the buildings. | • Post-construction includes deconstruction, waste management, recycling, and site restoration. This approach prioritizes environmental preservation. |

# TELECOM

Telecommunications spans a wide range of sectors, including radio and TV broadcasting, cable and satellite companies, internet service providers (ISPs), wired and wireless telecom companies, Voice over Internet Protocol (VoIP), as well as radar and satellite operations.

India's telecommunications sector ranks as the second-largest globally, boasting a subscriber base of 1.17 billion as of September 2022, encompassing both wireless and wireline users. The country maintains an overall tele-density of 84.86%. Within this, the tele-density in rural areas, which represent an underexplored market, is 58.01%, while the urban areas have a tele-density of 134.62%.

## INDUSTRY TRENDS

- **5G adoption accelerates:** Global 5G subscriptions are projected to reach 1.2 billion by 2025, representing 13% of mobile subscriptions. (Source: Ericsson)
- **Beyond speed:** While speed enhancements are significant, 5G's true potential lies in unlocking new applications like augmented reality (AR), virtual reality (VR), and autonomous vehicles.
- AI-powered network management: Artificial intelligence and machine learning are driving predictive maintenance, network optimization, and automated anomaly detection, boosting efficiency and reducing costs. (Source: Accenture)
- Chatbots and virtual assistants: AI-powered customer service solutions like chatbots and virtual assistants are enhancing user experience and reducing operational costs. (Source: Juniper Research)
- Personalized offerings: AI-powered analytics enable telecoms to personalize services and targeted marketing campaigns, increasing customer satisfaction and loyalty. (Source: Capgemini)
- IoT and connectivity for sustainability: Telecoms are enabling sustainable solutions like smart grids and environmental monitoring through IoT deployments. (Source: ITU)

## MARKET TRENDS

Spending in billions US dollars
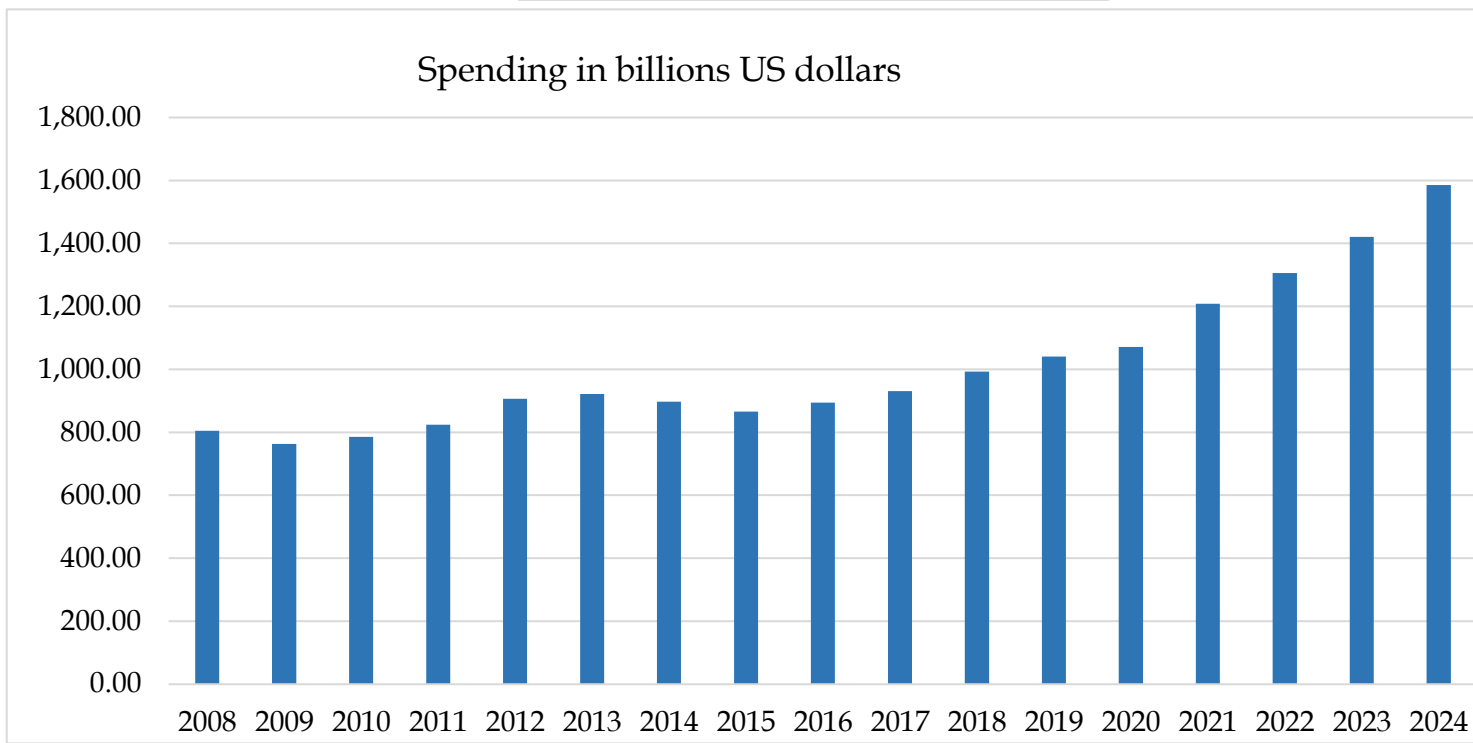


**Information technology (IT) spending on telecommunications services worldwide from 2008 to 2024** (in billion U.S. dollars)
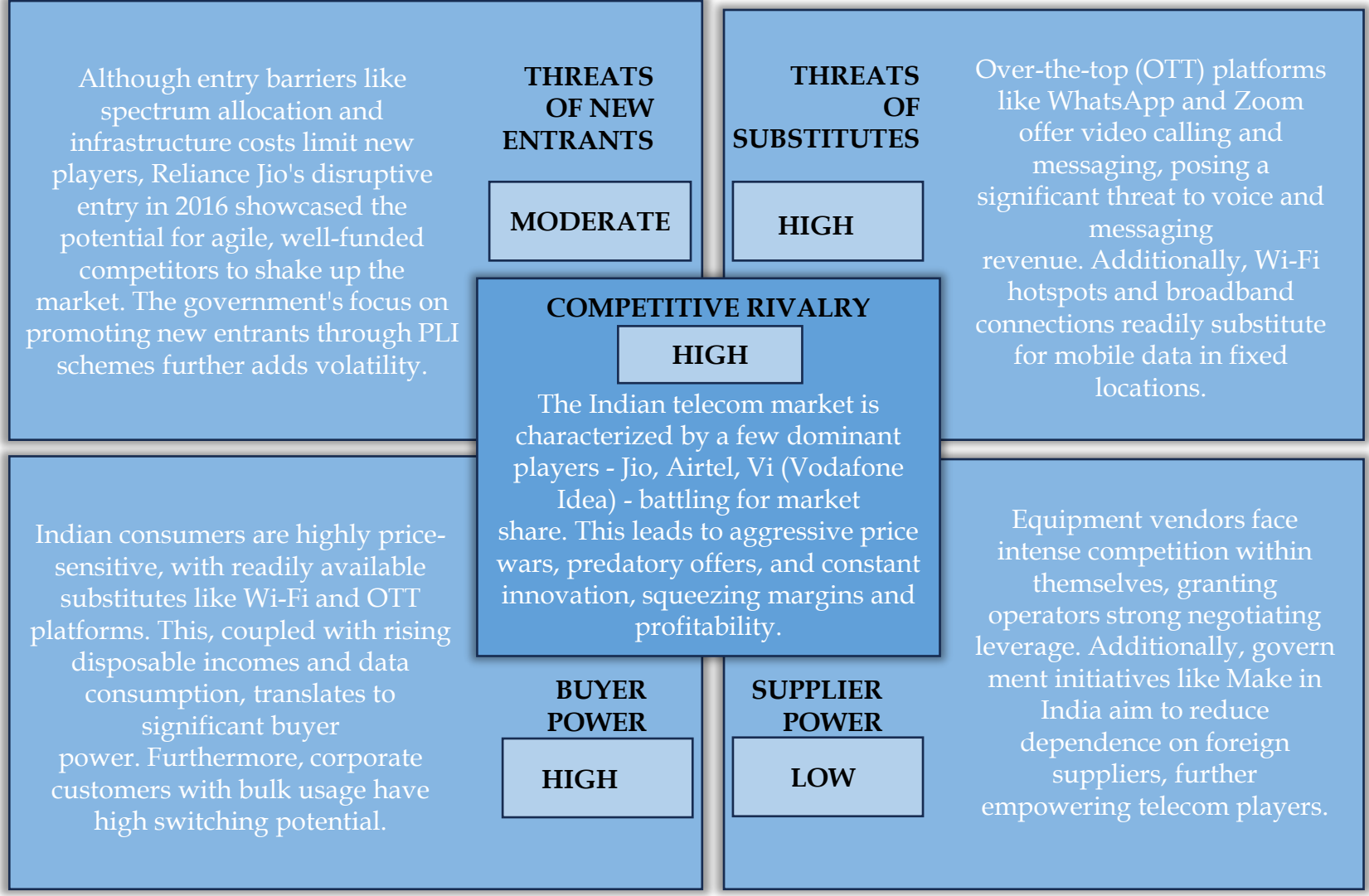
# TELECOM (CONT.)

## KEY DRIVERS

| Revenue Driver | Cost Driver | Market Growth Driver |
|---|---|---|
| • Increasing subscriber base by different subscribing model & other telecom equipment. | • Fixed asset & infrastructure maintenance cost.<br>• Marketing and customer acquisition expenses.<br>• Regulatory compliance. | • Deployment of 5G.<br>• IoT expansion.<br>• Rural market penetration<br>• Untapped customer segments. |

## KEY PERFORMANCE INDICATORS

- **Net Promoter Score** (NPS): to measure how likely customers are to recommend a company's product or service to others.
- **Average Customer Satisfaction Score:** to measure how happy customers are with a product.
- **Churn Rate**: It measures how many customers a business loses over a given time frame.
- **New Business Revenue:** addition of new customers, it should be measured against a percentage (e.g., 30% of revenue comes from newly acquired customers).
- **Repeat Business Revenue**: current customer base.

## PORTER'S 5 FORCES

**THREATS OF NEW ENTRANTS**

**MODERATE**

Although entry barriers like spectrum allocation and infrastructure costs limit new players, Reliance Jio's disruptive entry in 2016 showcased the potential for agile, well-funded competitors to shake up the market. The government's focus on promoting new entrants through PLI schemes further adds volatility.

**THREATS OF SUBSTITUTES**

**HIGH**

Over-the-top (OTT) platforms like WhatsApp and Zoom offer video calling and messaging, posing a significant threat to voice and messaging revenue. Additionally, Wi-Fi hotspots and broadband connections readily substitute for mobile data in fixed locations.

**COMPETITIVE RIVALRY**

**HIGH**

The Indian telecom market is characterized by a few dominant players - Jio, Airtel, Vi (Vodafone Idea) - battling for market share. This leads to aggressive price wars, predatory offers, and constant innovation, squeezing margins and profitability.

**BUYER POWER**

**HIGH**

Indian consumers are highly price-sensitive, with readily available substitutes like Wi-Fi and OTT platforms. This, coupled with rising disposable incomes and data consumption, translates to significant buyer power. Furthermore, corporate customers with bulk usage have high switching potential.

**SUPPLIER POWER**

**LOW**

Equipment vendors face intense competition within themselves, granting operators strong negotiating leverage. Additionally, government initiatives like Make in India aim to reduce dependence on foreign suppliers, further empowering telecom players.

# TELECOM (CONT.)

## INDUSTRY METRICS

| Industry Size | USD 1,885.41 billion<br>Of India: $40 billion |
|---|---|
| Average Net Profit Margin | 12.5% as of 2022 |
| Prominent Players | AT&T Inc.; Verizon Communications Inc.; NTT; China Mobile Ltd<br>In India: Airtel India, BSNL, Reliance Jio |

| Industry Terminology | Tele density is a measure that indicates the quantity of telephone connections for every hundred people residing in a specific region.<br>Alias: An alternate identification sequence used for an IP address.<br>**Broadband**: A way to transmit greater data volumes than telephony networks permit. |
|---|---|

## VALUE CHAIN

| Network Infrastructure Providers | Equipment Manufacturers | Service Providers | Content Providers | Software and Application Developers | Value-Added Services (VAS) Providers | Retailers and Distributors | System Integrators and IT Service Providers | End-Users |
|---|---|---|---|---|---|---|---|---|
| • Companies that build and maintain the physical infrastructure, including fiber-optic cables, cell towers, data centers, and other network equipment. | • Manufacturers produce the hardware and equipment needed for telecommunications networks, including routers, switches, cell phones, and other devices. | • Wireline Telecom Providers: fixed line, mobile & **cellular** services.<br>• Internet Service Providers.<br>• Cable and satellite TV providers. | • These companies create and distribute content. It includes streaming platforms, TV networks, and content producers. | • Developers create software & applications that run on telecom networks, mobile devices, like messaging apps, social media platforms, productivity tools. | • Offer extra services on top of basic telecom services, such as mobile banking, entertainment subscriptions, and location-based services. | • These entities sell telecom services, devices, and accessories to end-users through physical stores, online channels, and reseller partnerships. | • These companies offer services related to network integration, cybersecurity, and IT support for telecom operators and businesses. | • The final stage of the value chain comprises individuals, households, businesses, and organizations that consume telecom services. |

# PHARMACEUTICALS

The pharmaceutical industry is a critical component of the global healthcare sector, responsible for the discovery, development, production, and distribution of drugs and medications. This industry plays a pivotal role in improving and sustaining human health by creating treatments and therapies for a wide range of medical conditions, from common ailments to life-threatening diseases.

India holds a prominent position in the global pharmaceutical sector. It leads the world in the production of generic drugs, meeting 50% of the global vaccine demand, serving 40% of the generic drug requirements in the United States, and providing a quarter of the total medicines consumed in the United Kingdom.

## INDUSTRY TRENDS

- **Data Science and Data Privacy**: to extract valuable insights from the growing volume of data generated by digital health technologies, enhance the development of more efficient treatments.
- **Tailored treatment**: By analyzing patients' genetic and molecular profiles & cell and gene therapies, precision medicine enables personalized treatment plans, improving efficacy and reducing side effects. Personalized medicine will have a surge in coming years, driven by AI and extensive data analysis.
- **Drug discovery and development:** AI/ML algorithms are accelerating drug discovery by analyzing vast amounts of data, predicting new targets, and optimizing clinical trials.
- **Cell therapy boom**: The global cell therapy market is projected to reach $96.7 billion by 2025, driven by advancements in CAR-T cell therapies for cancer treatment.
- **Virtual healthcare adoption**: Increased adoption of telehealth and virtual consultations is improving access to healthcare, especially in remote areas.
- **Sustained Growth of Biopharmaceuticals**: Derived from biological sources, living cells, will persist in coming years. Pharmaceutical firms will continue to allocate substantial R&D investments toward biologics development, solidifying their prominence in the industry.
- **Extended Reality (XR)**: A blend of mixed reality (MR), virtual reality (VR), & augmented reality (AR) is facilitating immersive, location-independent visualizations.

## MARKET TREND

R&D Spending in billions US dollars
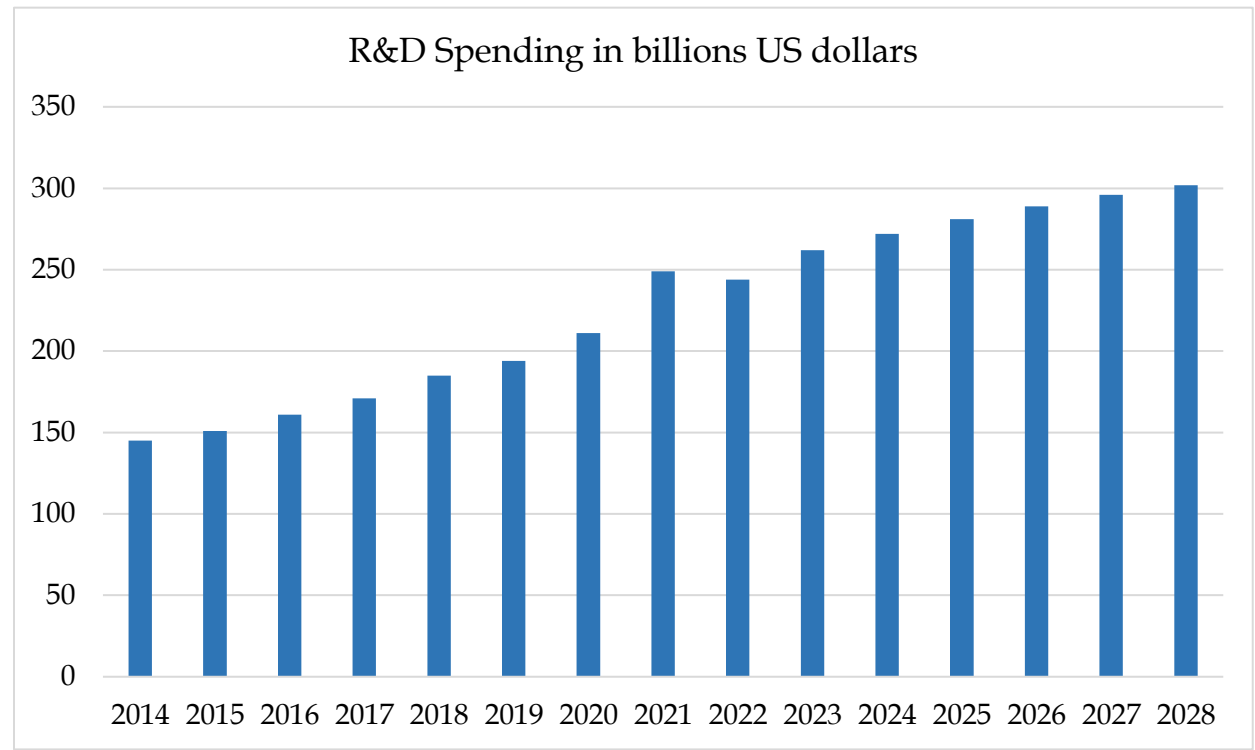


**Total global spending on pharmaceutical research and development from 2014 to 2028.** (in billion U.S. dollars)
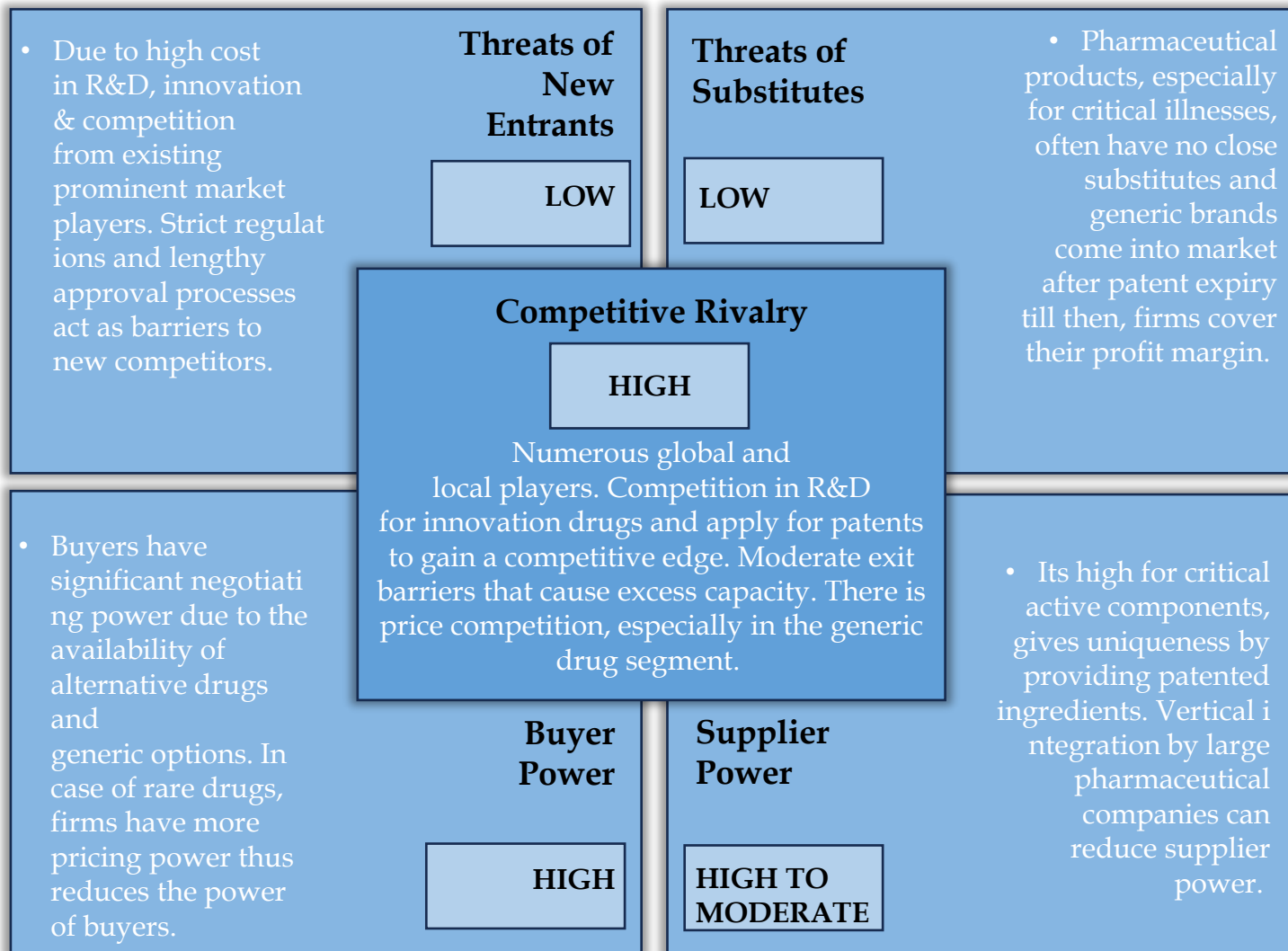
# PHARMACEUTICALS (CONT.)

## KEY DRIVERS

| Revenue drivers | Patent exclusivity, branded drugs, off-patent drugs. |
|---|---|
| Cost Drivers | Research and development, clinical trial phases and regulatory compliance. |
| Market Growth | OTC growth, the convergence of healthcare and technology, chronic ailments, and biopharmaceuticals. |

## KEY PERFORMANCE INDICATORS

- **Operating Cash Flow**: Operating cash flow quantifies the cash generated through a pharmacy's day-to-day operations.
- Gross Profit Margin: The gross profit margin serves to indicate how profitable a pharmacy is.
- **Operating Expenses (OPEX)**: OPEX encompass expenses related to equipment, inventory, staff salaries, insurance, leasing, and other operational costs. Trimming OPEX can provide a competitive edge.
- **Average Revenue per Customer**: This pharmaceutical metric gauges the revenue contributed by each customer to the pharmacy. This key performance indicator (KPI) offers insights into the business's growth potential.
- **Research and Development (R&D) Expenditure**: This KPI evaluates the proportion of R&D spending relative to a pharmaceutical company's total sales revenue. In 2022, the average R&D expenditure as a percentage of sales in the industry was around 15%, as reported by Statista.

## PORTER'S 5 FORCES

**Threats of New Entrants** — LOW
- Due to high cost in R&D, innovation & competition from existing prominent market players. Strict regulations and lengthy approval processes act as barriers to new competitors.

**Threats of Substitutes** — LOW
- Pharmaceutical products, especially for critical illnesses, often have no close substitutes and generic brands come into market after patent expiry till then, firms cover their profit margin.

**Competitive Rivalry** — HIGH
Numerous global and local players. Competition in R&D for innovation drugs and apply for patents to gain a competitive edge. Moderate exit barriers that cause excess capacity. There is price competition, especially in the generic drug segment.

**Buyer Power** — HIGH
- Buyers have significant negotiating power due to the availability of alternative drugs and generic options. In case of rare drugs, firms have more pricing power thus reduces the power of buyers.

**Supplier Power** — HIGH TO MODERATE
- Its high for critical active components, gives uniqueness by providing patented ingredients. Vertical integration by large pharmaceutical companies can reduce supplier power.

# PHARMACEUTICALS (CONT.)

## INDUSTRY METRICS

| Industry Size | Global: $1.48 trillion<br>India: $49.78 billion |
|---|---|
| Prominent Players | Globally, Pfizer, Abbvie, Johnson & Johnson, Merck, Novartis.<br>In India, Sun Pharmaceutical, Dr. Reddy's Laboratories |

| Average Net Profit Margin | For top players ranges in 13.5% - 18.27% in 2023. |
|---|---|
| Industry Terminology | Biotechnology: use of living organisms and various methods of engineering.<br>Biologics: encompass a broad spectrum of medical substances and therapeutic proteins produced through biological methods. |

## VALUE CHAIN

| Research and Development (R&D) & Innovation | Manufacturing | Regulatory Approval and Compliance | Distribution and Logistics | Sales and Marketing |
|---|---|---|---|---|
| • The stage involves drug discovery, pre-clinical trial testing, clinical trials phases and regulatory approvals for the findings in R&D phase. | • Involves developing the final drug formulation, including active ingredients and additives. Lead to large-scale manufacturing and packaging drugs in various forms for distribution. | • Perform regulatory submissions with all the documents required to get approval to market the product and ensure quality control Good Manufacturing Practices (GMP). | • Involves wholesalers and distributors, pharmacies to dispense drugs to patients and cold chain management for temperature-sensitive medications. | • Promotion and sales of the product with marketing strategies to healthcare professionals and consumers. |

**Regulation, Governance, Legislation & Monitoring**

Every stage of value chain is governed by regulations, legislations, and monitoring through US FDA and respective regional vigilance organizations.
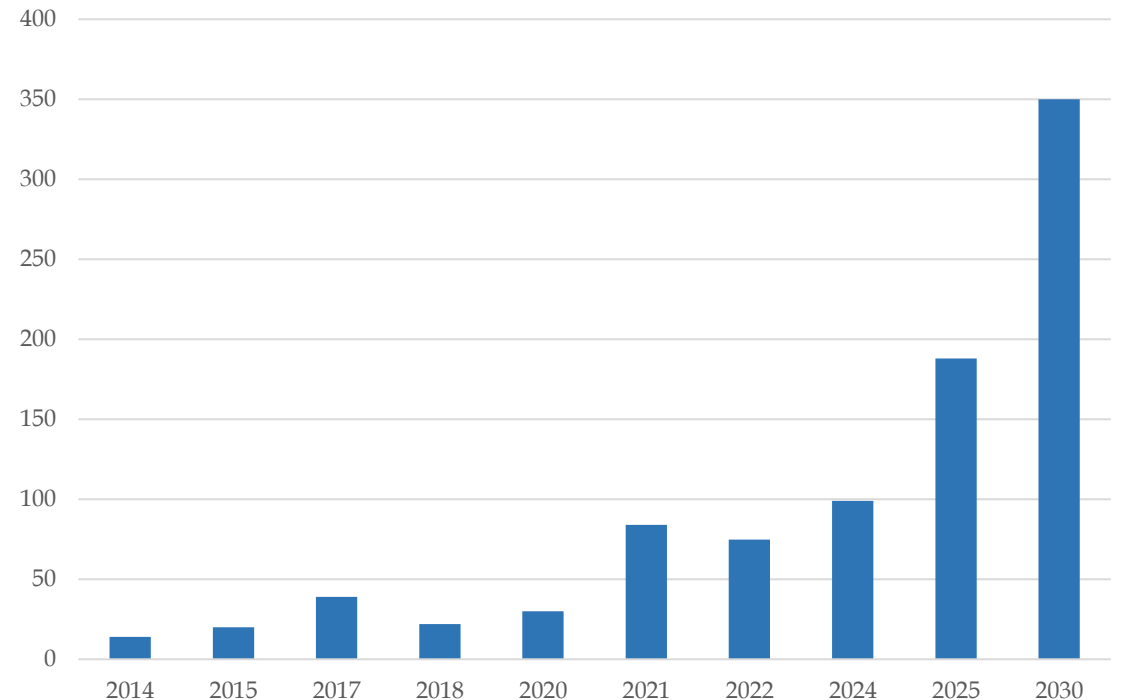
# E-COMMERCE INDUSTRY

In recent years, e-commerce has become an integral part of the global retail landscape, transforming the way we buy and sell goods due to the internet's emergence. The Indian e-commerce industry is on a robust growth trajectory, with a market worth over $55 billion in Gross Merchandise Value in 2021. India's e-commerce growth is fueled by the rapid rise in internet users, with an expected 907 million users by 2023, accounting for about 64% of the country's population. Electronics and apparel dominate the e-commerce market, accounting for nearly 70% of the transaction value. Emerging categories in e-commerce include ed-tech, hyperlocal services, and food-tech.

## KEY TRENDS & INDUSTRY ANALYSIS

- **AI-powered recommendations:** Machine learning algorithms personalize product recommendations, increasing conversion rates by 30% or more. (Source: McKinsey & Company)
- **Dynamic pricing and promotions:** AI tailors pricing and discounts to individual customers, boosting revenue and customer satisfaction. (Source: Accenture)
- **Shoppable posts and live streaming:** Social media platforms like Instagram and TikTok are becoming major e-commerce channels, driven by shoppable posts and live streaming sales. (Source: Insider Intelligence)
- **Influencer marketing reigns supreme:** Collaborations with social media influencers drive brand awareness and sales, with the influencer marketing market reaching $13.8 billion by 2025. (Source: Influencer Marketing Hub)
- **Recurring revenue and customer loyalty:** Subscription models provide recurring revenue streams and foster customer loyalty, with a 65% retention rate compared to 35% for traditional models. (Source: Recurly)
- **Seamless integration:** Customers expect a seamless experience across online and offline channels, with 73% wanting consistent pricing and promotions. (Source: Omnichannel Retailing)
- **Digital enhancements in physical stores:** AR/VR technologies bring online experiences into physical stores, creating interactive and engaging shopping journeys. (Source: Deloitte)
- **Second-hand and upcycled goods gaining traction:** Resale platforms and upcycled products are gaining popularity, catering to both sustainability and budget-conscious consumers.

## INDUSTRY TRENDS

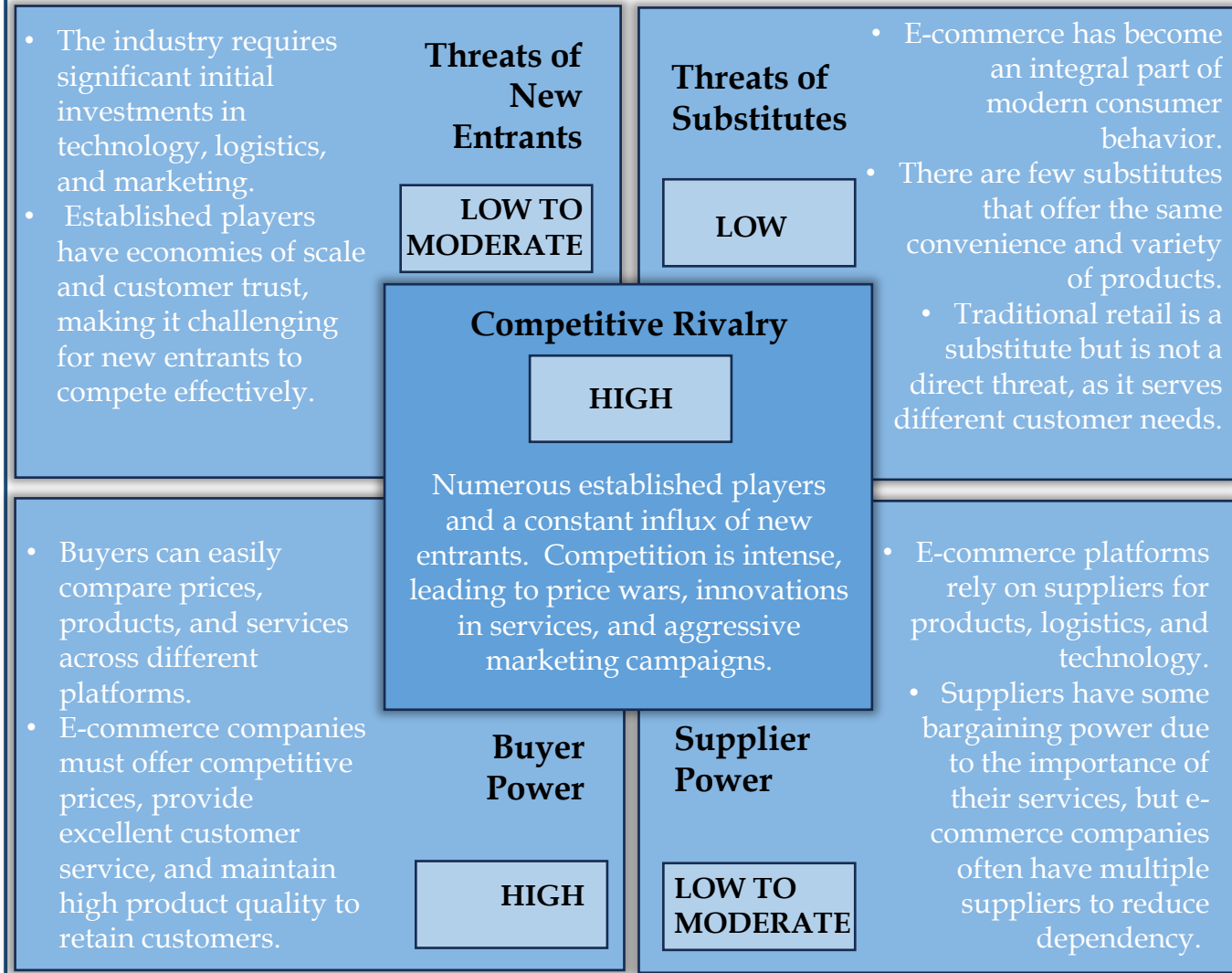E-commerce market size India 2014-2030E (in billion US dollars)

# E-COMMERCE INDUSTRY (CONT.)

## KEY PERFORMANCE INDICATORS

- **Sales Revenue** : Total revenue generated through online sales, including product sales, subscriptions, and any other revenue streams.
- **Conversion Rate:** The percentage of website visitors who make a purchase. It's calculated by dividing the number of conversions (purchases) by the total number of visitors and multiplying by 100.
- **Average Order Value (AOV):** The average amount spent by customers in a single transaction. It's calculated by dividing the total revenue by the number of orders.
- **Customer Acquisition Cost (CAC):** The cost associated with acquiring a new customer. It includes marketing, advertising, and sales expenses. It is calculated by dividing the total cost of acquisition by the number of new customers acquired.
- **Customer Lifetime Value (CLV):** The estimated total revenue from a customer throughout their entire relationship with the company. It helps determine how much to invest in customer retention and acquisition efforts.
- **Inventory Turnover Rate:** The number of times inventory is sold and replaced in a specific period. It helps manage inventory efficiency and reduce carrying costs.
- **Return Rate:** The percentage of products that are returned by customers. A high return rate may indicate product quality issues or poor product descriptions.
- **Website Traffic & User Engagement:** Metrics like website visits, page views and time spent on the site can indicate the effectiveness of marketing efforts and user experience.
- **Shipping & Fulfillment Metrics:** On-time delivery rate, shipping cost per order, and order fulfillment accuracy are important for maintaining customer satisfaction.

## PORTER'S 5 FORCES

**Threats of New Entrants**

- The industry requires significant initial investments in technology, logistics, and marketing.
- Established players have economies of scale and customer trust, making it challenging for new entrants to compete effectively.

**LOW TO MODERATE**

**Threats of Substitutes**

- E-commerce has become an integral part of modern consumer behavior.
- There are few substitutes that offer the same convenience and variety of products.
- Traditional retail is a substitute but is not a direct threat, as it serves different customer needs.

**LOW**

**Competitive Rivalry**

**HIGH**

Numerous established players and a constant influx of new entrants. Competition is intense, leading to price wars, innovations in services, and aggressive marketing campaigns.

**Buyer Power**

- Buyers can easily compare prices, products, and services across different platforms.
- E-commerce companies must offer competitive prices, provide excellent customer service, and maintain high product quality to retain customers.

**HIGH**

**Supplier Power**

- E-commerce platforms rely on suppliers for products, logistics, and technology.
- Suppliers have some bargaining power due to the importance of their services, but e-commerce companies often have multiple suppliers to reduce dependency.

**LOW TO MODERATE**

# E-COMMERCE INDUSTRY (CONT.)

## INDUSTRY METRICS

| | | Industry Terminology | |
|---|---|---|---|
| **Industry Size (India)** | 100 billion U.S. dollars in 2022 | | **B2C (Business-to-Consumer):** Transactions between businesses and individual consumers. **B2B (Business-to-Business):** Transactions between businesses, involving wholesale or bulk purchases. |
| **Prominent Players** | Amazon India, Nykaa, Myntra, Ajio, Flipkart, eBay, Snapdeal, Jio Mart, BigBasket, Meesho, FirstCry, IndiaMART, BookMyShow | | **SEO (Search Engine Optimization):** Strategies to improve a website's visibility on search engines. **Cross-Selling:** Offering additional products or services to a customer during a transaction. |
| **Average Net Profit Margin** | Nykaa (0.4%-FY2022-23), eBay (26.99% - FY2023), Flipkart (-6.68% - FY2022), IndiaMart (28.99%- FY2023), Amazon (3.62% - FY23) | | **Upselling:** Encouraging customers to purchase a higher-end product or upgrade. |

## VALUE CHAIN

| Inbound Logistics | Operations | Outbound Logistics | Marketing & Sales | Service |
|---|---|---|---|---|
| It includes activities like raw material procurement, inventory management, and supplier relationships. | This stage encompasses tasks such as product manufacturing, warehousing, packaging, and the development of an online platform for placing orders. | This stage handles the delivery of products to customers and encompasses activities related to order fulfillment, shipping, transportation, and the crucial last-mile delivery. | This stage includes online advertising, search engine optimization (SEO), social media marketing, and email marketing | The post-sale phase includes customer support, returns and exchange processing, and ensuring customer satisfaction. |

# DATA SHEET

# DATASHEET

## Population distribution in India (Gender & Urban Rural)

| Total Population | 1429 Mn |
|---|---|
| Males | 737 Mn |
| Females | 692 Mn |
| Urban Population | 518 Mn (36%) |
| Rural Population | 911 Mn (64%) |

## Age-wise Population distribution

| Age Group | Population (%) |
|---|---|
| 0 – 14 Years | 26 |
| 15 – 24 Years | 18 |
| 25 – 34 Years | 17 |
| 35 – 44 Years | 14 |
| 45 – 54 Years | 10 |
| 55+ Years | 15 |

## Internet & Social Media Users

| Internet Users | 658 Mn |
|---|---|
| YouTube Users | 467 Mn |
| Instagram Users | 229 Mn |
| Facebook Users | 314 Mn |

## Class Distribution by Annual Household Income

| Annual Household Income | Percentage |
|---|---|
| Low Income (less than Rs. 100000) | 40 |
| Lower Middle Income (Rs. 100000 to Rs. 200000) | 30 |
| Middle Income (Rs. 200000 to Rs. 500000) | 20 |
| Upper Middle Income (Rs. 500000 to Rs. 1000000) | 7 |
| High Income (more than Rs. 1000000) | 3 |

## Population spread of Metros

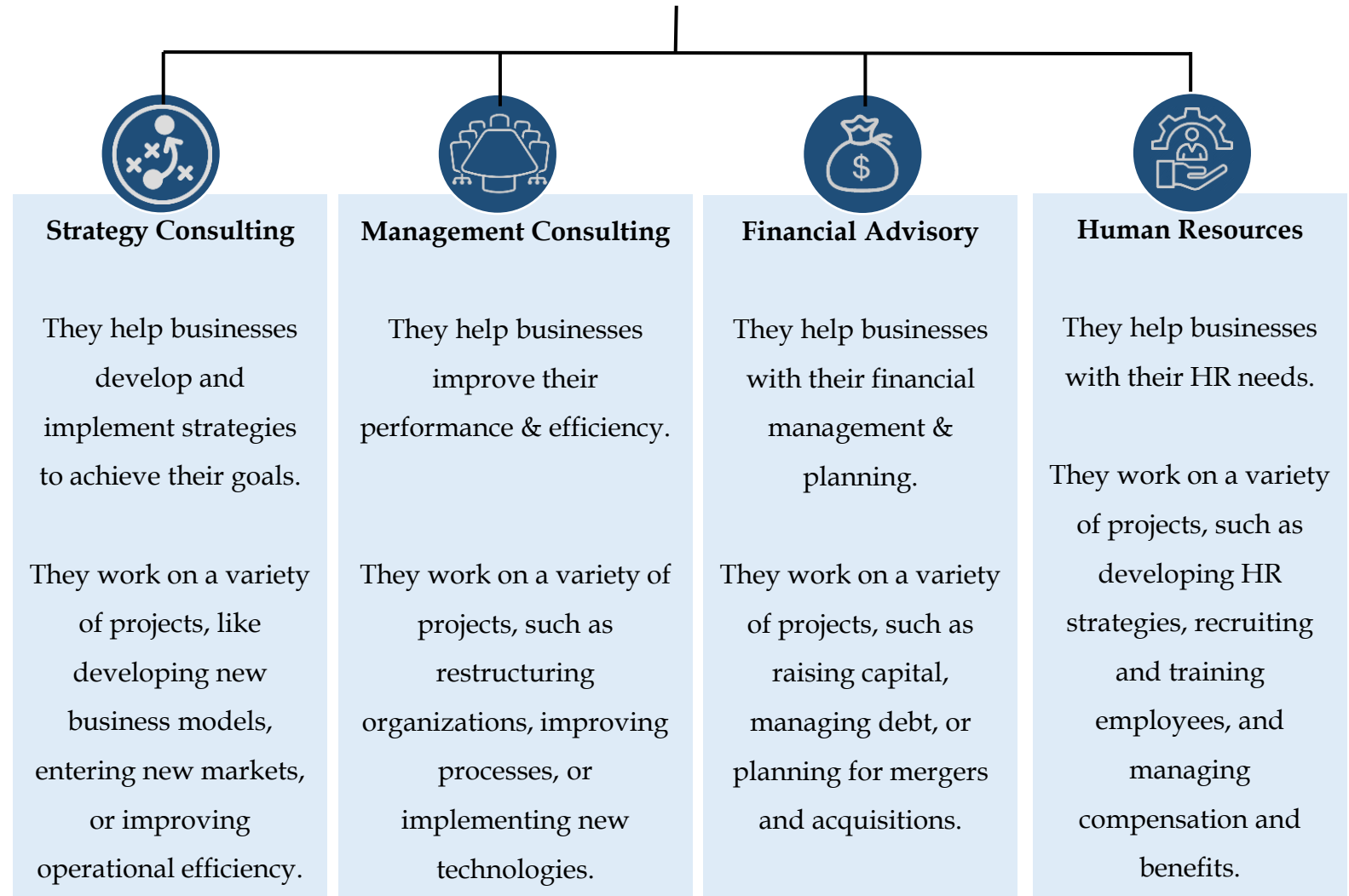| City | Population | City | Population |
|---|---|---|---|
| Mumbai | 24.53 Mn | Hyderabad | 13.87 Mn |
| Delhi | 20.59 Mn | Ahmedabad | 11.45 Mn |
| Kolkata | 14.97 Mn | Surat | 7.57 Mn |
| Bangalore | 14.25 Mn | Pune | 6.85 Mn |
| Chennai | 10.72 Mn | Jaipur | 6.71 Mn |

# ABECEDARY

# ABOUT CONSULTING

## What is Consulting?

• The practice of providing expert advice, guidance, and recommendations to individuals, businesses, organizations, or government agencies to help them solve specific problems, improve their performance, make strategic decisions, or achieve their goals.

• Consultants are typically professionals with specialized knowledge, skills, and experience in a particular field or industry.

• Consultants employ a comprehensive strategy that combines both primary and secondary research with their wealth of industry experience to grasp the nuances of business challenges and offer recommendations.

• In essence, their role boils down to assisting CEOs and other top leaders in resolving crucial business issues and effectively putting these solutions into action.

## Key Service Areas

### Strategy Consulting

They help businesses develop and implement strategies to achieve their goals.

They work on a variety of projects, like developing new business models, entering new markets, or improving operational efficiency.

### Management Consulting

They help businesses improve their performance & efficiency.

They work on a variety of projects, such as restructuring organizations, improving processes, or implementing new technologies.

### Financial Advisory

They help businesses with their financial management & planning.

They work on a variety of projects, such as raising capital, managing debt, or planning for mergers and acquisitions.

### Human Resources

They help businesses with their HR needs.

They work on a variety of projects, such as developing HR strategies, recruiting and training employees, and managing compensation and benefits.

# EMERGING TRENDS IN CONSULTING

**Implementation Projects:** The number of implementation projects for businesses is on the rise. Clients are placing greater emphasis on results rather than initial investments.

**Digital transformation and Implementation of AI:** One of the biggest trends in consulting today, as businesses increasingly adopt digital technologies and AI, they need consultants to develop and implement their digital transformation strategies and help businesses adopt AI technologies and use them to improve their operations.

**Sustainability:** Sustainability is a growing priority for businesses of all sizes. Consultants are helping businesses to develop and implement sustainability strategies, reduce their environmental impact, and become more sustainable.

**Risk-based Consulting:** There is a rising trend in projects where consulting firms and clients share the project risks. Previously, clients predominantly bore the project risks, but now the burden is shifting toward consulting firms.

**Agile consulting:** Agile consulting is a new approach to consulting that is based on the principles of agile development. Agile consultants work closely with clients to develop and implement solutions quickly and iteratively.

# CONSULTANT'S CALENDAR FOR A DAY (TYPICALLY)

## A TYPICAL WEEKDAY FOR A CONSULTANT

| Time | Activity |
|---|---|
| 9:00 AM | Travel to the client's location |
| 10:00 AM | Host project team meeting to review appointments, deliverables, and timelines. |
| 10:30 AM | Check-in with client discussing meetings and deliverables for the week. |
| 11:00 AM | Start working on the deliverables using Excel and Power Point |
| 2:00 PM | Client Meeting to review deliverables made or gather inputs to help create the future deliverables. |
| 4:00 PM | The project team meets to share insights, assign tasks and develop a weekly action plan. |
| 5:00 PM | Focus on productive work, craft deliverables and discuss findings with the project team. |
| 7:00 PM | After a busy day with Excel and PowerPoint tasks, time for a dinner with the client or the project team. |
| 10:00 PM | Wrap up for the day! |

## Workplace Norms: Typical Dynamics and Interactions

**Client Interaction**: Consultants often engage directly with clients to understand their needs, gather information, and present findings. Building strong client relationships is crucial for trust and effective collaboration.

**Problem-Solving**: A consultant's primary role is to solve problems. This involves analyzing data, conducting research, and developing strategies or recommendations tailored to the client's unique situation.

**Data Analysis:** Consultants rely heavily on data to derive insights and make informed recommendations. Proficiency in data analysis tools and techniques is crucial for interpreting complex datasets and drawing meaningful conclusions.

**Adaptability**: Consultants often work in dynamic environments where priorities can shift rapidly. Adaptability and flexibility are key traits, allowing consultants to adjust to changing circumstances and client needs.

**Communication Skills**: Clear and concise communication is paramount in consulting. Consultants must understandably convey complex ideas, whether presenting findings to clients or collaborating with team members.

**Continuous Learning**: Given the ever-evolving nature of business challenges and industries, consultants must stay updated with the latest trends, tools, and methodologies.

# TYPICAL CAREER ADVANCEMENT TRAJECTORY

**PARTNER/DIRECTOR**
Promotion to this leadership role may take another **3 – 4 years**.
As a director/partner, you'll be a senior expert, advising top clients, generating business, shaping the firm's growth, and achieving results.

**PRINCIPAL/SENIOR MANAGER**
Promotion usually takes **2 – 3 years.**
As principal consultant or senior manager, you'll oversee entire projects, ensuring timely delivery. You'll mentor your team, tackle challenging business issues, and contribute to service development, business growth, and thought leadership.

**SENIOR ASSOCIATE/SENIOR CONSULTANT**
Senior associates manage aspects of large projects, serve as project managers on smaller ones, assign tasks, lead teams, and contribute to sales and marketing strategies.

**ASSOCIATE/CONSULTANT**
After **2-5 years** as an analyst, successful candidates become associates or consultants.
In this role, they identify issues, form hypotheses, assist with change implementation, manage projects, and develop sector-specific knowledge and consultancy skills.

**ANALYST**
Starting as an analyst at a consulting firm after MBA is common.
Analysts work mostly on client sites, handling portions of problem-solving, assisting consultants with research and data analysis, and participating in training programs.

# WHY JOIN CONSULTING?

## Development Opportunities

- The role offers intellectual gratification through structured resolution of substantial business challenges.
- It provides a steep learning trajectory and significant ownership of tasks, fostering the development of essential soft skills.

## Diversity in Work

- The job offers diversity in work, particularly during the initial years, involving engagement in various sectors and industries.
- Projects encompass a range of types, including performance improvement, market entry, and growth initiatives.

## Collaborative Work Atmosphere

- The workplace fosters a collaborative environment where individuals of similar age groups come together from diverse academic and professional backgrounds.

## Attractive Pay and Perks

- The compensation package is attractive, offering good pay and enticing perks.

## Promising Exit Opportunities

- The job provides promising exit opportunities, including transitioning to roles in corporations, such as general management or leadership positions.
- Alternatively, it opens doors to paths in private equity, venture capital, entrepreneurship, and public policy.

## Ready yourself for…

**Dynamic Environment**: The nature of consulting projects means that the work environment can change frequently. You might find yourself working with different teams, industries, or even countries in a short span. Adaptability and flexibility are key.

**Travel:** Depending on the consulting firm and role, expect some level of travel. This could be local, national, or even international. Being prepared for frequent travel and managing associated logistics is crucial.

**Long Hours:** Consulting can be demanding, with periods of long hours, especially when nearing project deadlines or during client presentations. Time management and prioritization skills become invaluable.

**Feedback Culture:** Expect a culture where feedback is frequent and valued. Whether it's from peers, superiors, or clients, constructive feedback is integral to professional growth in consulting.

**Client Relationship Management:** Building and maintaining strong client relationships is vital. Consultants often act as intermediaries between the client's needs and the firm's solutions, requiring strong interpersonal skills, empathy, and trust-building abilities.

# HIRING PROCESS FOR A CONSULTING ANALYST

| Application and screening | Phone Interview | On-campus Interview | Case Interview | Hiring Decision |
|---|---|---|---|---|
| The first step is for candidates to submit their resume and cover letter. The Consulting Firm will then screen the applications to identify the suitable candidates for the offered role. | If a candidate's application is screened in, they will be scheduled for a phone interview with the recruiter. This interview is typically used to learn more about the candidate's background and experience, and to assess their fit for the role and company. | If a candidate clears the phone interview, an on-campus interview is conducted. This interview is conducted by a panel. The interview covers a range of topics, including the candidate's academic background, professional experience, and interest in consulting. | The on-campus interview may also include a case interview. The case interview is a type of interview that simulates a real-world consulting project. The candidate will be given a business problem to solve and will be asked to present their solution to the panel. | If a candidate is successful in all the interview stages, they will be extended a job offer. |

**Desirable Attributes :**

**Analytical Skills**
- Demonstrate Analytical Proficiency and Business Insight
- Evaluated in Case Interviews

**Soft Skills**
- Effective Communication and Collaborative Skills
- Typically Assessed in Interviews

**Leadership Skills**
- Proactive Initiatives and Proven Track Record
- Typically Evaluated in Interviews

# POINTERS OF A RESUME FOR SECURING A CONSULTING INTERNSHIP

## BE CLEAR AND CONCISE

Be precise, use action verbs to indicate significant impact, and opt for active voice. Use bullet points and short sentences to highlight your most important information.

## QUANTIFICATION OF POINTERS

Quantify your accomplishments with specific numbers rather than relying on vague terms like "several" or "immense."

## HIGHLIGHT ACHIEVEMENTS

Your CV tells your story, highlight your standout achievements. It's beneficial to include a few significant accomplishments in various categories or multiple achievements in fewer categories.

## HIGHLIGHT ALL PORs CLEARLY

PORs demonstrate your leadership skills and your capability to deliver results. If presented effectively, they can illustrate your capability to collaborate within a team.

## HIGHLIGHT ANALYTICAL SKILLS

A substantial aspect of the role entails creative problem-solving and assuming a leadership role. Highlight these qualities in your resume.

## RESULTS VS METHODOLOGY

Emphasize the output of your work rather than the methodology you used. This approach aligns with the expectations of the role.

## HIGHLIGHT KEY POINTERS WELL

Optimize the recruiter's time by placing the most pertinent information at the beginning of your point and highlighting the crucial aspects in bold.

## SIMPLIFY

Recruiters typically review numerous CVs, so the clearer you make your story, the more effective it is. Avoid using jargon and abbreviations to ensure easy understanding.

# STRUCTURE OF A CONSULTING CASE INTERVIEW

A consulting case interview is a common part of the hiring process for management consulting firms. It is designed to assess a candidate's problem-solving abilities, analytical skills, business acumen, and communication skills.

Interviewers are not only evaluating the candidate's ability to solve complex business problems but also their ability to think on their feet, communicate effectively, and handle pressure.

## How to quickly deal with a case by mastering each of the four parts

Understand the problem statement that you're being asked.

Think of all the key aspects of the problem over a period of time.

To develop hypotheses on the issue and explore possible solutions, you must ask relevant questions and use information from the interviewer.

Give a convincing explanation for the conclusion of your case interview.

## 4 parts to answering a consulting case interview

Opening → Structure → Analysis → Conclusion

# HOW TO ANSWER A CONSULTING CASE INTERVIEW

**Part 1: The Opening of the case interview**

- In the beginning of a case interview, there's typically a description of a client and their problem. During this phase, one can ask any necessary clarifying questions. If something isn't clear, such as the client's product, industry, or the problem itself, it's encouraged to ask for clarification. If assumptions are necessary, it's advisable to discuss and validate them with the interviewer rather than making unsupported assumptions. Getting this part right sets a strong foundation for each case.

**Part 2: Way to structure the interview**

- It's crucial to create a comprehensive approach that covers all the vital aspects of the problem. Note-taking during the case interview plays a pivotal role in structuring thoughts and capturing important information.

- While frameworks are valuable for organizing data, it's essential not to force them into situations where they don't naturally fit. Moreover, when employing a framework, candidates should clearly communicate their method for reaching a solution to the interviewer.

- Mastering the structuring phase of the interview may be more challenging than the initial part, but it's indispensable for ensuring a well-structured problem-solving approach that leads to the correct case solution.

**Part 3: Analyse the details of the case**

- This phase of the interview holds significant importance because it provides the data necessary to eliminate peripheral aspects of the case that aren't central to the problem at hand. It also aids in gaining a deeper understanding of the crucial factors that will guide the candidate toward the solution.

- It's essential to revisit the problem-solving framework established earlier in the interview to ensure a comprehensive analysis. During this part of the interview, the candidate's evaluation will be based on the ability to ask pertinent questions, offer well-founded insights into the client's problem, and demonstrate potential to lead a similar case if the candidate was to join the firm.

**Part 4: Concluding the interview**

- Candidates should strive for recommendations that closely align with real-world feasibility, to enhances the likelihood of successful implementation. Specific, well-defined solutions are more favourable than vague ones. Before presenting the solution, conduct a rapid "sanity check" by comparing it to the initial approach to ensure consistency.

# SOME DO'S AND DON'TS IN AN INTERVIEW

## Do's

- **Show your knowledge of the company:** Candidates must research both the company they are interviewing with and the industry that they intend to enter. It's important to show the interviewer that they are serious about working for a company, and willing to be successful in an industry.

- **Be confident and calm**: Even though it feels that things aren't going as planned, be confident throughout the interview. This shows an important characteristic of the consultant's life, which includes managing difficult situations and being able to remain calm. Candidates will be judged on their total presentations, including body language and verbal communication skills in addition to the most requested problem-solving skills.

- **Use the structured approach:** Use a structured approach to solve the case. This may include dividing the problem in smaller parts, identifying the root cause of the problem or setting up a framework for analysing the situation.

- **Ask questions and listen actively:** In the case interview, candidates should be ready to answer questions from the interviewer, while they are also listening carefully. They should pay attention to the details given by the interviewer and pursue a clear understanding of the issue being addressed.

## Don'ts

- **Don't get visibly stuck:** Maintain composure when encounter difficulties in problem-solving or comprehending information on case. Avoid displaying confusion or frustration, and if necessary, politely ask for a moment to gather your thoughts and reflect on the situation.

- **Lose focus:** When the candidate is in a case interview, it's crucial to stick to the main point and not talk about things that don't matter or go off-topic.

- **Don't be nervous and scared:** The candidate shouldn't be afraid because it's typical for everyone to feel nervous in case interviews. Practicing how to handle anxiety in mock interviews prepares them to tackle real-life case interviews, regardless of whether the interviewers are supportive or challenging.

The candidate will increase the chances for a good performance at an interview if they take the above key points into account. Although these tips may seem overwhelming, remember that , more the candidate practice, the more likely they are to crack the case interview.

# KEY SKILLS FOR EXCELLING IN A CONSULTING ROLE

**Analytical Skills**
- The ability to dissect complex problems, evaluate data, and derive actionable insights is crucial. Familiarity with tools like Excel, data visualization software, and basic statistical methods can be advantageous.

**Problem-solving Abilities**
- Consultants are hired to solve problems. Demonstrating a structured approach to problem-solving, using frameworks, and thinking critically can make a significant difference.

**Technical Proficiency**
- Depending on the consulting domain (e.g., strategy, IT, HR), having a foundational understanding of relevant tools, software, or methodologies can be beneficial.

**Research Skills**
- A keen eye for detail and the ability to gather, analyze, and synthesize information from various sources can be invaluable, especially during the initial phases of a project.

**Time Management**
- Consulting projects often come with tight deadlines. Efficiently managing your time, prioritizing tasks, and meeting deadlines without compromising quality is vital.

**Communication Skills**
- Consultants often need to convey complex information in a clear and concise. manner Strong verbal and written communication skills, coupled with the ability to present findings persuasively, are invaluable.

**Teamwork and Collaboration**
- Consulting projects are typically team-driven. Being able to work effectively in diverse teams, understand different perspectives, and contribute positively is essential.

**Business Acumen**
- A basic understanding of business fundamentals, industry trends, and competitive landscapes can provide context and depth to your recommendations.

# ALL THE BEST!

For any questions, feedback, or discussions about consulting, don't hesitate to get in touch with us!

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