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CASE INTERVIEW GUIDE 4.0

2024 - 2025

CASE INTERVIEW GUIDE

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ACKNOWLEDGEMENT

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Thank you everyone for supporting and contributing to our initiative.

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PROFITABILITY CASES

PROFITABILITY CASES

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In this type of case, you have to analyze the sources of revenue and costs for a company and identify ways to improve its profitability.

IDENTIFY THE CASE

Company X is facing **declining/ stagnant profits**. Identify the issue and suggest ways to rectify.

EXAMPLE

Starbucks has been experiencing **declining profitability** over the **past three years** in India. Analyze this decline in profitability and suggest **ways to reverse it.**

PRELIMINARY QUESTIONS

1. Since **when** is the client facing this issue and what is the **magnitude**?
2. **Where** is the client operating?
3. Is the **overall market demand** decreasing?
4. Is this **industry- wide**? Are all stores/products facing this issue?
5. Are the **competitors driving prices down**? Has there been a sudden **hike in costs**?
6. Is the market **declining?**

FRAMEWORKS TO SOLVE PROFITABILITY CASES

- Profitability framework
- Value Chain Analysis
- Quantitative vs qualitative
- Bull's Eye Framework

TYPES OF PROFITABILITY CASES

PROFIT PROBLEM

The question asks to find ways to **increase profitability** or **profitability growth**. This is the most straightforward and easy-to- identify profitability case question

Example: *Nike is facing declining profits. Analyze and suggest ways to rectify.*

LOSS PROBLEM

The question wants you to identify the **reasons** why your client is **losing money** due to losses in their business and fix the issue by giving recommendations.

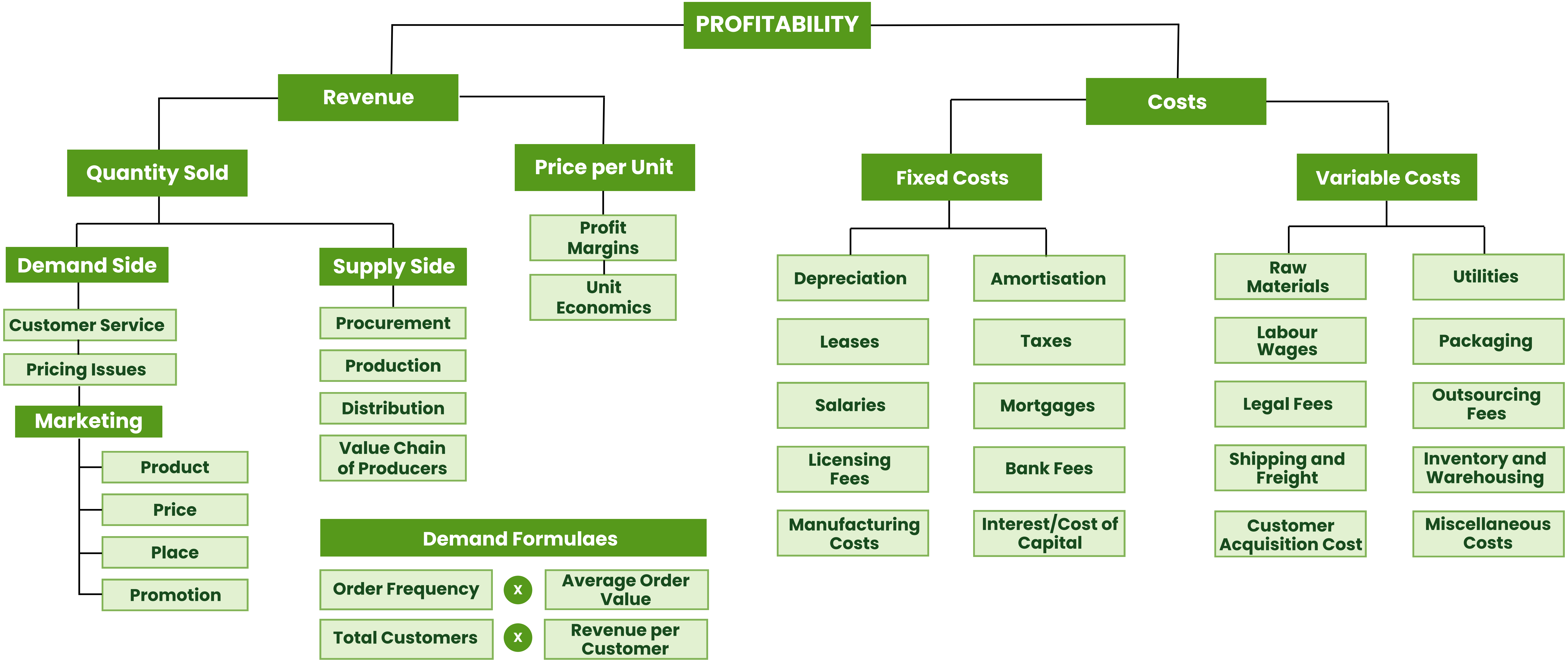
Example: *Airtel has been facing losses for 2 years. Analyze the issues it may be facing.*

MARGIN PROBLEM

The question wants you to identify the reasons why your client company is seeing **tightening margins** and wants you to address the issue.

Example: *Amul is facing tightening margins affecting their profitability. Analyze.*

CHEATSHEET : PROFITABILITY



PROBLEM STATEMENT: Your client is a credit card company which has been facing a decline in its profits for the past few years. Identify the reasons for this decline.

Firstly, to understand the client better, I would like to ask a few questions.

Sure, go ahead.

Is the client a card network like Mastercard, or a card issuer like ICICI Bank?

The client is a card issuer.

Since I don't use credit cards, could you please tell me what the value chain of credit cards would look like?

Sure. It usually starts with card issuance and customer acquisition, the company issuing the card to customers. From there, it moves to transaction processing where payments are processed when a customer uses the card. Then, we have payment network facilitation, managed by networks like Visa or MasterCard, that act as intermediaries between the customer's bank and the merchant's bank. Finally, there's billing and collections where statements are generated and payments collected from customers.

Thanks for clarifying! So if I understand correctly, the key parts are issuance and acquisition, transaction processing, network facilitation, and collections. Would I also consider customer support and credit risk management within this value chain?

Absolutely. Those are critical support functions.

Okay. What are the different products that the client is serving?

They are exclusively focused on credit cards and are not providing any other services as of now.

Okay. To start with my approach, profits would be broken down into revenue and costs.

Sounds good. Identify the different revenue streams.

So the revenue streams will be:

- Issuance fee
- Maintenance/Removal fees
- Interest paid on borrowed money
- Defaults
- Merchant collaborations.

Looks good. Let's move to the costs.

Sure. Costs can be broken down into the costs of setting up and also running the business. Setup costs would include regulatory and financial costs, regulatory referring to all of the permissions that you need and financial costs being costs required to set up the company.

Okay. The costs involved in setting up are not the issue. We can move to the running costs.

Okay. Running costs are fixed costs which include union costs, which is the union capital. It includes:

- Physical costs of the entire infrastructure
- Financial costs like the issuance fee
- Credit card costs like collaborating with networks and paying them some amount of the transaction
- Marketing costs.

Let's not delve deeper into other costs. What do you think is the major mode of marketing that the client uses?

I think the client uses call centres for marketing.

Yes, the call centre efficiency is reduced and that is the problem. We can end the case here.

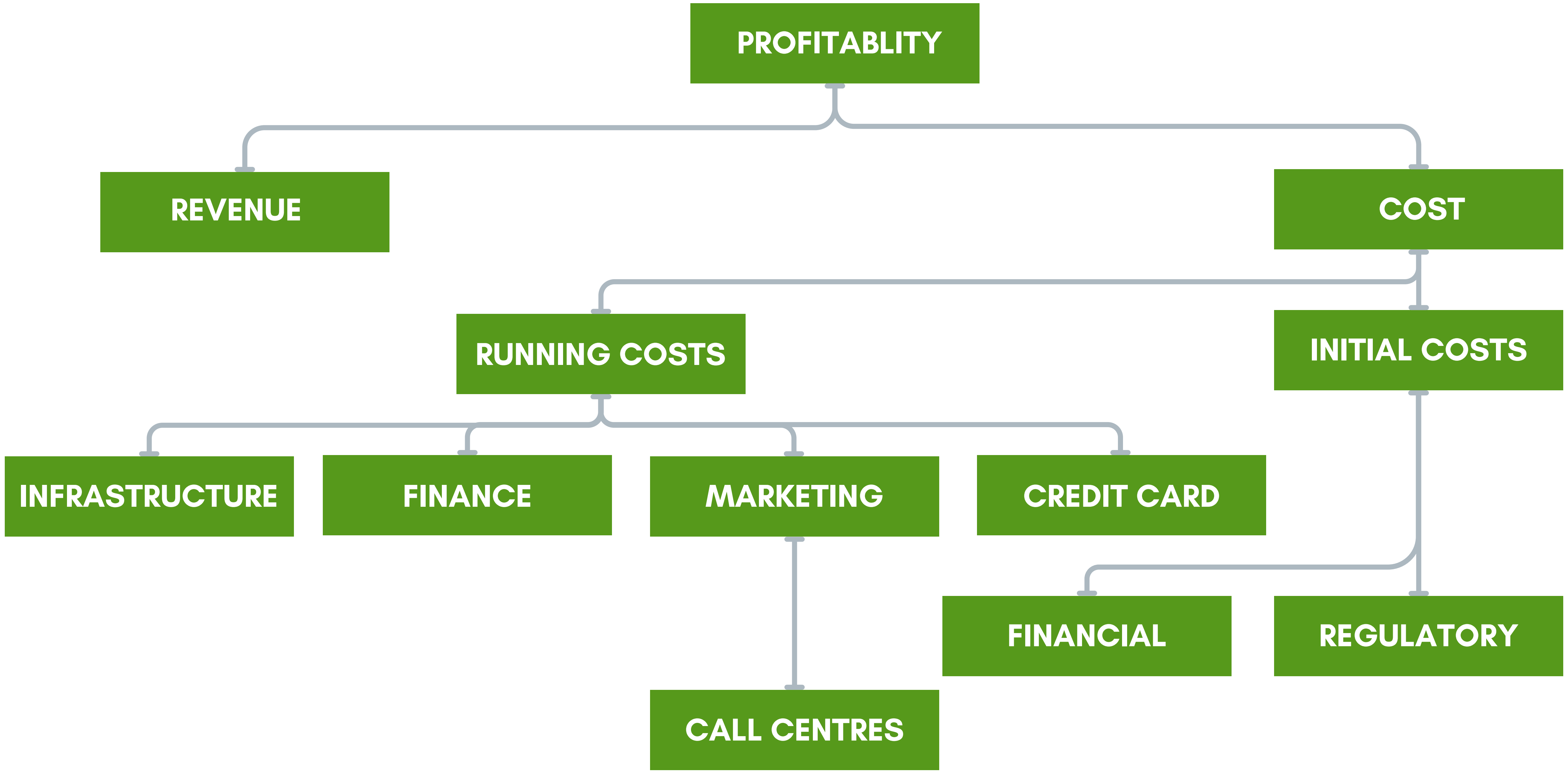
HERE IS A TIP!

When solving profitability cases, break down profits into revenues and costs, then systematically identify and analyze each component. Use frameworks like value chains to understand the client's operations and identify pain points.

PROBLEM STATEMENT: **Your client is a credit card company which has been facing a decline in its profits for the past few years. Identify the reasons for this decline.**

CASE FACTS

- The client is a card issuer and not a card network.
- Credit Card Value Chain:
    - Card issuance and customer acquisition
    - Transaction processing
    - Payment network facilitation (managed by networks like Visa or MasterCard)
    - Billing and collections
    - Customer support and credit risk management



PROBLEM STATEMENT: Your client is an alco-beverage firm that is facing increasing costs, you have to find out the reason for the increasing costs.

I'd like to ask a few clarifying questions to understand the situation better.

Sure! Go ahead.

What are the product offerings of the firm?

It is an alco beverage firm and they offer four flavours with different spirits.

Is this a B2C or B2B firm and do they manufacture their own products?

It is a B2C firm only having online presence through its own website. They manufacture their own products and there are no intermediaries involved.

What is the typical consumer type for their products?

The products are usually consumed by young people of the age group of 20-30 who party regularly.

What is the magnitude of the increase and since when has this problem been occurring? Also is this an industry wide trend or specific to this firm?

They have been facing a 10% increase in costs since the last three to four months and this problem is specific to this firm.

Okay, so I would first divide the costs incurred into two buckets, direct costs and indirect costs.

Can you elaborate more on both of the buckets?

Alright, firstly the direct costs include the costs incurred through the value chain, starting from getting the permits, procuring raw materials, inbound logistics, processing, storing, outbound logistics, the costs related to the website and lastly the after-sales costs. Then I would classify indirect expenses further into four more buckets - finance, insurance, office, and people.

Explain the indirect costs in more detail.

Yes, so finance includes the cost for borrowings, insurance includes all the insurance premiums the firm pays, office expenditure includes all the administrative expenses like rent, water, electricity, furniture etc, and lastly, people is further divided into three parts- the past employees, present employees, and the future employees. Starting from the past employees, this includes anything spent on past employees such as gratuity, pension, etc, then salaries, bonuses, etc. under the present employees and anything spent on acquiring or recruiting future employees comes under future employees.

Alright, you can just focus on the indirect expenses for now, and that too the office expenses.

Okay, I will further classify the office expenses into structural and technical costs. The structural costs will include costs like rent, furniture, electricity, water, etc. used for logistics and for holding the office space while technical costs will include costs on any tangible or intangible technology that is used in the operations, such as devices, software, sensors, etc.

Okay, you can just focus on the technological expenses now.

Alright, so the technological costs can be further divided into costs incurred by employees and the costs incurred by the firm. The costs incurred by employees can be the software they use or the devices they use, and the costs incurred by the firm would include any cost spent on upgrading the technology of the office, such as new sensors, automated elevators or technology used for upgraded security.

Alright, the problem is high cost of technology in the office. So, we've figured out why the costs are increasing. Let's assume that the firm has fixed those rising costs and wants to enter into a new market i.e. Bombay, considering that the firm is currently only present in Delhi, how would you go about the assessment and evaluation?

Alright, I'd like to ask some clarifying questions to understand the situation a little better.

Sure! Go ahead.

Why is the firm expanding? What is the objective of the expansion?

They just want to capture a bigger market share and want their presence to be in more areas. Since Bombay comprises a considerably large population of urban youth who might be interested in parties and such social events, the firm wants to have their presence in these areas.

As per my understanding, it is currently just a manufacturing firm. Since they are selling their products through online channels only, there's no offline presence anyway. So what is the expansion exactly? Does the firm want to establish a manufacturing outlet in the city or just expand its online sales and distribution into the city?

Impressive! That's actually a very good question. To answer that, the firm just wants to expand their distribution. So, manufacturing will continue to be in Delhi itself.

Alright, by when do they want to do it?

They wish to complete the expansion within one year.

Are there any constraints with respect to budget, etc?

There are no constraints.

Are they trying to expand to an offline mode of the market?

No, it will continue to be online. Only the distribution would be expanded to areas of Bombay.

I shall be approaching this market entry in 3 parts- financial feasibility, operational feasibility and potential risks and challenges involved. Starting off with financial feasibility, we would have to forecast the expected profit and assess if the expected profit is lucrative enough to enter the new market.

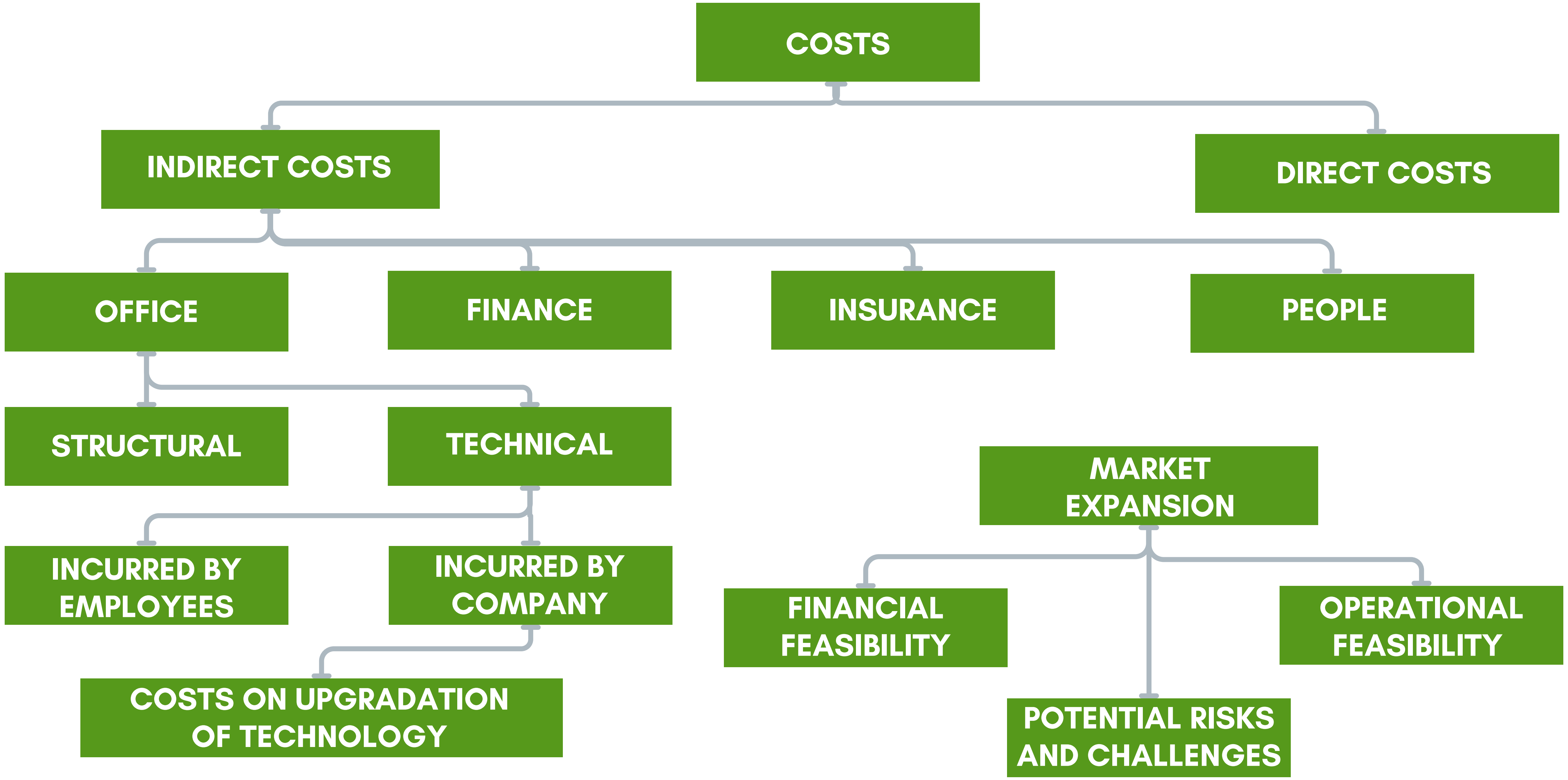
The expected profit can be calculated by total market size (in number of people) X percentage of market share that the firm will be able to capture X the average number of units sold per person X the contribution per unit sold (Selling Price-Variable cost). From this figure, we will further subtract the total fixed cost to get the expected profit.

Okay then, that's good enough.

PROBLEM STATEMENT: Your client is an alco-beverage firm that is facing increasing costs, you have to find out the reason for the increasing costs.

CASE FACTS

- The firm is a B2C manufacturing firm, with no intermediaries.
- Their products are usually consumed by people in the age group of 20-30.
- There has been a 10% increase in costs in the last 3-4 months.
- The firm has their manufacturing plant in Delhi and is currently distributing in Delhi.
- The firm wants to expand it's distribution to Bombay.
- The firm wants to undertake the expansion in a year.
- The firm has no budget constraints.



PROBLEM STATEMENT: The client is an insurance provider based in the US. We are getting fewer customers from the hospital segment than our competitors. How would you solve this problem?

What is your basic understanding of the insurance market in the hospital segment?

I am not well versed with it. What I do know is that customers, after getting their diagnosis, look for insurance plans, premiums and coverage and then they purchase plans. That's how the Indian market looks.

That's fair. What do you think the US market would look like?

I believe the government's involvement would be higher in the US. Insurance providers would have to comply with the government regulations.

That's kind of correct. The way the US market works is, a patient goes to a hospital and doesn't have insurance. After getting the diagnosis, he is looking for insurance. The government has a portal for this purpose, the patient registers himself on the same and he is allotted an insurance provider automatically from the list of insurance providers which would suit him the most.

Alright. I have a few preliminary questions regarding the problem statement.

Sure, go ahead.

Is this an industry-wide issue?

No.

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Is there any difference between our plans and those of competitors?

No major differences are present, the basic plans are similar.

Is the allotment process of the government a factor? Does that play a part?

We can look into it later on.

I have analyzed the problem into 2 aspects: first, internal reasons, which include our policies, plans, etc., and second, government factors.

You may go ahead with internal factors.

The internal factors can be broken down into plans, i.e, the diagnosis and illnesses that are covered, coverage time, claims, how efficient the process is, how quickly the funds are transferred, the premium that the customers have to pay and the hospitals that are covered in our plans.

Alright, I want you to focus on claims.

We can look at the internal and external aspects of the number of claims.

The number of claims is not an issue. You can move to the value chain.

So for the value chain, we look at the process when a customer is going for the claim. It goes like this: a patient goes to the hospital; gets a diagnosis; goes to the government portal; fills in relevant details like income segment and illnesses; gets an allotment from the portal; and lastly ties up with the insurance provider and informs them if he wants to claim insurance right now or what his current situation is.

This is the consumer perspective. Let's look at it from the business perspective.

That would look like once a client has been allotted the particular insurance provider, he calls the firm; the insurance agent who takes the call gets the details and logs in to the system. Once this is done, it moves onto the approval stages.

Go on.

I believe there would be 2 approval stages, i.e., preliminary approval by insurance agents and claim approval from the higher authorities. Thereafter, the claim is processed.

You are in the right direction. List a couple of potential reasons for problems at each of these steps.

The potential reasons could be:
1. Accessibility: The clients are not able to reach us as a whole.
2. Insurance Agents: Qualitative reasons:- They are not trained well or not able to handle the clients properly.
Quantitative reasons:- The demand that we have and the agents that we have are not matching
3. Systems: The systems used to update client details are inefficient and are causing an issue, or approvals are taking slightly longer to process than they should.
4. Payments: It is taking more time to process.

You have got the hang of the problem. We can end the case here.

HERE IS A TIP!

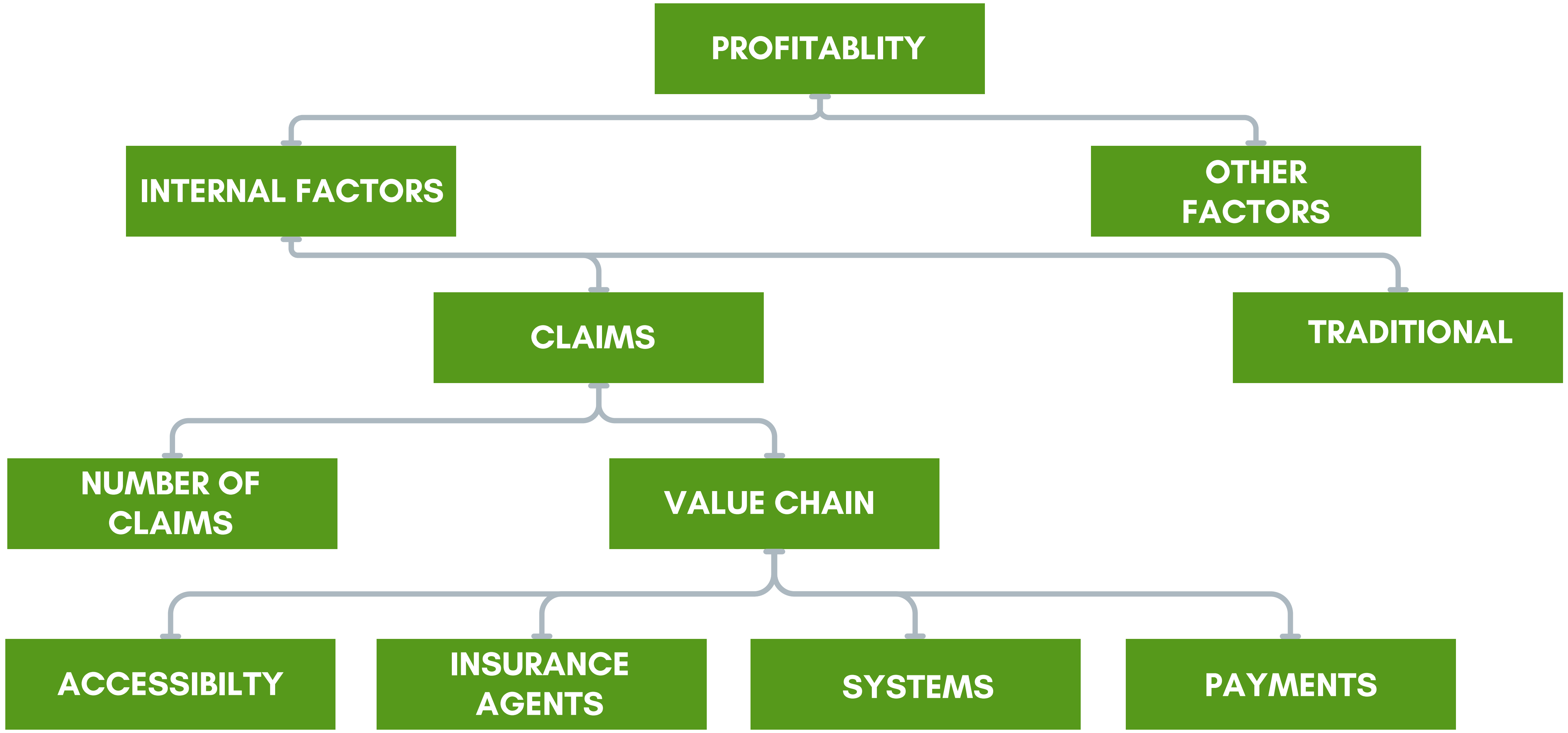
It helps to know the particular sectors in which the company specialises. In this case, the interviewee knew that Kepler Cannon provides consulting services to insurance companies and hence prepared for the interview accordingly.

POLICY PENDING

PROBLEM STATEMENT: The client is an insurance provider based in the US. We are getting fewer customers from the hospital segment than our competitors. How would you solve this problem?

CASE FACTS

- US-based insurance provider is getting fewer customers from hospitals.
- Not an industry-wide issue
- Similar plans are followed by the competitors.
- The objective is to find the solution to the problem.



PROBLEM STATEMENT: How would you increase the profitability of a food aggregator app?

May I ask some clarifying questions?

Sure, go ahead.

Would you want me to analyse the revenue side or the cost side factors?

List some factors on the cost side.

Some factors could be delivery partners, employment and admin costs, marketing costs, technological costs like maintaining the app, research and development costs, restaurants and partner's onboarding costs, and commissions.

Let's dive into the revenue aspect.

Revenue side factors can be broken into – Number of customers and revenue per order.

Focus on revenue per order.

It consists of the number of orders per customer and the average order value.

How can we increase the average order value?

We can offer loyalty rewards, discounts, and special offers when a customer hits a specific record milestone like 15 orders in a month. enhancing the user interface for seamless order placements will lead to our app being preferred over competitors.

Properly training the support and grievance executive team will also level up the customer experience. We can also partner up with local restaurants to launch new dishes that are available for a limited time so that the limited stock creates hype and an urge to buy, leading to a short- term sales increase. Improving the restaurant partnering network to get access to a wider variety of cuisines can also increase sales

Alright, we can end the case here.

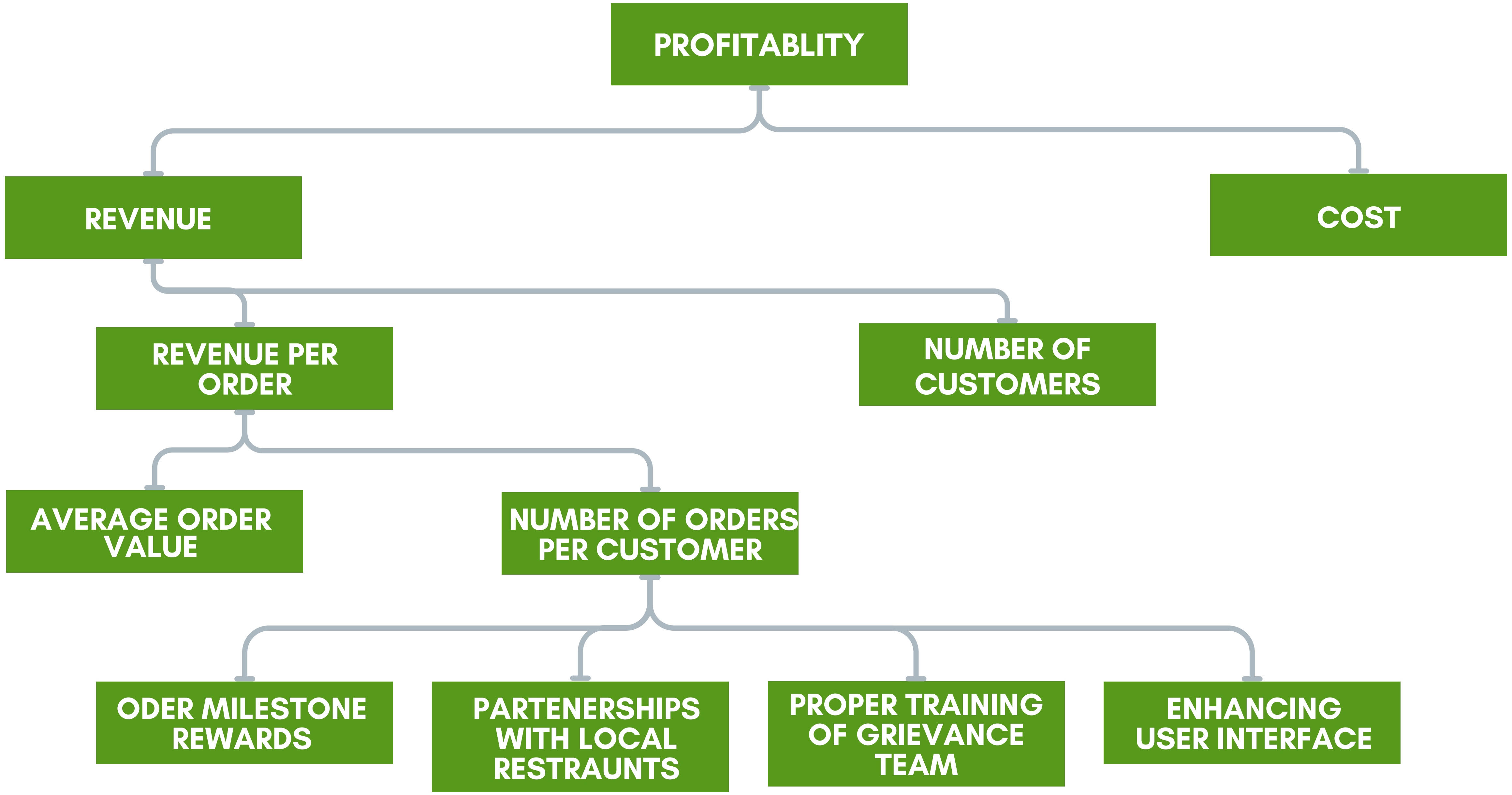
HERE IS A TIP!

Some cases can be solved by putting them into existing frameworks and a simple yet effective solution can be derived.

PROBLEM STATEMENT: **How would you increase the profitability of a food aggregator app?**

CASE FACTS

- Cost side factors effecting the profit of a food aggregator app will be:
  - Delivery partners
  - Employment and admin costs
  - Marketing costs, technological costs like maintaining the app
  - Research and development costs,
  - Restaurants and partner's onboarding costs
  - Commissions.



PROBLEM STATEMENT: Your client is a food aggregator business and they want to increase their profitability. How should they go about it?

So, I would like to start by describing the splits between revenues and costs and listing the factors affecting them. Then, I'd examine where costs could be cut and revenues could be increased.

Okay, that makes sense. Let's say the company offers discounts and incentives to increase the number of orders per customer. How would you determine the ideal percentage of discount the company could offer to maximize profits?

Okay. Could I ask some clarifying questions?

Sure, go ahead.

Could you provide the data regarding the average order value before the discount, the number of orders before the discount, the average order value after the discount, and the average number of orders after the discount?

Could I know the rationale behind these questions?

So basically, if the difference between the prior and post value comes out to be a positive multiple, then it will be an applicable discount.

Yes, that makes sense. I'll give you the data in the form of an AP (Arithmetic Progression) equation, where the discount moves in an AP multiple of 10 (10,20,30,40) and simultaneously the increase in the number of orders per customer with each additional discount is in a GP of some certain percent.

Right, I'll just solve it.

Alright, and could you clarify what approach you are using?

I will solve the equations by putting in different multiples of 10 and find the ideal answer, which gives the maximum value.

Okay, you may proceed with this approach.

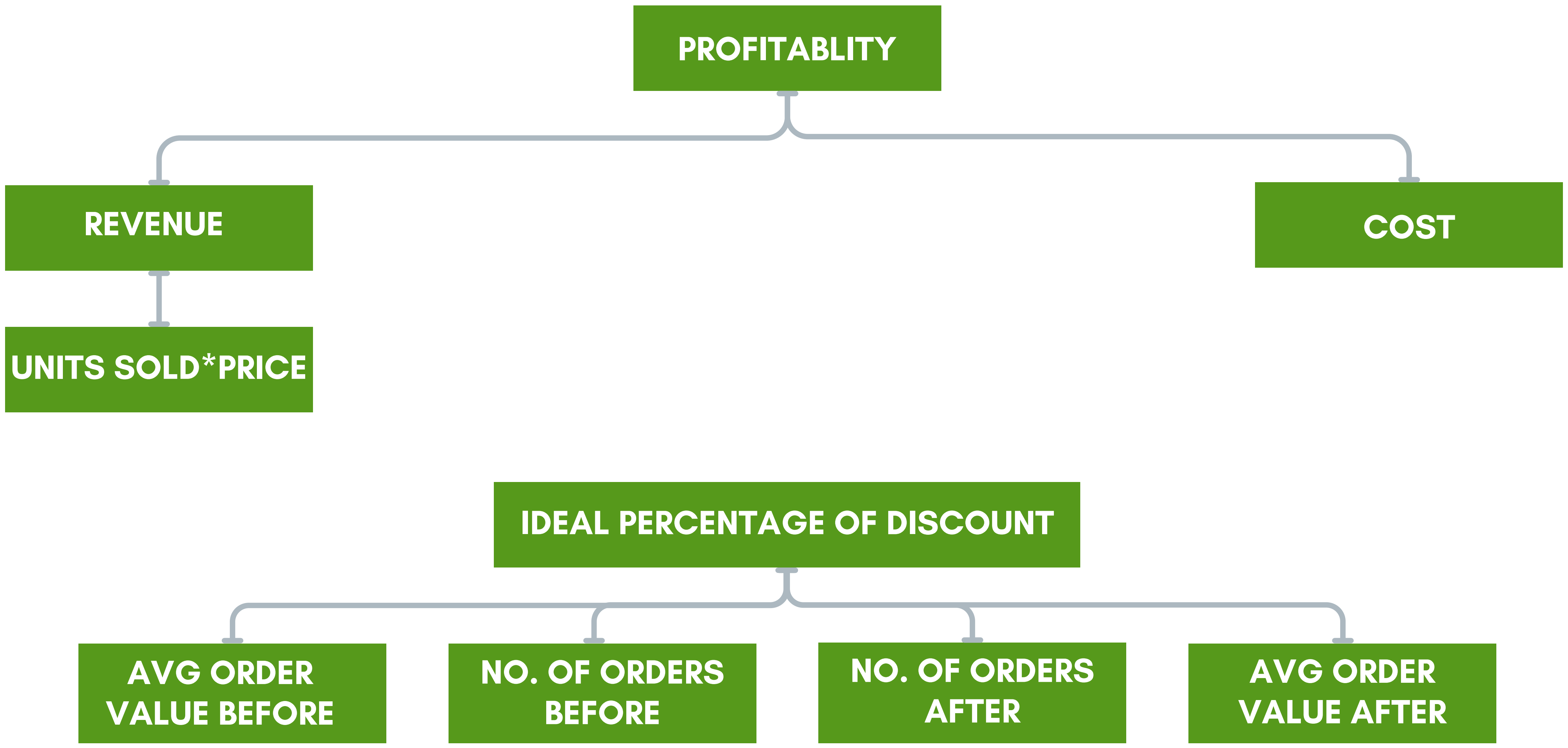
According to my calculations, the ideal discount percentage will be 40%. It'll not only leave a profit margin for the company but also give incentives to customers and lead to repeat sales.

Yes, that is the value we were looking for.

PROBLEM STATEMENT: **Your client is a food aggregator business and they want to increase their profitability. How should they go about it?**

CASE FACTS

- If the difference between the prior and post value is a positive multiple, then it will be an applicable discount.
- The company offers discounts and incentives to increase the number of orders per customer
- The ideal discount percentage is 40%. This will not only leave the company with a profit margin but also give customers incentives and lead to repeat sales.



PROBLEM STATEMENT: The client is a BNB company named Good BNB. The company allows homeowners to rent their homes to tourists and provides cheaper traveling options. It provides a platform where the homeowners fix the rent, while the company decides the commission percentage. How can the company increase its overall profits?

Okay. Could I ask some clarifying questions?

Sure, go ahead.

What is the level of competition in the market and how well is our company positioned?

There are many major competitors in the market, so the competition is intense. The brand is well-positioned in the market, being a reputable name.

Alright. What is our market share?

The company controls about 20% of the market share.

Okay. Where is the company based?

The company is based out of Asia.

And what is the USP of our company?

The main USP is our price differential, as compared to our competitors.

Okay, I'm done with my preliminary questions.

Alright, please begin with your approach.

Taking profit as a function of revenue-cost, the focus should be on either of these two aspects. Since this is a hospitality-based industry and we can't compromise on the quality of services we are providing, the focus should be on the revenue side.

Could you list down the revenue and cost streams?

Yes, of course. The revenue streams would include the percentage commission we receive, the ancillary services we provide, and finally the high visibility and advertisements that are done by various companies on our platform.

For the costs side, there would be 3 types of costs. They would be developmental, operational as well as other costs.

Development costs would include costs on app development and research & development.

Operational costs would include costs on marketing and advertising, payment processing, customer support, insurance, and salaries.

Other costs would include costs related to some legalities and maintenance costs.

Could you now calculate the profitability? You're free to ask questions to get the required data.

Could you provide me with the data on the average number of bookings, the average rent per day, the average length of stay, the percentage commission charged, and whether it's a differential percentage commission or a flat percentage commission?

Beginning with the average number of bookings, it's about 1000 a day. The percentage commission is flat, fixed at 4%. The average rent per day is $500 and the average length of stay is 2 nights, with the profit margin being 20%.

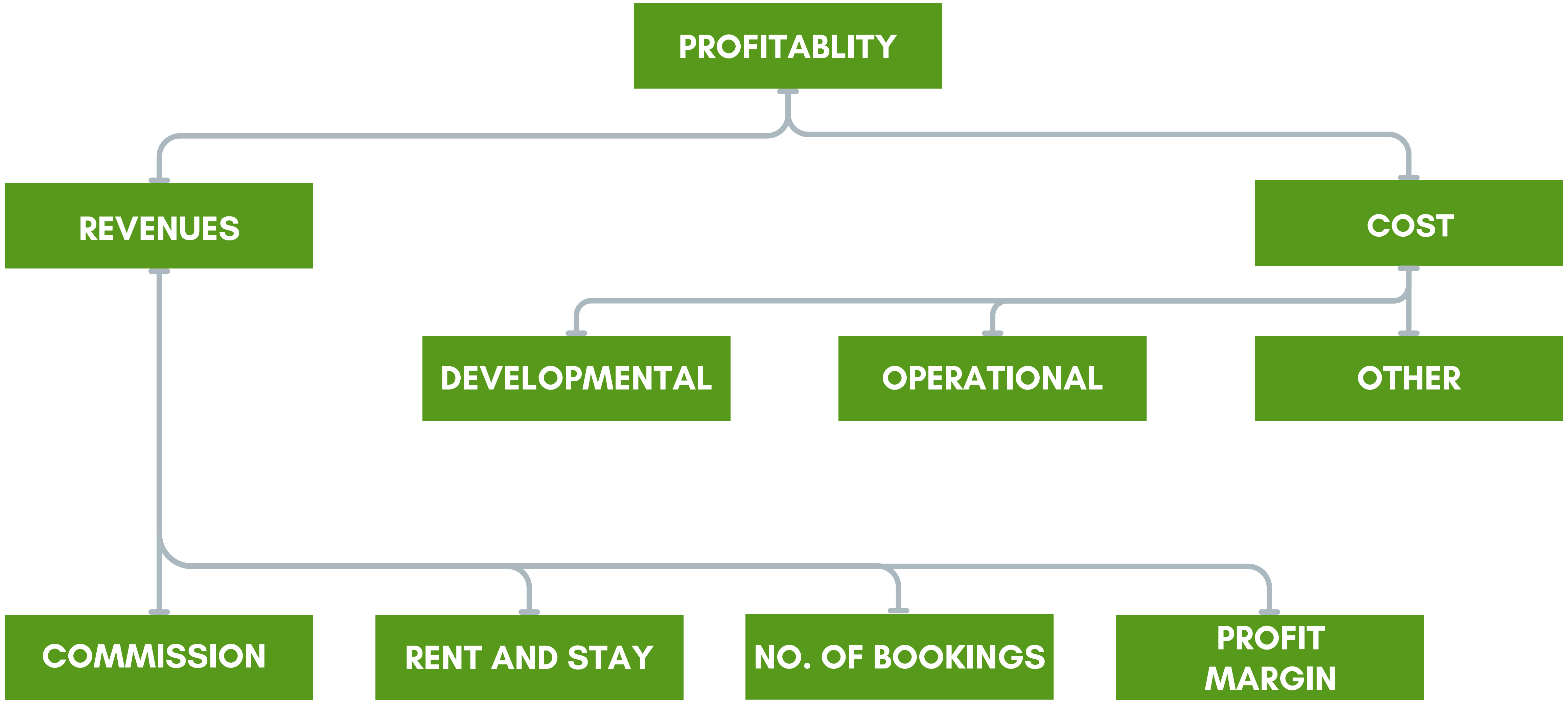
Using the formula:
Number of bookings in a day* Average rent for a day * Current commission rate* Average stay period* Profit margin
= (1000* 500* 2* 4* 20)/10000
=$8000 a day.

Great, that is the answer we were looking for.

PROBLEM STATEMENT: The client is a BNB company named Good BNB. The company allows homeowners to rent their homes to tourists and provides cheaper traveling options. It provides a platform where the homeowners fix the rent, while the company decides the commission percentage. How can the company increase its overall profits?

CASE FACTS

- The company controls about 20% of the market share.
- The main USP is the price differential, as compared to the competitors.
- The average number of bookings is about 1000 a day. The percentage commission is flat, fixed at 4%. The average rent per day is $500 and the average length of stay is 2 nights, with the profit margin being 20%.



Revenue = Number of bookings in a day* Average rent for a day * Current commission rate* Average stay period* Profit margin

PROBLEM STATEMENT: Our client is a long-standing client – Kitchen Delight, a cookware retail brand. Its product mix includes home electronics, dinnerware and kitchen tools. It has been facing declining revenues and decreasing market share. You have been approached to find out the challenges and suggest recommendations.

That's interesting! I would like to understand more about our client. What geography is our client based and what are the channels of distribution – does it include online retail? Also is the decline across any particular geography or product?

Our client is located pan-India, having more than 100 stores. It sells through both physical outlets and digital platforms. The decline is constant across all products however, there has been decline in sales in some particular outlets located in a specific region.

Understood. I would also like to understand a bit about the competitive landscape. How has it been for competitors? Have they also been facing declining sales?

Our competition is not facing any such decline, rather few of them have seen increasing sales.

Alright. Now I have a fair idea of the problem.
Revenue = No. of Customers * Average Order Value Per Customer
Declining revenues could either be because of a decline in number of customers or a decline in the average order value per customer or both. Should I proceed with evaluating each, or is there any specific factor you would want me to look at?

We know that the number of customers is declining.

Fall in the number of customers could be because of supply or demand reasons. Do we know which one has seen a decline?

There are no constraints in our supply. So, demand is an issue.

There are several reasons why this may be happening. In order to further isolate the problem, I would like to look at 5 major drivers of demand: Need, Awareness, Accessibility, Affordability and Experience.

- Under Need, I'm concerned with any change in customer preferences (shift to brass utensils) or requirements in the last couple of years.
- Under Awareness, it is important to look at our promotional efforts and see how they compare to our competitors in case we believe our target population is not aware of our kitchenware.
- Under Accessibility, our products must be easily accessible to the end customers. Since we have multiple distribution channels – both digital platforms and >100 physical outlets, this should not be an issue.
- Under Affordability, I would still like to benchmark our prices with our competitors' prices and see if it is a concern.
- Finally, it is also important to analyze Experience. Do we know where we are facing an issue?

That's comprehensive! Let's look at experience.

At this point, we can look at 3 stages: Before entering the store(Preparation) – Shopping experience(Engagement) – After selecting products(Checkout)

A. Before entering the store:

1. Internal factors: Parking, Security Check and Baggage Deposit
2. External factors: Other competitor stores in proximity to our outlet

B. Shopping experience:

1. Product-related factors
2. Assistance
3. Ambience
4. Layout/Infrastructure

C. After selecting products:

- Number of billing counters
- Carry bags provided

Brilliant! Spot-on. You've identified the problem correctly. Recently, a new store opened near our outlet, offering lower prices to customers. Thereby, many customers are attracted to that store and do not visit us causing declining sales. So, how do you suggest we overcome this?

Sure. Since sales is equal to Number of Customers x Revenue Per Customer. We shall try to increase both of them.
Under Revenue per customer, we can try to increase the volume per customer and/or the price charged per serving through

- loyalty programmes
- incentives for larger purchases
- product bundles

Under Number of customers, we can try and increase customers through

- mimicking competitor quality to tap their customers
- merge or acquire competitors

Great, I think we can end the case here.

Thank you for your time.

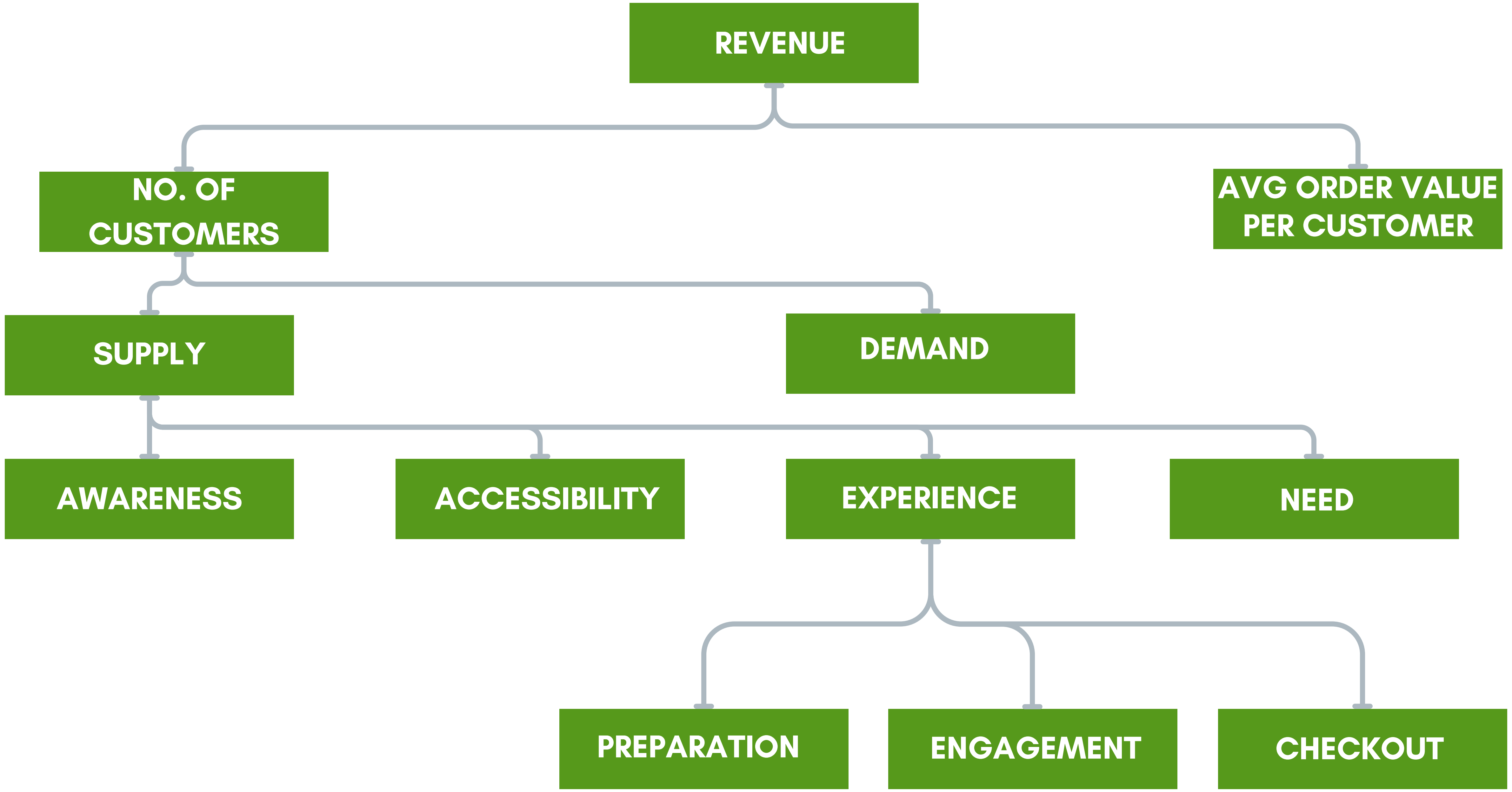
STIRRING UP TROUBLE

Profitability | **McKinsey & Company**

PROBLEM STATEMENT: Our client is a long-standing client – Kitchen Delight, a cookware retail brand. Its product mix includes home electronics, dinnerware and kitchen tools. It has been facing declining revenues and decreasing market share. You have been approached to find out the challenges and suggest recommendations.

CASE FACTS

- Kitchen Delight is located pan-India, having more than 100 stores.
- It sells through both physical outlets and digital platforms.
- The decline in revenue and market share is constant across all products however, there has been decline in sales in some particular outlets located in a specific region.
- Revenue for Kitchen Delight = No. of customers X Average order value per customer



PROBLEM STATEMENT: Our client is a leading truck manufacturer having the largest market share. It has been seeing stagnating profits for the last 2-3 years. You have been approached to find out the challenges and suggest recommendations. Additionally, our client wants to revise the current price offering. How would you go about it?

That's interesting! I would like to understand more about our client.
Do we have any segmentation on the type of trucks we sell and if our competitors have also faced a decline in profits in the last 2 years?

For the purpose of this case, assume that the client sells only large trucks and that competitors have been seeing an increase in profits in the last 2 years.

Great! It is a company-specific problem then. I believe that the decline in profits can be attributed to either a decline in revenues or an increase in costs or a combination of both.

Let's look at our revenue from the sale of trucks. This has gone down.

Revenue from sale of trucks = Number of trucks sold X Average price per truck
Since trucks are a commoditized product, my hypothesis is that the number of trucks sold has gone down and price has remained constant. Fall in the number of trucks could be because of supply or demand reasons. Do we know which one has seen a decline?

Yes. That is right. Demand has gone down.

Sure. For some reason customers have been preferring our competitors' products over ours. I would like to analyze the following buckets:
1) Need: Maybe there has been a reduction in the need for the trucks we sell, probably due to substitutes. However, since it is not an industry-wide problem, I do not think this is the cause.

2) Awareness: This would entail both positive promotion and publicity we're undertaking that might have gone down or negative publicity that we've received. Our competitors might also be aggressively pushing their products.
3) Affordability: Maybe our competitors have reduced prices or they have been offering more lucrative payment schemes like EMI's that we do not.
4) Accessibility: Here, I will benchmark how many stores our competitors' trucks are sold in and also look at how dispersed we are compared to them to ensure that we're accessible to all customers.
5) Experience: Here, I will analyze the entire experience, from buying our product to its day-to-day use.

That's comprehensive! Let's look at experience.

First, I will look at the pre-buying stage where the consumer gets to know about our trucks through marketing, word-of-mouth, etc.
Second, I will look at In-Store experiences, since we operate our retail outlets.
Third, I will analyze the method of delivery of the tractor once the order is placed (This is an important step as the tractor should not arrive at the place of delivery in a sub-standard quality or at an inconvenient time). Lastly, I'd like to look at after-sales services - Types of services offered, ease of booking service, quality of service, time taken to complete service, location of service and grievance-handling.

Perfect! You've identified the problem correctly. Our client does not offer many after-sales services and competitors, on the other hand, have a diverse range of quality services post sales. Let's proceed with pricing our trucks.

Got it. I would like to divide my approach into:
1) Cost-based approach - Here, we will estimate the cost of manufacturing the truck that would allow us to cover the basic costs. This will give us the minimum level at which we can price our truck.
2) Value-based approach - Under this, we will estimate how much customers would be willing to shell out for our trucks, benchmarking it with similar modes of transportation, giving similar utility. This will give us the maximum level at which we can price our truck.

3) Competition-based approach - Under this method, we will compare the price competitors are charging for providing a similar product. This gives a rough range of the price we can charge, since the aim is to be competitive.
4) Demand-supply approach -If we have data available as to the demand and supply at different price points, this approach will be useful.

Great, I think we can end the case here.

PROBLEM STATEMENT: **Our client is a leading truck manufacturer having the largest market share. It has been seeing stagnating profits for the last 2-3 years. You have been approached to find out the challenges and suggest recommendations. Additionally, our client wants to revise the current price offering. How would you go about it?**

CASE FACTS

- It is a company specific problem.
- Revenue from sale of trucks has declined which is due to lack of demand.
- Stagnating profits are due to lack of demand.
- Revenue from sale of trucks = Number of trucks sold X Average price per truck

CAUSES OF LACK OF DEMAND

- NEED
- AWARENESS
- AFFORDABILITY
- ACCESSIBILITY
- EXPERIENCE

PRICING APPROACHES

- COST-BASED
- VALUE-BASED
- COMPETITION-BASED
- DEMAND-SUPPLY

PROBLEM STATEMENT: How to revive India Post?

Alright, in order to work on reviving India Post, we should focus on improving its profitability. Since profit is a function of revenue and costs, I would like to start by analyzing the cost aspect. Is that fine?

Yes, go ahead.

India Post incurs costs relating to set up, interest, maintenance, salaries, paperwork, among others. If it would be possible to reduce paperwork, costs can be significantly lowered. Is this an area where improvements are possible?

No, there isn't a significant issue with these cost elements. You can assume that costs are not the primary challenge.

Okay, in that case, I would like to analyze the revenue streams next.

Sure.

Since we know that India Post is a PSU, its primary objective is to serve the public rather than generate profits, but it must also avoid excess burn. India Post also provides banking services, through its National Seva Patra Scheme, wherein it accepts deposits from individuals. Offering a good interest rate could help attract more people.

Try to think about a new service that can be brought up in order to diversify the revenue streams. Let's say entering into the logistics space, by offering delivery services for e-commerce players.

That's a good point. To complement this, we could optimize operations by assigning fewer postmen to cater to specific areas and creating an integrated platform to streamline reverse logistics and reduce costs.

Right, we can end the case here.

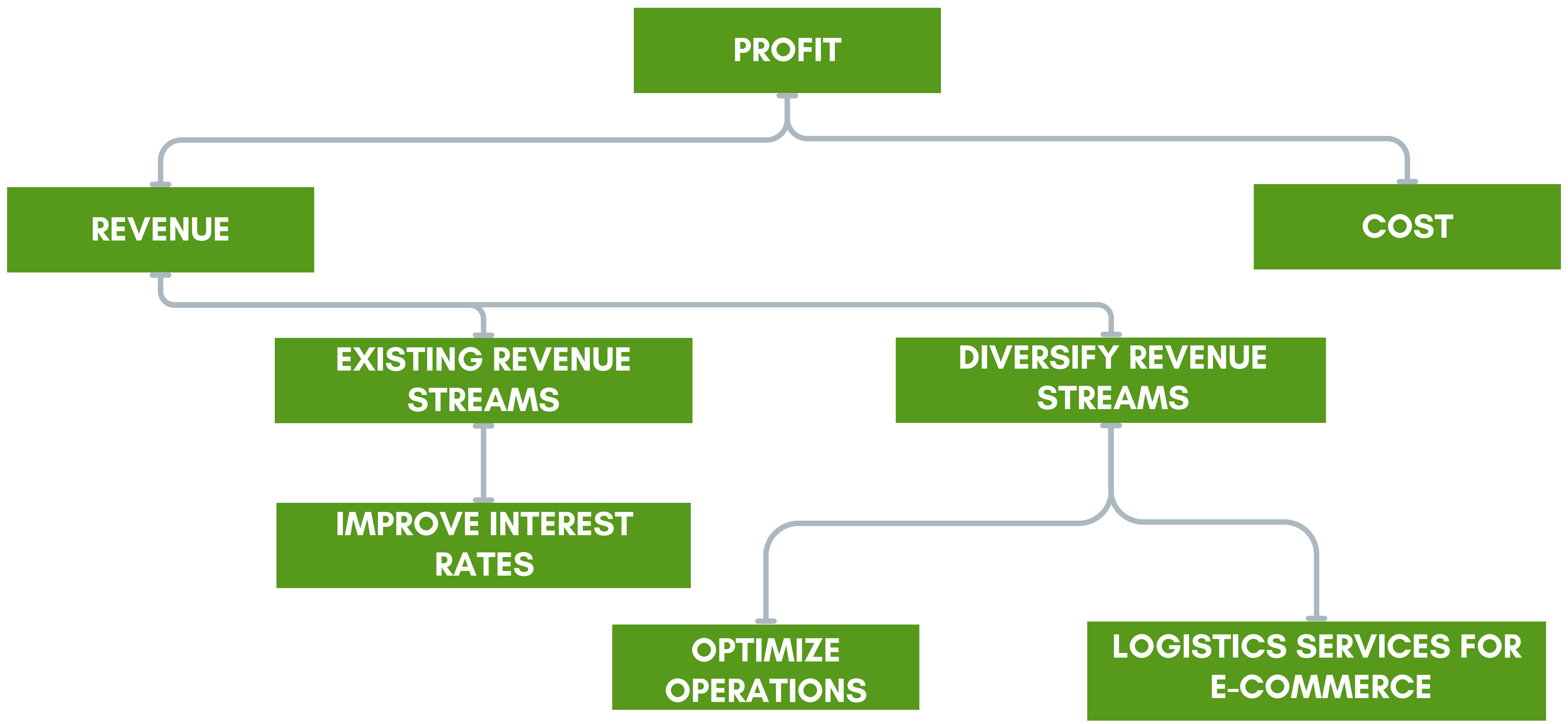
HERE IS A TIP!

When tackling a turnaround case, focus on both identifying new revenue opportunities and enhancing existing services. Look for untapped markets, like logistics, and explore diversification strategies while ensuring alignment with the objectives of the organization.

PROBLEM STATEMENT: How to revive India Post?

CASE FACTS

- India Post incurs costs relating to set up, interest, maintenance, salaries, paperwork, among others.
- India Post also provides banking services, through its National Seva Patra Scheme, wherein it accepts deposits from individuals.



PROBLEM STATEMENT: Your school has been facing a decline in profits, you are required to suggest strategies to increase their profitability.

I'll begin by breaking down profits into a function of revenue minus the cost. So, we can either focus on increasing the revenue or reducing the cost. To increase the revenue we again have two things to do – either we enter into a new geography and new market, or we increase the revenue from the existing students and courses that we already offer.

What are your strategies for increasing revenue?

So, we begin by increasing the number of admissions that we take, wherein the main focus is on marketing the school well. We improve the administration portion so that we can reach out to a wider audience. We also have to work towards maintaining the infrastructure – both in terms of the school building and facilities.

What constraints do you foresee in this plan?

Increasing admissions necessitates expanding our infrastructure to accommodate the growing number of students. We also need to have both support staff as well as teaching staff. All of this is taken into consideration as a part of our strategy to generate additional revenue.
Another stream of revenue could be generated from providing hostel facilities. So, if we open our school in a geographical area that necessitates a hostel, additional revenue may also be generated from there.
But, this may not be feasible right now as the cost would be high. But maybe in the future, we could go for this option.

These are good. You can move to the cost part now.

Okay, we can reduce the cost by making use of automation. For example, we've already transitioned systems like attendance registers and administrative tasks online during the COVID years. Continuing with online processes for admissions and operations will help us avoid physical costs. We should also focus on moving more processes online, including admissions and day-to-day operations.
The admission process usually involves a lot of paperwork, so moving it online makes sense—it's more efficient and helps us store data easily. For operations, we can divide automation into two areas: staff-related and student-related. For staff, we could have a dedicated portal to track attendance, manage salary structures, and handle related information—all online, which cuts costs. The same applies to student-related processes. Electricity is also a major expense for schools, so installing motion-sensitive lights and fans could help reduce power consumption. Another area to save costs is ID cards. Instead of issuing multiple ID cards every year, we can switch to a single, multipurpose card to reduce recurring expenses.

Alright, you covered the profitability approach quite well. But I need you to be more creative. Apart from addressing the profitability issue, can you explore another aspect too?

Okay, so besides the profitability part, I think there's also a growth aspect that can be discussed here. Can I explain it?

Interesting, go ahead.

We can grow the school in a few ways. First, by expanding the number of branches—similar to how DPS operates. Instead of just one location, having multiple branches would boost overall revenue for the entire school chain, not just a single branch. Second, we can expand within existing branches. For example, if a branch currently goes up to 8th grade, we can add higher classes like 9th to 12th, tapping into a new segment and age group.
A third recommendation is to offer additional courses, both offline and online, to create new learning opportunities and revenue streams.

What kind of courses are we talking about here?

We can offer offline courses in two ways. First, by creating dedicated societies around specific subjects or areas of interest. Alternatively, we can offer general course packs—similar to how Harvard provides its course materials.
The second option is to offer courses online. These can include video lectures or downloadable resources like case sets and casebooks across various subjects.

That was interesting and with that, we can close the case.

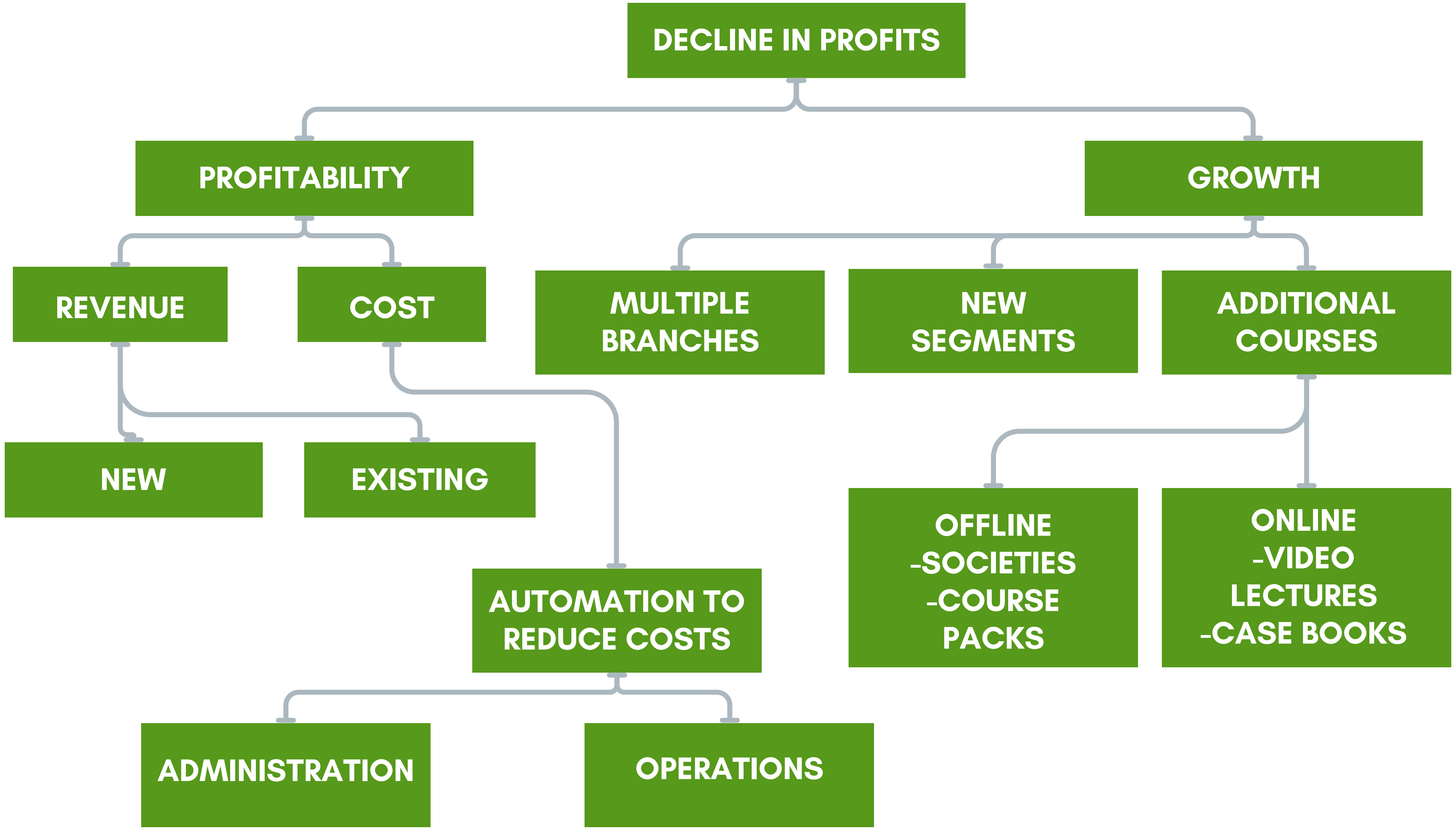
HERE IS A TIP!

Accenture as a company looks for automation and AI driven solutions. Hence, inculcating AI/automation in your answers can earn you brownie points.

PROBLEM STATEMENT: Your school has been facing a decline in profits, you are required to suggest strategies to increase their profitability.

CASE FACTS

- Client, a school owner has been facing a decline in profits, wants strategies to increase profitability.
- Candidate approached the problem by breaking down profitability into cost and revenue.
- Candidate was asked to be creative once she was done with the profitability breakdown, the candidate then delved into the growth aspect.



180Degrees CONSULTING SRCC

PROBLEM STATEMENT: **Your client is a bank operating out of India that has been facing declining profitability for the past year. Figure out the reasons and give suggestions for the same.**

May I ask some preliminary questions?

Yes, you may. Although it's not very relevant.

What are the services the client offers?

They offer general banking services. You may compare with SBI.

What is the competitive landscape like?

There are 5 major competitors including the client with all having equal share.

Are our services comparable with our competitors?

Everything is comparable.

Are there any specific demographic of people we are targeting?

No specific demography is being targeted.

Where are we operating out of?

Pan-India. We have over 60 branches.

Is the profitability problem limited to one branch or all?

Problem is spread-out.

DE-BANKING OUT

Is the problem being faced by the entire industry or just us?

Only us.

The problem could be increasing cost, decreasing revenue or a mix of both. What should I focus on?

Focus on both.

The revenue sources can be broken down into,

1. Interest on loans
2. Fees & Penalties
3. Locker services
4. Interest on investments
5. Auxiliary services (misc.)

Okay, breakdown the cost also.

We can divide the cost in the following manner-

1. Fixed cost
   - Rent
   - Fixed utilities
   - Fixed HR
   - R&D
2. Variable cost
   - Interest on deposits

- After-sales services
- Non-performing assets (NPAs)
- Marketing
- Commissions
- Logistics
- CRR/SLR

Is there any specific cost/revenue stream you want me to focus on?

Proceed with cost streams. Under cost, it is the NPA part which is causing problems.

So we know that high NPA is the problem. We can divide NPA further into demographics:

1. Income
2. Profession
3. Age
4. Religion

We can also divide it in terms of type of loans,

1. Business loan
2. Car loan
3. House loan
4. Medical treatment loan
5. Jewelry/gold loan
6. General expenses loan

Loans are not the problem.

In that case, we could look at the due diligence procedure of the bank.

1. Owned assets
2. Ongoing liabilities
3. Flow of income
4. Legitimacy of business idea:
    - A. Pre- revenue
    - B. Post revenue
        - I. Financials
        - II. Industry standards

Due diligence procedures are also fine.

In that case, we can look into other aspects like collateral/margin requirements.

Problems with that could be:

1. Low collateral
2. Inappropriate market value

We can also look at credit risk assessment. Does our client have inhouse or outsourced credit risk assessment?

All that is fine. Give me some recommendations for the NPA issue.

We can focus on reducing either existing NPAs or preventing future ones.
To reduce future NPAs, we should strengthen our credit risk assessment process.

This can include hiring professionals to:

1. Conduct one-on-one interviews with borrowers
2. Perform site visits to verify claims and assess risk firsthand
3. Provide advisory support even after the loan is disbursed—treating it as a necessary sunk cost to prevent defaults in the long run.

We also need to be more selective about the types of loans we offer—prioritizing those that ensure stable cash flows and avoiding those likely to become sunk costs.

To reduce existing NPAs, we can focus on a few key strategies:

1. Assess Ability to Pay
   - Check if the borrower has a stable profession or income stream. If there's potential to repay in the future, consider:
     - Restructuring the loan (e.g., extending the tenure or lowering the interest rate).
     - Offering a new loan to help them settle the existing one—only if it improves repayment chances.

2. Sell the Loan
   - If recovery seems unlikely, sell the loan to a third party at a discount to recover at least part of the value.

3. Leverage Existing Assets
   - For asset-based loans: Recover value by selling the pledged asset.
   - For general loans: Explore all possible liquid sources:
     - Borrower's own assets:
       - Existing balances in any bank accounts.
       - Immovable assets like property or jewelry.
     - Third-party sources:
       - Nominees linked to the loan.
       - Third-party guarantees (including individuals or employers).
4. Be Strategic About Loan Types
   - Avoid loans that may turn into sunk costs.
   - Prioritize loan types that ensure more predictable cash flow and lower default risk.

Those are the recommendations we were looking for. We can end the case here.

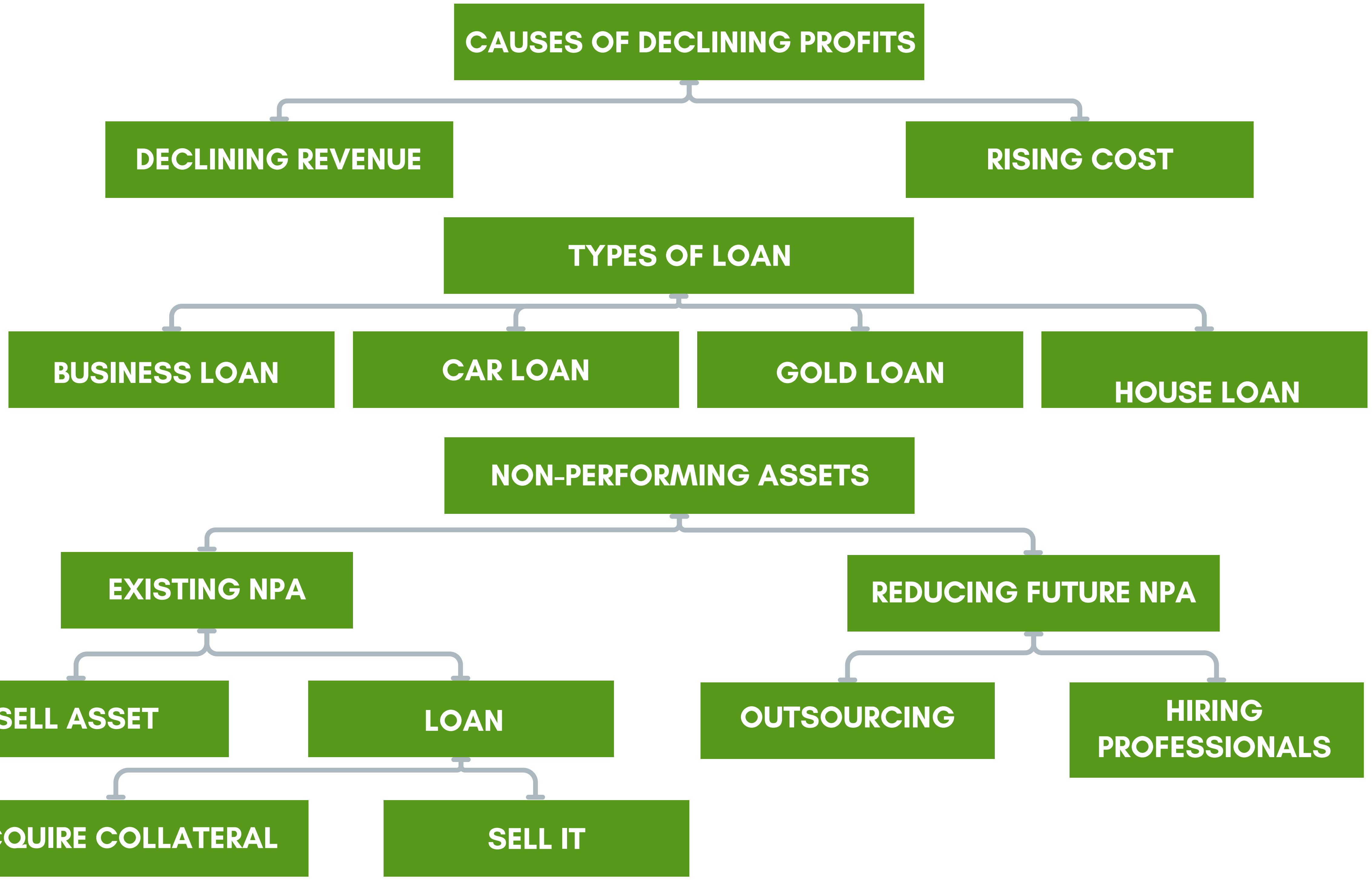
HERE IS A TIP!

Make sure to be comprehensive with your answers. Here the candidate tries to cover all aspects from the problem in his answers which leads to more exhaustive answers.

PROBLEM STATEMENT: **Your client is a bank operating out of India that has been facing declining profitability for the past year. Figure out the reasons and give suggestions for the same.**

CASE FACTS

- The profitability decline is specific to the bank and is not seen across the industry.
- High NPAs are the main cause of declining profitability.
- Focus on better risk management to restore profitability.



PROBLEM STATEMENT: There has been a decline in the profitability of a pizzeria. How would you solve this problem?

Okay. Could I ask some clarifying questions?

Sure, go ahead.

Could I know the location of the pizzeria?

The pizzeria is based out of Mumbai.

Okay. How long have they been facing a decline in profits?

The company has been facing this decline for the past 3 months.

Alright. Are all the pizzerias in the industry facing this issue or is it specific to this very pizzeria?

No, only this particular pizzeria is facing a decline in profits.

Okay. I would like to look into the revenue and cost sides of the problem. Should I focus on a single aspect or both of them?

You can focus on both sides, starting with the cost side of it.

I would like to split the costs into 2 parts, namely the fixed and variable costs.

Could you elaborate on the breakdown of these costs?

Yes, of course. The fixed costs could include rent, salaries, licensing costs, and costs of leasing equipment (if any). The variable costs would include costs of raw materials, maintenance costs, electricity bills, and delivery & packing costs.

Okay, that was very comprehensive. The company is facing a problem in the raw material part of it, so could you elaborate on that further?

I'd begin by dividing raw material costs into internal and external factors. External factors could include a change in suppliers, contract renewals at higher prices, or increased logistical costs. Internal factors may involve issues like expanded storage leading to higher wastage, changes in the EOQ or just-in-time inventory systems, or a switch to more expensive raw materials.

Okay, that is a good approach. Could you elaborate more on the problem of them having changed the kind of raw material they were ordering?

The problem could lie in the fact that the company was earlier dealing in a low-cost traditional business and is now shifting towards a gourmet-range business, which is usually a more expensive category. This would result in a higher cost of raw materials procured since they are now ordering exclusive products which they weren't ordering previously. Also, since these products tend to have a shorter shelf life, the reorder rate would be higher, leading to a regular outflow of working capital.

Okay, that was a good answer. Could we now examine the revenue side of it?

Can I assume that the product's selling price has also increased since the raw materials are being procured at higher prices?

Yes, that would be an accurate assumption.

I believe that since the selling price has gone up, the quantity being sold has not gone up proportionally. Hence, the sales are not generating enough revenue and the pizzeria is facing losses.

Great, that is the answer we were looking for.

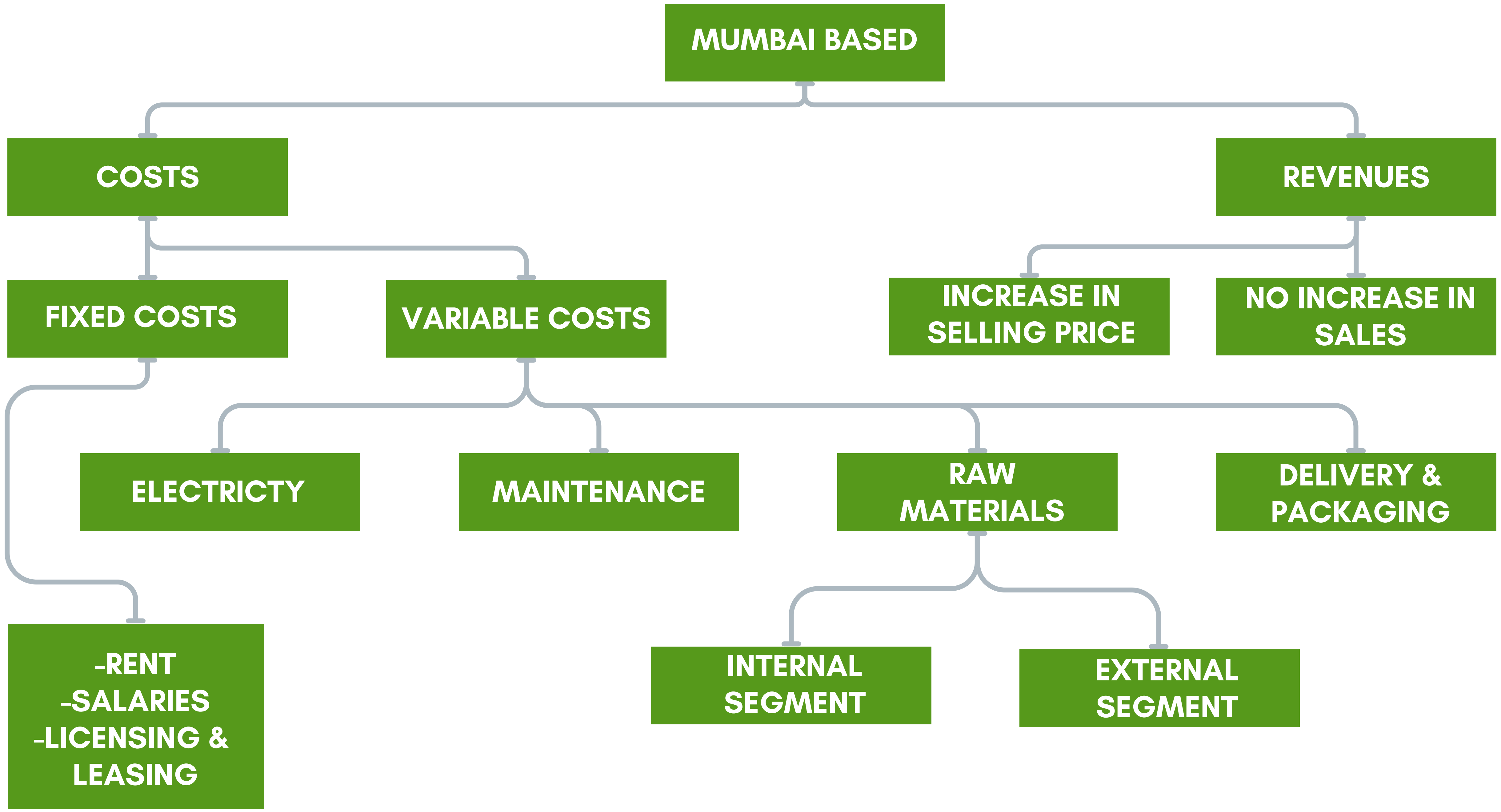
SLICE OF SUCCESS

Profitability | Bain Capability Network

PROBLEM STATEMENT: There has been a decline in the profitability of a pizzeria. How would you solve this problem?

CASE FACTS

- The company has been facing a decline in profits for the past 3 months.
- Only this particular pizzeria is facing a decline in profits.
- The company is facing a problem with the raw material segment of its operations.
- The product's selling price has also increased since the raw materials are being procured at a higher price.
- Though the selling price has increased, the quantity being sold has not increased proportionally.



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PROBLEM STATEMENT: A luxury fashion brand established 50 years ago which had been growing at a steady rate faced a decline in its profits in the past 3 years. What could be the possible reasons?

Is this a revenue-side problem or a cost-side problem?

This is a revenue-side problem.

Are the competitors facing a similar decline?

The competitors are seeing an increase in both revenue and profit.

The revenue of the brand is dependent on two factors – quantity of goods sold and their price.

The problem lies with the quantity sold. The brand is giving discounts, but the Consumer Acquisition Cost (CAC) is high and the lifetime value (LTV) for each customer is low. Additionally, the brand relies on traditional methods of marketing.

One of the possible reasons for the decline could be new emerging brands capturing our market share. The brand's high CAC and LTV indicate that its customer retention rate is low. Since the brand has been slow on the adoption of modern marketing tactics like digital marketing, it has not been able to capture the tech savvy, younger generation. It could use advertisements on social media apps and partner with various influencers to increase its reach.

Select a marketing strategy for the client based on its cost-effectiveness - digital marketing in terms of advertisements on social media platforms or partnering up with influencers, based on the following data.

Tool of Marketing	Digital Advertising	Partnering with Influencers
CAC	$50	$60
LTV	$450	$500

To find out the cost-effectiveness, we can calculate the payback period, which is the LTV to CAC ratio. For advertisements, it is 9 years and for partnering, it is approximately 8.3 years. Since the payback for digital advertisements is higher, it would be more feasible for the brand.

Great, we can end the case here.

HERE IS A TIP!

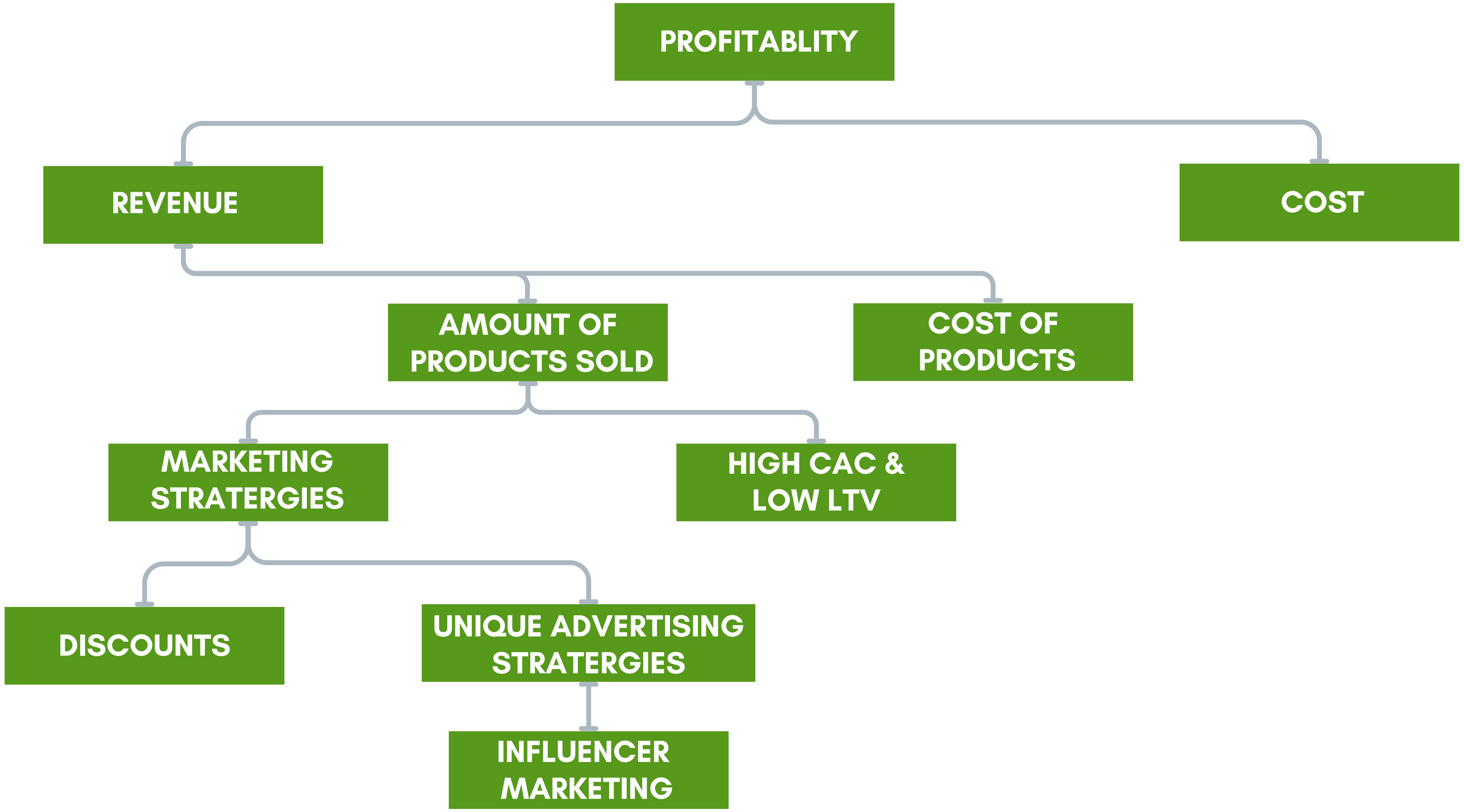
A basic knowledge of the terms in different spectrums (like finance, marketing, production, etc.) helps break down the problem and come up with solutions. In this case, the interviewee's knowledge about CAC and LTV helped him analyse its relationship with the marketing tactics used and provide solutions to tackle the problem of declining profits.

THE DEVIL WEARS PRADA

PROBLEM STATEMENT: **A luxury fashion brand established 50 years ago which had been growing at a steady rate faced a decline in its profits in the past 3 years. What could be the possible reasons?**

CASE FACTS

- 50-year-old luxury brand had a steady growth rate.
- A decline in profits in the past 3 years.
- Objective is to find out the probable reasons.



PROBLEM STATEMENT: Your client is a pizza chain based out of New York and has 40-50 stores in America. The client has been facing declining revenue. Identify the problem and give a few suggestions.

May I ask some clarifying questions?

Sure, go ahead.

Is this issue common across the entire industry?

The CAGR of the pizza industry is 8% for the past 10 years while their revenue has declined by 5% in the same time period.

What are the product lines and their share in revenue?

The main product lines are gourmet pizza, traditional pizza, sides and dessert. Pizzas generate 70% revenue while sides and dessert each have 15 % revenue share.

Is there a revenue decline or cost increase?

Both.

Are there particular stores that are facing a revenue loss or is the loss present across all their stores?

All stores.

Would you like me to focus on the 10 year loss of the company or on the immediate problems?

We want you to focus on the long term analysis. We can provide you with some data for the last 5 years. Please analyse this data and find the problems.

Units sold in million	Traditional Pizza	Gourmet Pizza	Sides	Desserts
2018	50	20	15	15
2023	35	27	16	11

Since there has been a decline in both traditional pizzas and desserts, it can be implied that people are switching towards healthier options. Therefore, this is a problem of need.

That's correct. Please list out some possible solutions for this.

In the short term, we can swap out regular unhealthy dough with a healthier alternative and add sugar free or other healthier alternative desserts. In the long term, we can shift our brand identity towards a healthier identity using various marketing strategies.

Here is the data of some of the competitors. Suggest some marketing techniques to increase our market share.

Companies	Market share	Average Price	Advertising Budget(in millions)	Discount Frequency
A	25%	18$	50$	Daily
B	20%	16$	40$	Bi-Weekly

C	15%	15$	30$	Monthly
D	10%	14$	20$	Occasionally
Client	10%	15$	25$	No Discount

Have these figures been in place for several years, or are they recent?

These have been constant for the past 5 years.

From the data, by dividing the total marketing budget by the average cost of the pizza I can figure out that D gives 1.5 million pizzas for free. It gives discounts but still has the same market share as us. This implies that though we have a higher budget which would allow us to give more free pizzas, discounts would not work in our favour for capturing a higher market share. So, instead of discounts, other marketing strategies could be utilised to capture additional market share. For example, the client could go for advertisement projects like Zomaland by Zomato or other collaborations etc.

Great. We can end this case here.

HERE IS A TIP!

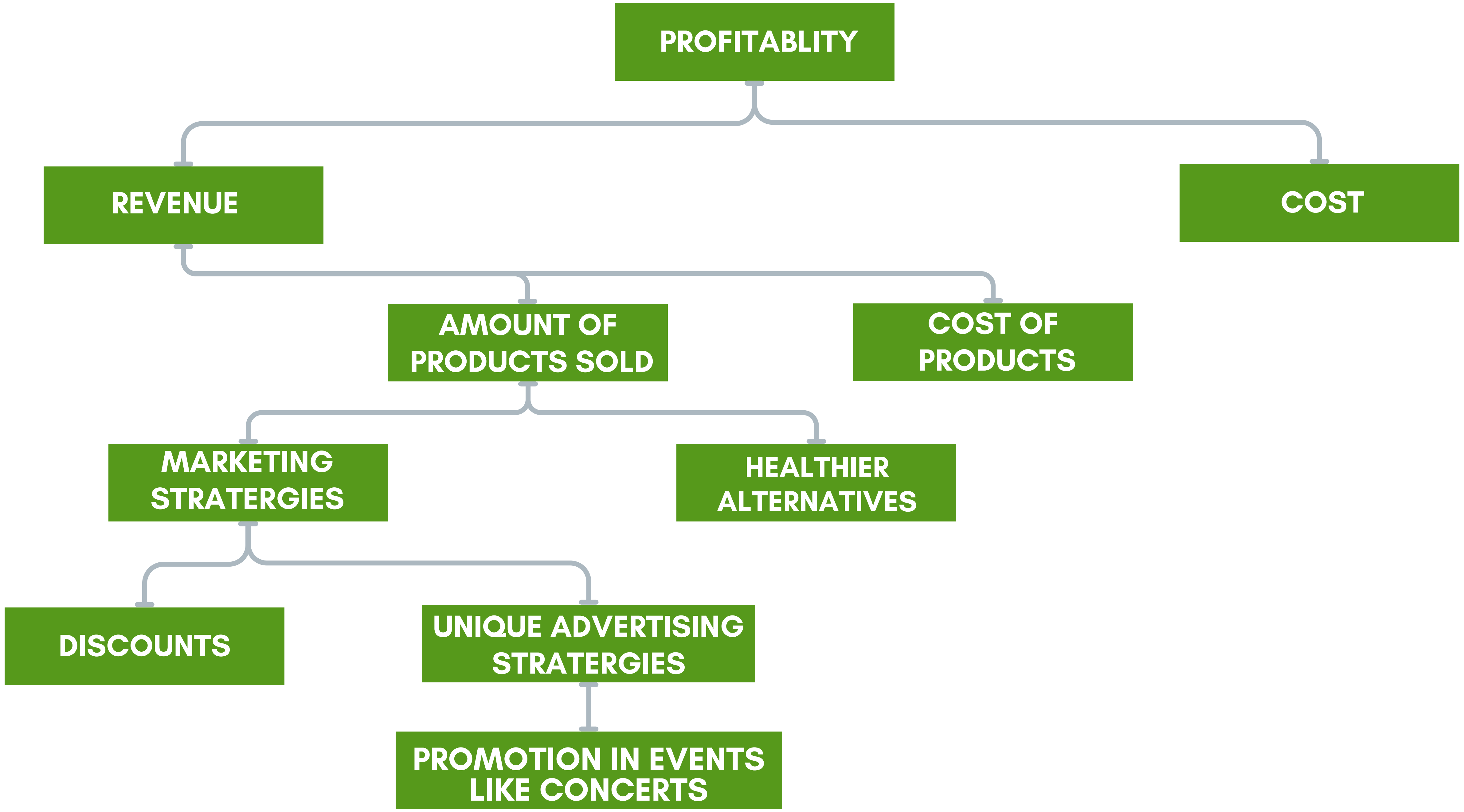
Make sure to analyse the data provided carefully. Here the candidate cleverly observed D's case and discovered discounts are not a solution to increase customers and other channels of marketing must be used.

SAY CHEESE

PROBLEM STATEMENT: **Your client is a pizza chain based out of New York and has 40-50 stores in America. The client has been facing declining revenue. Identify the problem and give a few suggestions.**

CASE FACTS

- Pizza chain operating in New York with 40-50 stores
- Objective is to tackle the declining revenue.
- Decline in sales of all stores while other pizza chains' sales grew.



PROBLEM STATEMENT: Your client is a high-end skincare company. Their sales have been declining for the past couple of years. You have to make a five year growth plan for the company to change the situation.

Before I start with my approach, I have a few preliminary questions.

Sure, go ahead.

What has been the time duration for this fall in sales? What has been the magnitude of this decline? And is this decline specific to some particular product or customer segment or some geography?

Sales have been declining at an average rate of 10% year on year for the last 3 years. And no, this decline is not specific to any product or customer segment.

Alright. Since we have to make a growth plan, I'll first try to address the profitability part to understand why we're having this problem, and then I can go ahead with the growth plan.

That sounds good. Go ahead.

Since it is a skin-care company, we do not buy one or two products, but a bunch of skincare products. Hence, the formula for sales would be the number of customers times the number of products which they are buying multiplied with the average price per product, and also involving the product mix which they are buying.

The decline is in the number of customers in this case.

Alright. So, this could either be a demand side issue or a supply side issue. There might be a fall in demand of the products, or else there might be a shortage of supply from the company's end due to which they are unable to meet the demand.

Right. In this case, this issue is a demand-side one.

Alright. So in this case I'll apply the 4 As Framework - Awareness, Affordability, Availability and Accessibility.
Awareness is basically if the customers know about our company and our products which are in the market or maybe if there is some change happening due to a change in the marketing practices of the company.
Affordability simply is if the company has changed the prices in the past couple of years.
Availability is primarily a supply side issue, so we can ignore it.
And finally accessibility is basically if the customers are facing any hindrance in buying the product.

Yeah that's fine. You can stick to the Awareness part only.

So if the issue lies under Awareness, it essentially indicates that the company is not marketing its products to the full potential.

Okay that's fine. Now let's move forward with the growth plan.

For growth we could firstly split up into organic and inorganic growth. Under inorganic, we could focus on joint ventures, mergers & acquisitions and partnerships. And for organic growth, we could either focus on increasing the number of customers, or increasing the revenue per customer. Further, the number of customers can either be increased from existing geographies, or by tapping into new geographies.

That seems fair. Can you further elaborate on both these aspects of increasing the customer base.

One approach could be to bundle the skincare products, like offering a complete box of skincare products which are used together like a Vitamin C Serum along with a Cleanser or something, so as to increase the average order value.
Moreover, we could venture into the B2B space, by collaborating with the hospitality industry, high-end airlines and hotels, and improving the visibility of our skin-care products, so as to market the products, ultimately boosting the sales.

Okay. For inorganic you mentioned joint ventures and M&As right? Can you list down the factors that you'd consider for an M&A.

First would be the Financial Synergies, i.e. whether the target company would lead to Revenue Synergy or a Cost Synergy. Also, the M&A might also lead to a production overlap, or a distribution overlap, or a customer overlap, so that is another factor that I would have analysed. Then I would analyse the business model viability. I would also look at the valuation of the target company because it wouldn't make much financial sense to acquire a good company which is overvalued. These are the basic factors I can think of at the moment.

Alright. Good job. We can close the case now.

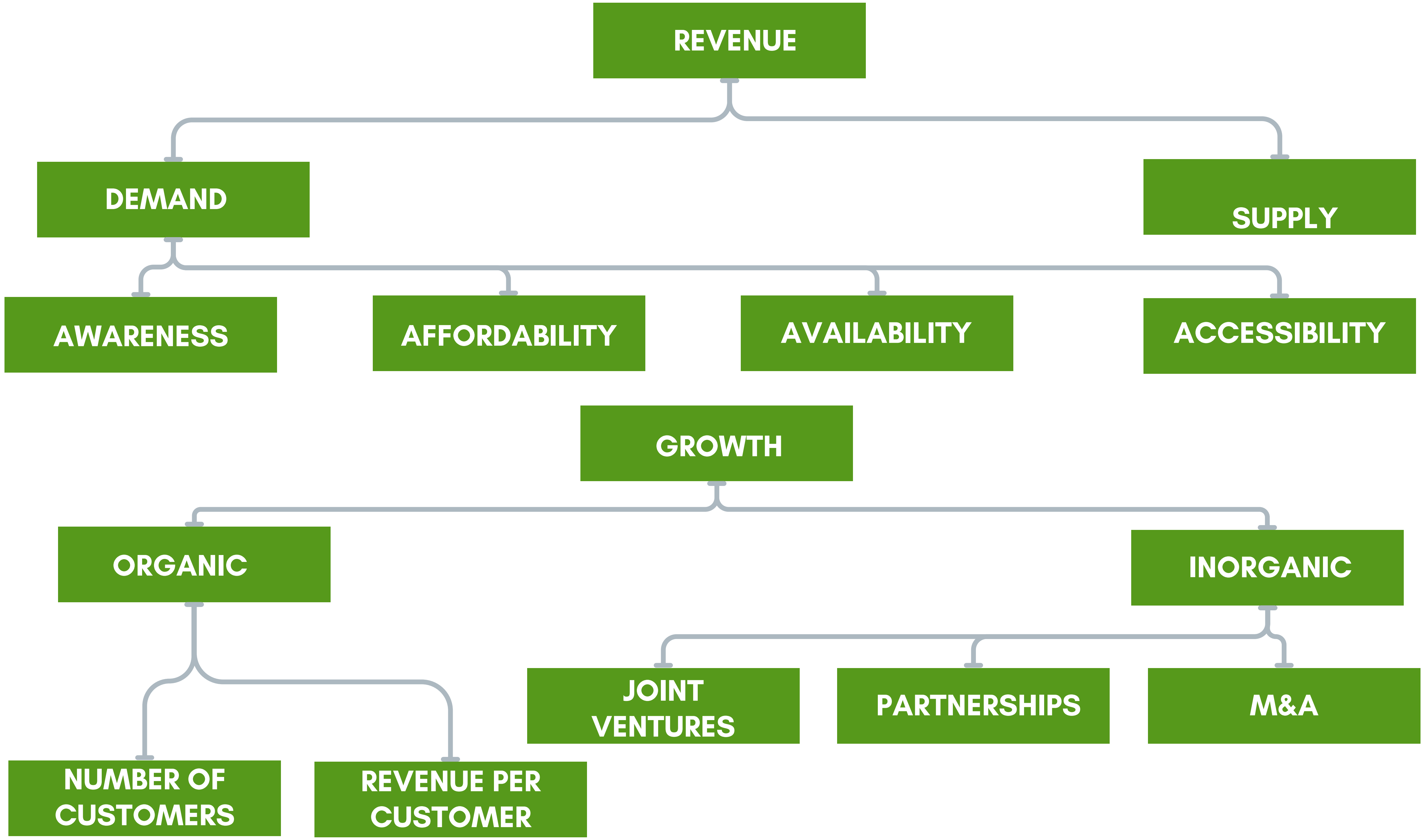
HERE IS A TIP!

A strong growth plan balances quick fixes (pricing, marketing, partnerships) with long-term brand strategy (product innovation, digital presence, sustainability). Start by understanding why sales are declining—is it changing consumer preferences, stronger competition, or pricing mismatches? Then, craft a data-backed roadmap that not only boosts revenue but also strengthens brand loyalty.

PROBLEM STATEMENT: Your client is a high-end skincare company. Their sales have been declining for the past couple of years. You have to make a five year growth plan for the company to change the situation.

CASE FACTS

- The sales of our client have been declining at an average rate of 10% per year for the past 3 years.
- This decline in sales is not specific to any product or customer segment.
- Our client is a high-end skincare company with a varied product mix.



PROBLEM STATEMENT: How will you increase the revenue of any quick commerce company?

Shall I start by listing out various parameters that can evaluate the working of a Quick Commerce company?

Yes, go ahead.

The key parameters for evaluating profitability and growth are the average order value, number of products you are selling, SKUs, number of dark stores, customers you are catering to, delivery time and the perception of the brand.

How do you find the average order value?

It is the average amount spent by a customer per order. It is dependent on the number of products ordered and their price.

How would you increase the average order value?

We can either increase the quantity of products per order or hike the prices of the products.

Focus on increasing the number of products.

We can offer bundling discounts, market products in pairs and groups, introduce various categories of products in the same store or app and offer festive discounts.

What kind of products will you bundle?

We can bundle products which are usually used together, and during festivals, we can create gift packs of things, like various kinds of chocolates.

Can you think of any other factor apart from these to increase the quantity of products ordered?

I cannot recall any short-term factors, but in the long term a company can focus on product expansion and market penetration. Majorly quick commerce brands are focused on tier 1 cities, they could further develop by entering tier 2 and 3 cities. Nowadays, people in rural areas are becoming aware of such brands due to the increased use of smartphones. They could serve as a potential market. Quick commerce brands primarily focus on daily use items, but expanding their offerings to include products like clothes could help boost sales.

Great, we can close the case here.

HERE IS A TIP!

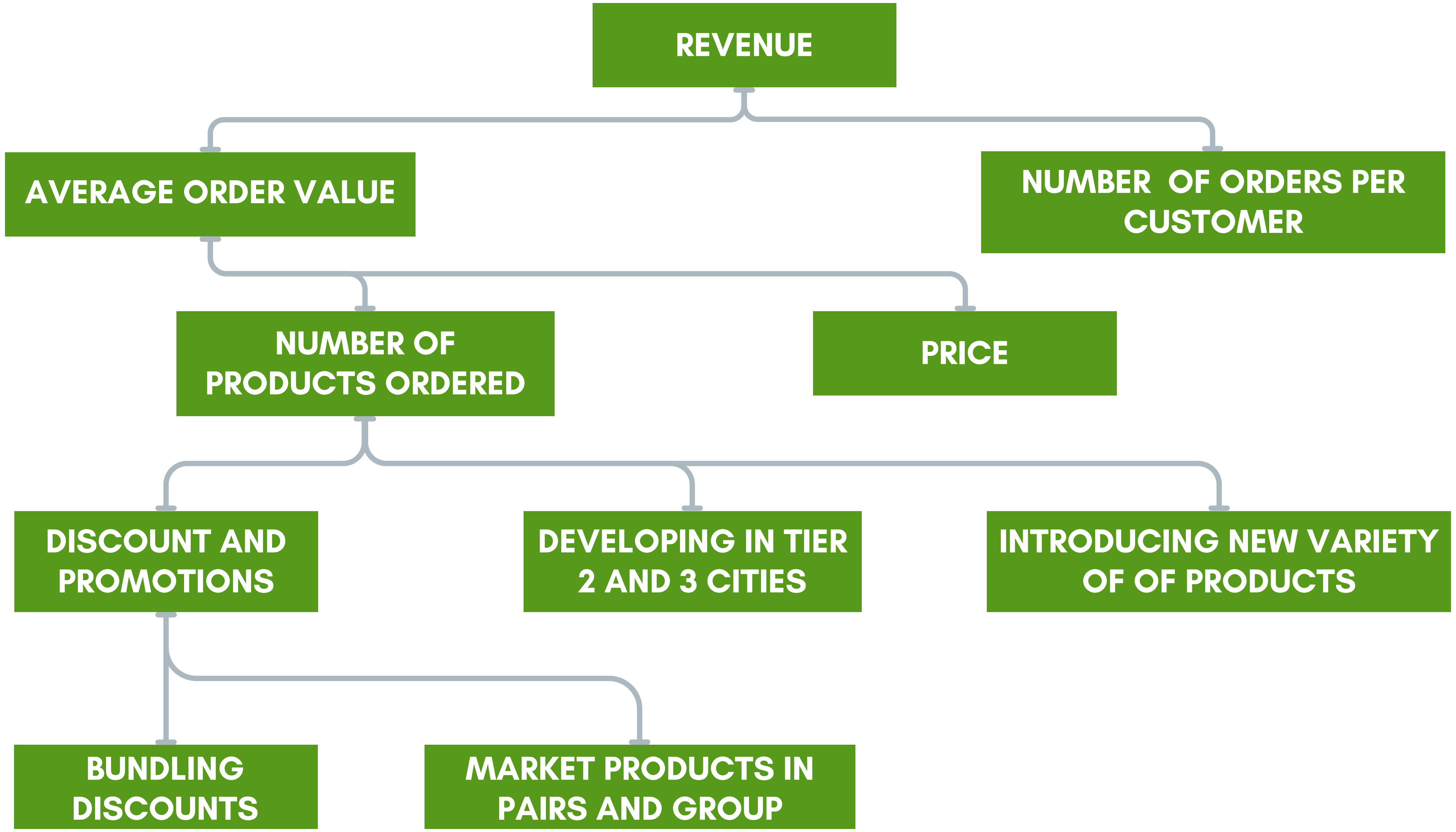
Sometimes, out-of-the-box thinking is the deal clincher in common problems like the one given in the case. Here, the bundling of products was an innovative solution that made a good impression.

SPEED KILLS (MARGINS)

PROBLEM STATEMENT: **How will you increase the revenue of any quick commerce company?**

CASE FACTS

- Key parameters for evaluating the profitability and growth are:
  - Average order value
  - number of products sold
  - SKUs
  - Number of dark stores
  - Customers catered to
  - Delivery time
  - Perception of the brand.
- Revenue could be narrowed down to average order value and number of orders per customer.



PROBLEM STATEMENT: The client is a retail store. They have 5 stores in Delhi and recently they have been facing losses. What could be the possible reasons for this? Also, recommend solutions for the same.

Okay. Could I ask some clarifying questions?

Sure, go ahead.

What is the quantum of the decline and how long has it been going on?

The quantum of decline is pretty significant and it has been ongoing for the past 5 years.

Alright. Is the decline only for a particular store or all the stores?

All the stores have been facing losses.

Okay. How is the industry working? Are all the retailers in the industry facing losses or only our stores?

Could I know the rationale behind those questions?

Yes, of course. Given that the problem has been ongoing for the past 5 years, I believe that it would be safe to assume that the problem isn't within the industry, but with our stores themselves, meaning the store is operating below the industry standard. These questions would help me ascertain if my thought process was right or not.

Yes, your hypothesis is correct. Only our stores have been facing this problem.

Alright. Could you tell me the product categories that the store deals in?

The store mainly deals in 3 main product categories, namely fruits and vegetables, staple food products, and other miscellaneous items that you may find in any retail grocery store.

Okay. Is there a particular product category that has been showing signs of slowing down?

I'll share the monthly revenues and gross margins of the 3 product categories with you and I want you to calculate the gross profits for all the categories.
For fruits and vegetables- gross margin = 40%, monthly revenue = Rs. 3 Lakh
For staple foods- gross margin=10%, monthly revenue= Rs. 4 Lakh
For miscellaneous items- gross margin=10%, monthly revenue= Rs. 3 Lakh

Right, I'll just calculate the gross profit. Taking 40% of 3,00,000, and 10% each of 3,00,000 and 4,00,000, the total sum comes out to be Rs. 1,90,000, which I believe is the answer value.

Yes, that is correct. What do you think the prospective costs that the stores are incurring could be?

I think we can look at the costs from a fixed and variable cost aspect.

What do you think the possible fixed costs could be?

I think some costs could be electricity costs, salaries, phone bills, utility payments and the cost of furniture.

How exactly is furniture a fixed cost and not a capital investment?

My apologies, I looked at furniture from a rental point of view, under which furniture would come at a fixed cost. However, if it has been purchased, we could ignore that cost.

Alright. Now I'll be sharing the data on the fixed costs.
Renters - Rs. 50,000 per month, Overhead - Rs. 50,000 per month, Utilities - Rs. 50,000 per month, Wages - Rs. 50,000 per month and Wastage - Rs. 1,00,000.
What are the total costs?

The total fixed costs come out to be Rs. 3,00,000. This means the company is making a loss of Rs. 1,10,000 on a monthly basis because the costs are more than the gross profit.

What else do you gather from the information?

My hypothesis is that wastage is the main cause of worry for us, which is why my next hypothesis is that the main category that we're facing an issue in is fruits and vegetables, leading to losses because of their perishable nature.

That is correct. The category we're facing a problem in is fruits and vegetables. The industry average gross profit on fruits and vegetables is 50%, while ours is only 40%.
How do you suggest we tackle this problem?

Yeah, sure. For procurement, we could look at the costs of the supplier, for inbound logistics, we could look at transportation costs, for operational costs, we could look at rent, wages, and costs of agents, for storage, we could consider costs of warehousing and inventory and we could look at commission costs for sales and marketing.

Could you elaborate more about the procurement and inbound logistics?

Yeah, okay. The costs would include the price paid to the supplier, the price of the fruits and vegetables, and the transportation cost, which can further be divided on the basis of the number of trucks.

What formula would you use to calculate the transportation costs based on trucks?

The formula I would use would be the number of trucks, the number of trips per truck, the number of kilometers per trip whole multiplied by fuel used per kilometer, and the price of fuel per litre

Alright, that seems like a suitable approach. What else would you recommend the stores to do?

I would suggest dealing with the wastage on a priority basis because it is eating away the profits and is a problem we need to deal with. Regarding procurement, we need to focus on accurate demand forecasting to minimize post-sale wastage. We also need to bargain better with the suppliers or shift to other suppliers if necessary. To cover the issues related to inbound logistics, we need to ensure that there is no malpractice at the suppliers' end and that they are not sending the stores rotten or spoiled stock. We also need to ensure there are no issues in the transportation and storage part and ensure proper refrigeration of the perishable items.

Great! Those were well-thought-out suggestions and the answers we were looking for.

180Degrees CONSULTING SRCC

PROBLEM STATEMENT: The client is a retail store. They have 5 stores in Delhi and recently they have been facing losses. What could be the possible reasons for this? Also, recommend solutions for the same.

CASE FACTS

- The quantum of decline is pretty significant and it has been ongoing for the past 5 years.
- All the 5 stores have been facing losses. Only our stores have been facing losses.
- The store mainly deals in 3 main product categories, namely fruits and vegetables, staple food products, and other miscellaneous items.
- The category we are facing a problem in is fruits and vegetables. The industry average gross profit on fruits and vegetables is 50%, while ours is only 40%.

PROFITABLITY
- FIXED COSTS
  - SALARIES
  - ELECTRICITY
  - PHONE BILLS
  - UTILITIES
- VARIABLE COSTS

SOLUTIONS
- PROCUREMENT
  - RAW MATERIALS
- STORAGE
- MARKETING
- INBOUND LOGISTICS
  - TRANSPORTATION

Formula to calculate the cost of transportation

(Number of trucks, Number of trips per truck, Number of KMs per trip) * fuel used/ KM* price of fuel/ L

BRAKE ON PROFITS

PROBLEM STATEMENT: Your client is an automobile company and they have been facing a decline in profitability. They want you to analyze the reasons and suggest improvements.

Thank you for the case ma'am, I would like to ask some clarifying questions before proceeding with the solution.

Sure, go ahead.

Where is the company based? Understanding the geographical location will help me consider market-specific factors.

The company is based in the US.

Alright and since when has the company been in the industry? What is the market share of the company?

The company has been in the industry for around 20 years and holds around 25% of the market share.

That's quite significant! A 20-year presence suggests the company is well-established, and a 25% market share indicates a strong competitive position. Now, could you clarify whether our client operates in the commercial vehicle market or the passenger vehicle segment?

The company operates in the passenger vehicle segment.

What kind of vehicles are being dealt with by our client, two-wheelers or four-wheelers?

The client deals in four-wheelers.

What I would like to start my case by breaking down profit into revenue and cost. So, is our client's issue arising due to a decline in revenue or an increase in cost or is it a mixture of both?

The costs have been the same, you can focus on the revenue.

Before I start with the revenue stream, I want to understand what kind of cars the company works in, as in the type of customers that they target.

The client deals in the luxury segment of cars.

Okay, so I will structure it down into 3 revenue streams: sale of cars, sale of spare parts and services, and sports team

Let's just focus on the sale of cars

Okay so delving deeper into the sale of cars, it is a function of the number of cars and the price of cars. Which one would you like me to explore further?

There has been no change in the price of the cars, let's focus on the number of cars.

Okay, so as for the change in the number of cars, is there a demand side issue or a supply side issue?

The issue persists on the demand side.

Alright, so the demand side issue can be further looked upon with 2 approaches. Is it a problem related to something internal to the company or is it an external factor?

The issue arises from the external factors, there has been no change on the internal side.

Thank you, ma'am, can I take a few minutes to structure my thoughts regarding the information you provided?

Sure.

Alright, so the journey goes like this- I will be proceeding with further breaking down demand in understanding 5 different components each representing a key point in the customer's journey that would influence demand. I will take you through it step by step. We will first understand if the customer's need for that product has changed. Now that it's a luxury product, customer's needs are very volatile, so this may be a problem, but we can come back to need later.

Next, we come to accessibility of our product, so if there has been a change, in let's say, a dealership, then that might be an issue and people may not be able to access our product but that's not the case here. Let's remove affordability and availability since it's a luxury good. Next comes awareness which might be an issue, but since our company has been in business for around 20 years, and holds 25% of the market I think it is a well renowned company in the US, and awareness is not the issue. Lastly, there is experience not just with the vehicle itself but also before, during, and after the purchase.

Experience is not an issue, let's explore other factors.

Alright, we will look deeper at the need side now, since it's a change in the customer's need, it is a change in customer's preferences, now essentially looking as to why customer's preferences will change towards any specific product, it can be divided into 3 heads :

1. Change in competition.
2. Change in their preferences in general.
3. Can be some sort of negative publicity

What would be the change in competition?

There can be two types of changes. Firstly, competition may be either because of a new entrant, who has introduced a new product or added something new in value to attract the consumers. Secondly, it might be that there is an existing competitor, who has introduced a new kind of product, bridging the gap between demand and supply.
This is what I can think of in terms of competitors and customer preferences.

Okay, since you have reached customer preferences, I will tell you that there has been a shift in the demand of customers from sedans to SUVs, and this is why they have been facing a decline in profits. With this, we can close the case.

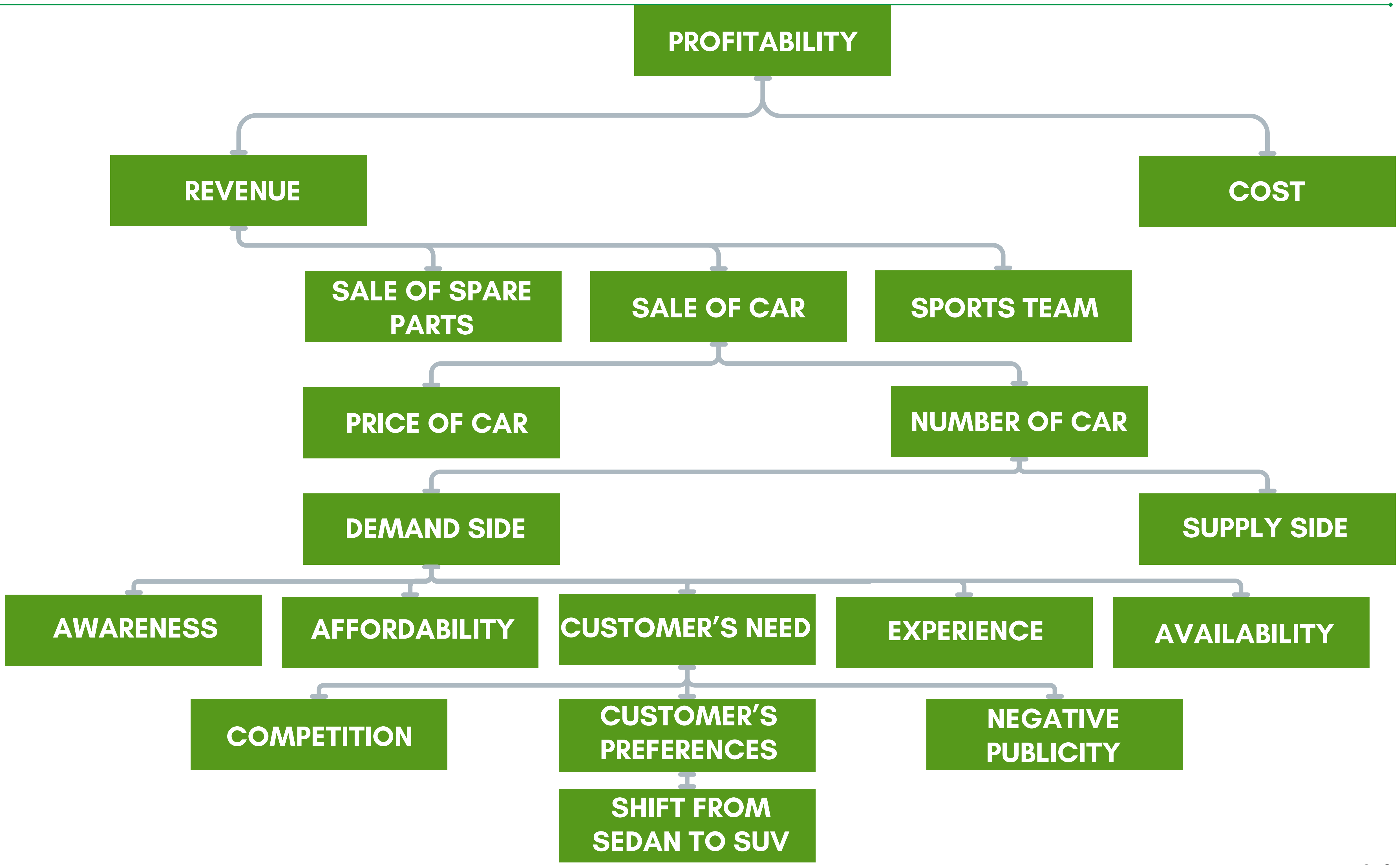
BRAKE ON PROFITS

Profitability | ▬ ▬ ▬ ▬ ▭ | **Boston Consulting Group**

PROBLEM STATEMENT: **Your client is an automobile company and they have been facing a decline in profitability. They want you to analyze the reasons and suggest improvements.**

CASE FACTS

- Client, automobile company is facing decline in profits
- Candidate approached the problem by focusing on the number of cars from demand side
- Candidate further explored various factors of internal demand and was asked to focus on customer's need which was brought down to customer's prefernce.
- After the approach was stated, the candidate was told that it's a shift in the customer's preference from Sedan to SUVs.



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PROBLEM STATEMENT: An OTT platform which has been the market leader for the past 5 years has shown a decline in its market share and revenue in the last 3 months. How would you tackle this situation?

May I ask some clarifying questions?

Sure, go ahead.

Where is the platform based?

It is based in India.

What is its target segment?

Their target audience is 18-34 years old.

What are the languages in which the content is being provided?

Primarily Hindi, with some shows available in a few other dubbed languages.

Does the platform have a premium plan?

The OTT platform offers both a free and premium version, let's focus on the free version.

For the free version, the sources of revenue would not be customers, but rather the advertisements shown during the program. It would also include the fees from producers of shows or TV channels which partner with our app for running their shows. This model depends on the number of partner companies we have and the specific terms and conditions of such partnership deals, like the percentage of fees they provide.

The issue lies with the number of partner companies. We lost a few of them in recent months.

The main reason for the decline in the number of partner companies could be the lack of benefits derived from our platform. This means their revenue and sales have shown no improvement by collaborating with us. Since our target audience is 18-34 years, we can reach out to those companies with a similar target market. This would ensure a mutual benefit for both of us. Should I suggest some companies or sectors for the same?

Yes, please name a few sectors.

We can partner up with ed-tech platforms with professional courses, quick commerce brands, fast fashion brands, dating platforms, insurance and loan agencies, ride hailing apps like Uber and Ola. All of them target a similar market age group as us.

How would you approach such companies?

There are 2 ways to contact such companies. Either we can tie up with the company by directly contacting them through mail or go through an advertising agency and ask for companies available. Since we are more interested in a concerned sector, we could also roll out news that we are looking for advertisement partners for our app.

Let's focus on working with an advertising agency. How would you go ahead with that?

I would provide them with a list of potential sectors and prioritized companies in these sectors. For example, profitable companies would be preferable as they are more likely to display their ads on our platform. Once we find a suitable company available with the agency, we can tell the agency to start negotiating the deal.

How would you convince the ad agency to prioritize your request for the advertisement over others?

We can convince them by promising a higher brokerage. Since we have been the market leader for the last 5 years, we would have a larger portion of retained earnings. Since our revenue has taken a hit, we can reinvest these retained earnings back by paying a higher margin to the broker, as compared to what usually prevails in the industry. We can also leverage any qualitative factors like our old relationships with the advertising agency, if any. We could also offer them future negotiations, like a percentage of future profits.

Great, we can end the case here.

HERE IS A TIP!

The candidate assesses the problems with detailed preliminary questions. This helps in making the case conversational and gives you a better overview of the situation.

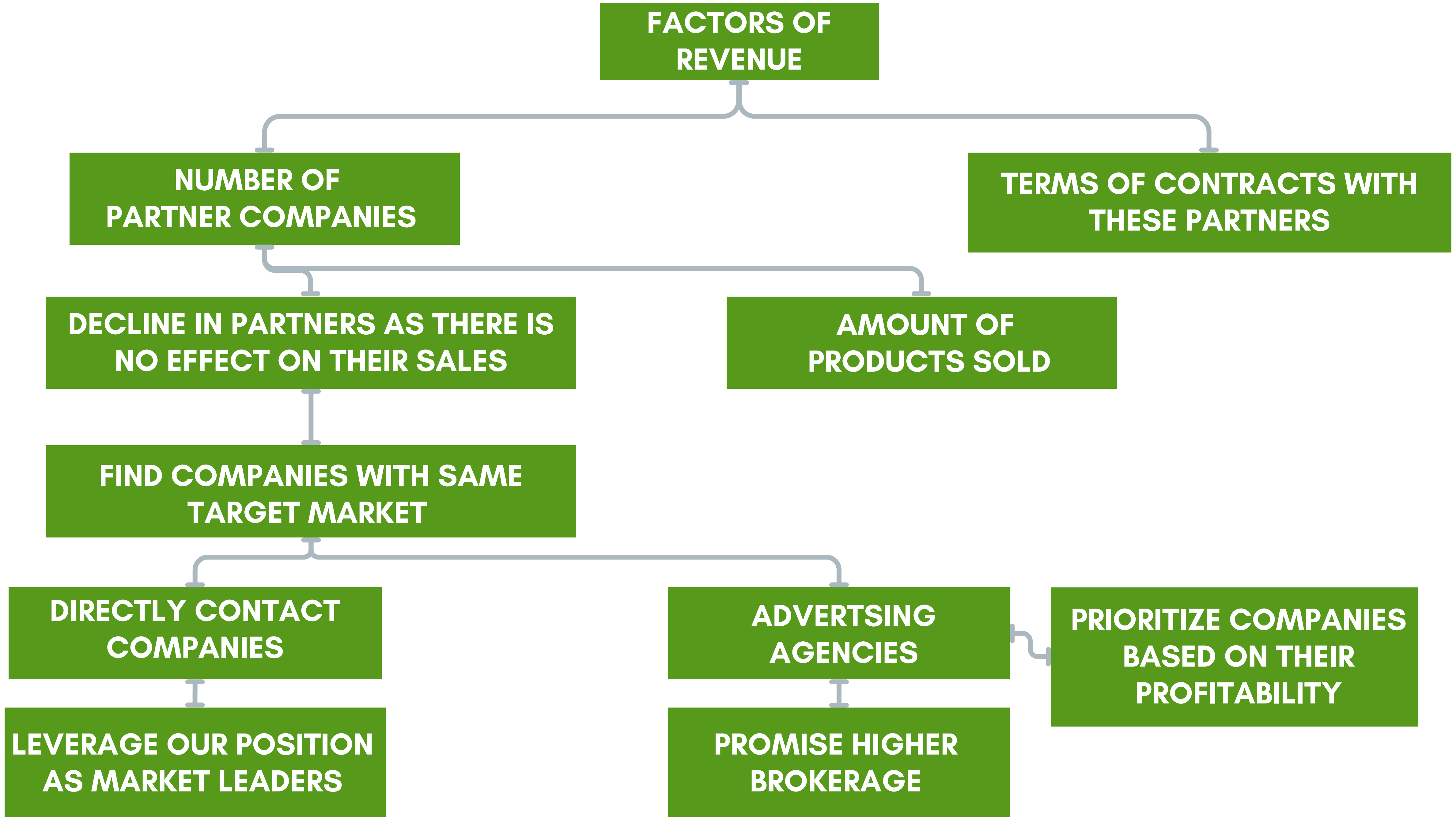
OTT TURBULENCE

Profitability | Accenture

PROBLEM STATEMENT: An OTT platform which has been the market leader for the past 5 years has shown a decline in its market share and revenue in the last 3 months. How would you tackle this situation?

CASE FACTS

- It is a company based in India.
- It has hindi shows and with some shows available in a few other dubbed languages.
- The target segment is 18-34 years old and has both a free and premium plan.
- We would have a larger share of retained earnings since we are the market leaders and therefore can promise companies higher share in profits.



EXPENSE EVASION

PROBLEM STATEMENT: Your client is a telecom operator based out of India who has been facing problems of high selling and general administrative expenses. You are required to give some recommendations to the CFO of the company.

Can you tell me a little bit more about the competitive landscape?

Sure. There are 3 competitors, Airtel, Jio and Vodafone with a market share of 40%, 30% and 20% respectively. We are a fairly new entrant in the market with a market share standing only at 10%. The problem has been going on for one year. Further, we are operating pan India - the entire country and all cities included.

Which market segment do we cater to? Is it the high income segment or any other specific segment?

No, we cater to all income segments.

Okay. As per my understanding, we can break down general selling and administrative expenses into 3 major headers: marketing, commissions and general HR, and after-sales services. General HR would include salaries and other fixed human capital payments, while commission includes money paid to local agents. At last, after-sales services can further be broken down into personnel and customer feedback and grievance handling. This includes customer queries regarding discounts, vouchers, free services, services provided by broadband operators and Set Top Box services. Is there any specific header you want me to focus on?

We can go ahead with Marketing.

What are the general marketing channels we have been using?

Why don't you figure out what that might entail for a telecom operator?

Understood. Marketing can be done traditionally as well as digitally. Some traditional marketing techniques followed by a telecom operator will include newspapers, billboards, television, word of mouth, and radio. Digital ads can be displayed as Google ads, as well as on LinkedIn, Instagram, Facebook, and Youtube. Is this comprehensive enough or am I missing out on anything?

This looks comprehensive enough.

Is there any specific one you would like me to focus on?

Why don't you pick one from both, traditional as well as digital techniques?

For traditional marketing, I recommend focusing on word of mouth. It's cost-effective, and even if a company isn't highly creative, it keeps advertising costs competitive. However, it can also pose challenges. My suggestion is to partner with local service providers, offering commissions or incentives to promote our product. Small events or kiosks can also help attract attention.
For digital marketing, platforms like YouTube, Instagram, LinkedIn, and Facebook use a pay-per-ad model, while Google Ads follows a pay-per-click system, increasing costs with each click.
Would you like me to focus more on Google Ads or another platform?

Let us focus on Google Ads for now.

Okay. Customer Acquisition Cost = Total Amount Spent/ Total Customers Acquired
If your customer acquisition cost per customer is high, there can be two possible reasons for this. Either the total amount spent is high or total customers acquired is low. Which of these would you like me to focus on?

How about you give me an overall picture of why this is happening?

EXPENSE EVASION

The telecom industry in general, all over the world, is very rigid. People may be clicking on our Google ads, increasing our customer acquisition cost, but the conversion rate remains low because switching service providers is a cumbersome process.

That sounds fair. Can you give me an overall framework to deal with the problem?

First, I'll break down the problem and analyze the market and competitive landscape to see what our competitors are doing differently. I'll gather industry and competitor benchmarks, such as customer acquisition costs or other relevant ratios, to compare with our financials.

Next, I'll focus on identifying optimal multiples. Since we're a new entrant and the competitors are seasoned, we'll need to look at their historical ratios when they first started and compare them with our own. If their early ratios—such as high general administrative and selling expenses—are similar to ours, then we're on the right track. However, any major deviations will highlight areas where we need to improve.

The problem can be split into two areas:

- Financial Issues: The terms we've negotiated with Google Ads may not be favorable.
- Operational Issues: Internal inefficiencies like poorly trained workers, lack of engaging marketing content, and unsatisfactory UI/UX.

At this point, we can approach the CFO to resolve these issues.

That is what I was looking for. We can end the case here.

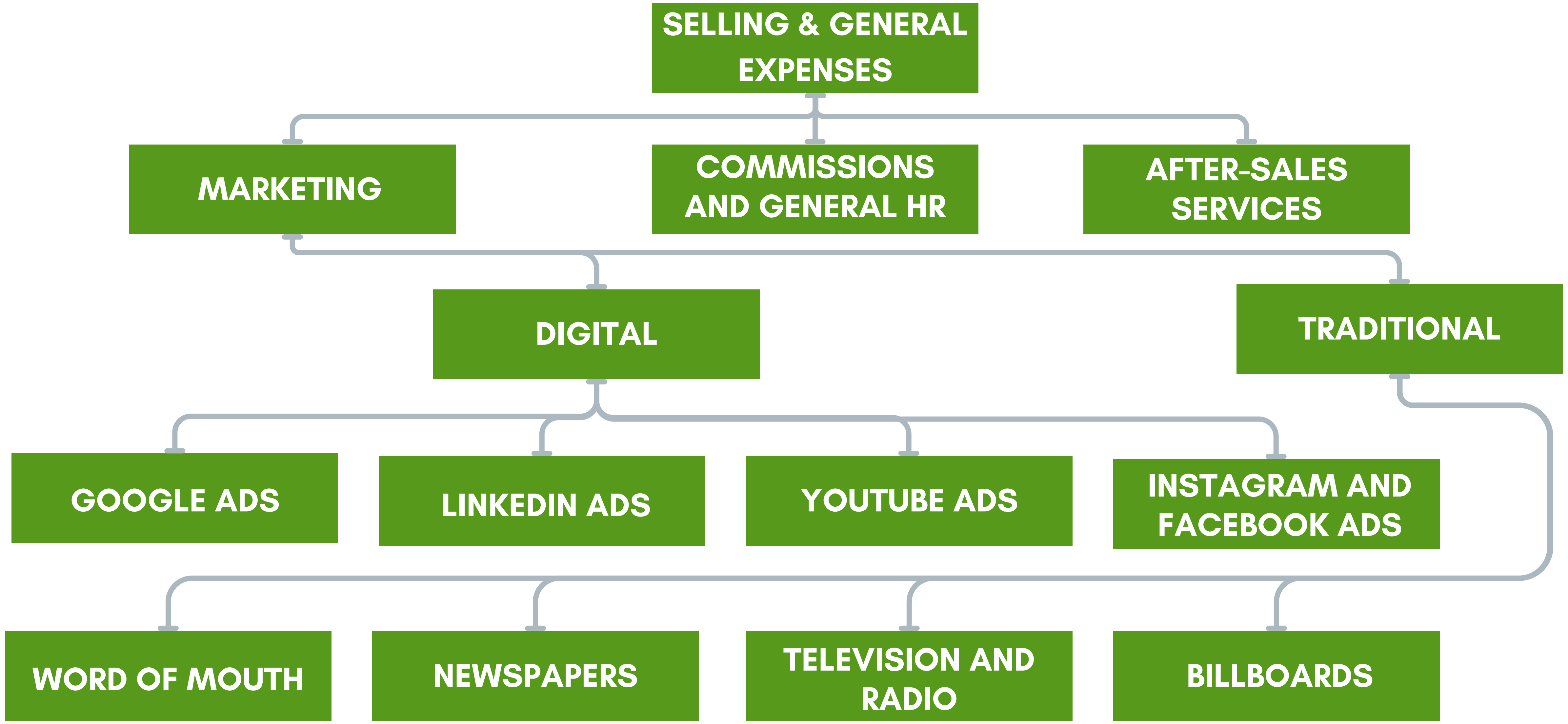
HERE IS A TIP!

While offering solutions, place emphasis on those which are creative and distinct from the rest. In the given case, while discussing the traditional marketing techniques, the candidate laid emphasis on word of mouth. Similarly, in digital marketing, the focus was placed on Google Ads which has a structure different from that followed by Instagram, Youtube, etc.

PROBLEM STATEMENT: Your client is a telecom operator based out of India who has been facing problems of high selling and general administrative expenses. You are required to give some recommendations to the CFO of the company.

CASE FACTS

- There are 3 competitors, Airtel, Jio and Vodafone with a market share of 40%, 30% and 20% respectively.
- The organisation is a fairly new entrant in the market with a market share standing only at 10%.
- The organisation is operating pan India, the entire country and all cities included.
- The problem has been going on for one year.



CRUST ISSUES

PROBLEM STATEMENT: Our client is a US-based pizza chain that has been facing a decline in its revenues for some time. Recommend solutions.

May I ask some clarifying questions?

Sure, go ahead.

What are the major products the pizza chain offers?

The chain offers normal pizzas, gourmet pizzas, sides and desserts.

What has been the sales trend across these four product categories?

The sales of traditional/normal pizzas are declining, and those of gourmet pizzas are increasing. The sales of the sides have remained nearly constant over the last 4-5 years, and for desserts too, the sales are declining.

Okay, by how much have the revenues declined?

There has been a 15-20% decline in revenues.

Alright, and since when has this been happening?

The revenues have been declining for 1-2 years.

Okay, do we have any information on the competitors?

There are three major competitors in the market. We have the data regarding the average price per product as well as the marketing spend of each of these players as a percentage of their total budget.

Company	Average Selling Prices	Marketing Spend as a % of Total Budget
Client	$8.5	25%
Competitor A	$14	35%
Competitor B	$20	40%
Competitor C	$24.5	50%

Okay, that makes sense. I can infer that our client has priced their pizzas much lower than any of the competitors. Moreover, our marketing spend is also far less than any other brand.

That is right.

What exactly is the situation with our client in this case? Are they just facing a decline in revenue, or is there any corresponding increase in costs as well?

There has been a decline particularly in the revenues. Costs need to be kept as they are. We need to tackle the revenue problem in particular.

Alright. Now, revenue is a function = number of units sold x price per unit sold. So, there could either be a decline in the number of pizzas which are being sold, or the price of the pizza might have fallen.

What do you think is more likely in this case?

Since we know that our client has priced their pizzas much lower than any other competitor, it seems unlikely that pricing should be an issue over here.

Correct. Go ahead.

Right, so now that we know that the problem lies in the number of units sold, we could further divide it into 3 segments – Production, Distribution and Customer Pull. It either might be a case that we are not able to produce enough to meet the customer demand, or there might be some problem with our distribution channels, or else our customer is not willing enough to buy our pizzas so due to any other external factor. Is there any historical trend to understand where the issue might be out of these three?

We do not have any such past data. But we do know that there might have been a change in consumer tastes and preferences.

Alright. So this seems to be a customer pull issue. We could further segment this into five divisions – Need, Awareness, Affordability, Accessibility and Experience.

Okay, please elaborate on these five divisions.

CRUST ISSUES

Firstly, let's look at need. We saw initially that there has been a decline in the sales of traditional pizzas, and correspondingly, the sales of gourmet pizzas has increased, which indicates that consumers are shifting to a healthier choice, thereby hinting at a change in their needs. Secondly, for Awareness, we saw in the beginning that the marketing spend of our client was far lower than any other player in the industry, which indicates that customers might not be fully aware of our pizza place.

Affordability is not an issue in this case since we are already priced the cheapest in the market. Similarly, Accessibility is not an issue as there is no specific physical barrier in this case. Moreover, most of our competitors offer several benefits like promotional discounts and discounts. However, our client offers nothing of that sort, making customer experience a problem.

So, from the analysis, we can conclude that the problem lies in the Need, Awareness and Experience segment, and the same can be verified from the earlier figures provided as well.

Yeah. Now that we have identified the three major problems, how do we go about it now? Frame a plan of action for the client.

So, first of all, to tackle the need problem, I would like to make an individual strategy for each product category. In the product line, we have four products - traditional pizzas, gourmet pizzas, sides and desserts. For traditional pizzas, since there has been a change in taste and preferences of the consumers and they are resorting to healthier options, maybe we could make our traditional pizzas in a healthier way. We could opt for gluten-free bases, use less oil, or add more veggies as toppings. We could also introduce salads with pizzas.

As for gourmet pizzas, since their sales are increasing as per the data, I don't think we need to tackle that. Similarly, since the sales of sides have been pretty consistent, we could skip that as well. As for desserts, we could again opt for more healthier desserts or modify our existing desserts to make them seem more healthier.

Great ideas. You may move on to the awareness side of the problem.

Alright. Does the company have any set budget, so that I could infer how much we could appropriate for marketing?

Nothing as such.

Right. Essentially, we should increase our marketing spend. We should market our pizza chain as a health-conscious one, to make pizzas not just a junk choice, but a healthy eating choice through our gluten-free bases and healthy toppings. We could use bundling strategies and offer greater discounts and offers.

I think we can end the case now. Great job!

HERE IS A TIP!

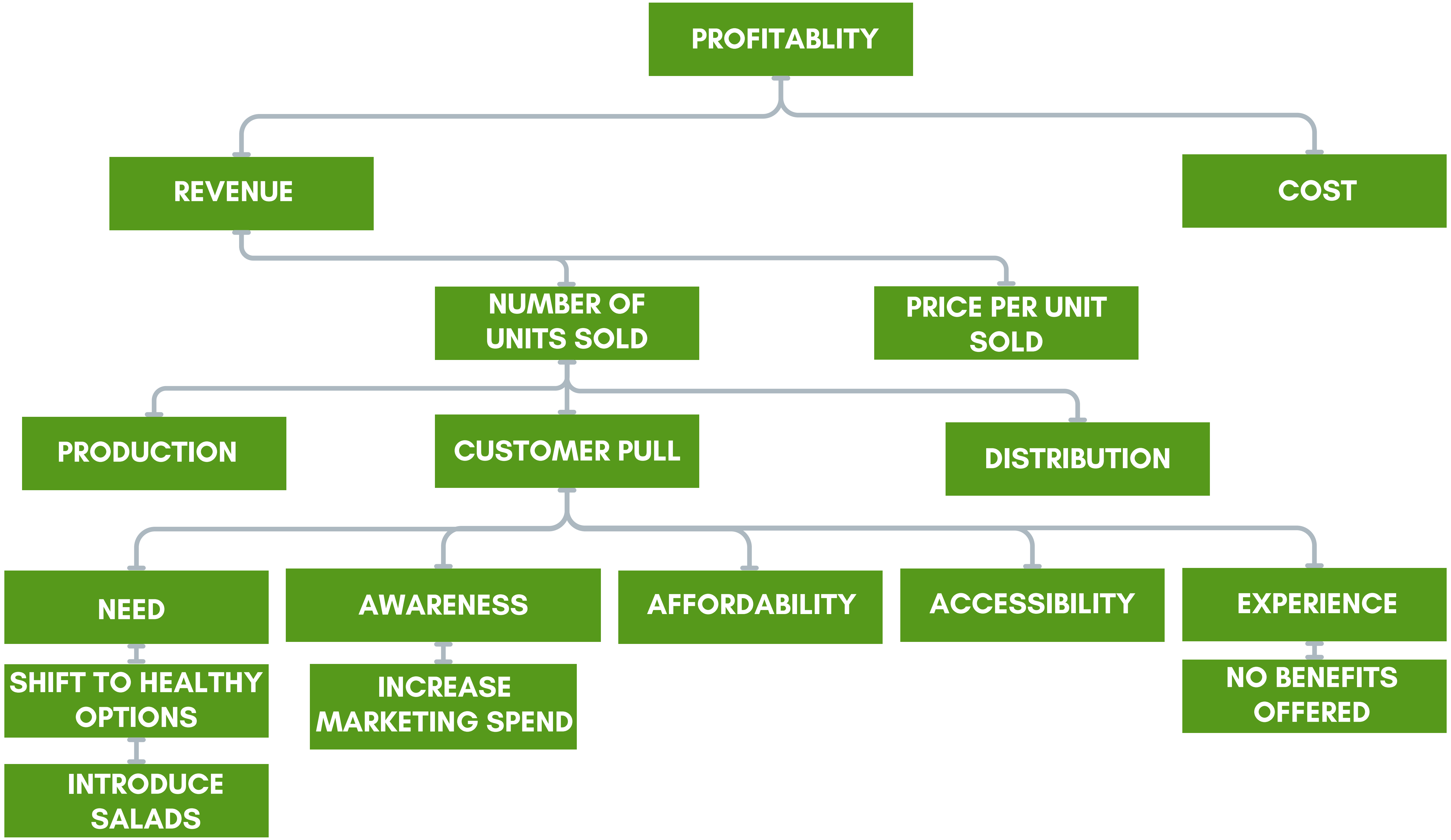
Applying relevant frameworks and adding an appropriate structure to the facts can help turn your case around! Here, the application of the need-affordability-accessibility-awareness-experience framework as well as an impact-feasibility matrix for the solutions offered aided in making the candidate's approach more comprehensive and detailed.

CRUST ISSUES

PROBLEM STATEMENT: Our client is a US-based pizza chain that has been facing a decline in its revenues for some time. Recommend solutions.

CASE FACTS

- Products offered: Pizzas, gourmet pizzas, sides & desserts.
- Revenues have declined by 15-20% over last 1-2 years. Costs must be kept as they are.
- Client's pizza is priced lower than competitors; marketing spend is also far lesser.



GROWTH CASES

GROWTH CASES

This type of case study focuses on the first half of the profitability equation — revenue = price x quantity of units sold.

IDENTIFY THE CASE

Company X is facing **declining revenue/ stagnant growth**. Identify the issue.

EXAMPLE

Your client, Nykaa, is looking for **new opportunitie**s to grow as they believe their **growth has stagnated.** They have hired you to determine the best way to grow.

PRELIMINARY QUESTIONS

1. What is the client's product mix?
2. How long has the company been facing this issue?
3. Were there any changes during that time?
4. Is the problem industry wide or company specific?
5. Is the entire company facing the issue or any specific product or geography?

FRAMEWORKS TO SOLVE GROWTH CASES

- BCG Matrix
- PESTEL Analysis
- Value Discplines Framework
- Ansoff Matrix
- Needscope Analysis

TYPES OF GROWTH CASES

ORGANIC GROWTH CASE

Organic growth is internal growth that a company sees from its operations. It is often considered a more sustainable form of expansion as it evolves without relying on external forces.

Growth through existing revenue sources

Example: *Apple wants to increase revenue by upselling higher-storage iPhones to existing customers.*

Growth through new revenue sources

Example: *Amazon launched Amazon Web Services to create a new revenue stream.*

INORGANIC GROWTH CASE

Inorganic growth is growth from buying other businesses or opening new locations. It involves external factors such as mergers, acquisitions, or partnerships that rapidly expand the business.

Acquisitions

Example: *Coursera wants to acquire Unstop to boost student usage of it's platform and improve offerings.*

Joint Ventures

Example: *Sony and Ericsson* entered into a joint venture in 2001 to combine expertise in electronics and telecommunications.

Partnerships

Example: *Starbucks & PepsiCo's partnered to distribute Frappuccinos globally.*

CHEATSHEET : GROWTH

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- **GROWTH**
  - **Revenue Growth**
    - **Increase Market Size**
      - **Domestic**
        - New Products
        - New Customer Segments
      - **International**
        - Market Analysis
        - Product Diversification
    - **Diversify Revenue Stream**
      - **Inorganic**
        - Joint Ventures
        - Mergers and Acquisitions
      - **Organic**
        - Number of Customers
        - x
        - Revenue per Customer
  - **Cost Reduction**
    - **Fixed Costs**
      - Depreciation
      - Amortisation
      - Salaries
      - Taxes
      - Land & Building Rental/Lease
      - Plant & Machinery
      - Warehousing Fees
      - Fixed Charges and Other Fees
    - **Variable Costs**
      - Logistics
      - Packaging
      - Distribution
      - Marketing
      - Post Services
      - Wages
      - Raw Material

Strategies to Enter the Market

- Nature of the Market
- Regulatory Environment of the Target Geography
- Entry barriers of that Industry

Strategies to Exit the Market

- Sale to a Private Equity Firm
- Salvages Asset and shut operations
- Dry the Company Out
- Go through an Initial Public Offering

PROBLEM STATEMENT: Your client is a US based automobile company and is facing a decline in market share. They want you to analyse the reason for the same and suggest a growth plan.

Before we delve into the approach, I have a few clarifying questions.

Sure, go ahead.

What part of the value chain does our client lie in?

Our client is an OEM (Original Equipment Manufacturer).

Additionally, what segment of automobiles do they offer?

They primarily offer ICE's (Internal Combustion Engine), but they have recently ventured into EV's.

Understood. Additionally, how is our client positioned in the market?

Our client primarily deals in the luxury segment of cars. They have been in the industry for about 20 years now.

Who are the other players and how are they performing?

There are a few other players as well but only we are facing the problem.

Alright - I have everything that I need - can I take some seconds to come up with my initial structure?

Sure.

We would be taking a diagnostic approach first and then suggest a growth plan. Starting with analysing the revenue, it can be broken down into the number of cars sold and the average price of a car. Has there been any recent change in either of these components?

Number of cars sold has declined.

Okay, so as for the change in the number of cars, is there a demand side issue or a supply side issue?

The issue exists on the demand side.

I would divide this into company specific issue, or market led issue.

It's a market led issue we believe.

Alright. I would further divide it into - macroeconomic, competitor or complementary.

What would you look under competitors?

I would first want to understand if there is any new entrant given the EV developments in the US?

Yes - you have rightly identified - Tesla had expanded a lot recently, capturing the entirety of the premium EV segment. Suggest a growth plan.

Alright. So we have identified that our client was facing the issue because of Tesla expanding presence and premium EV dominance. In terms of Growth - is the client considering organic expansion or looking for inorganic options to grow?

What would inorganic be?

Since the industry is heavy on R&D, partnering with other smaller players would help us expand on both customer and production base

Yes, that is what we are actively exploring. Thank you, we can close the case.

HERE IS A TIP!

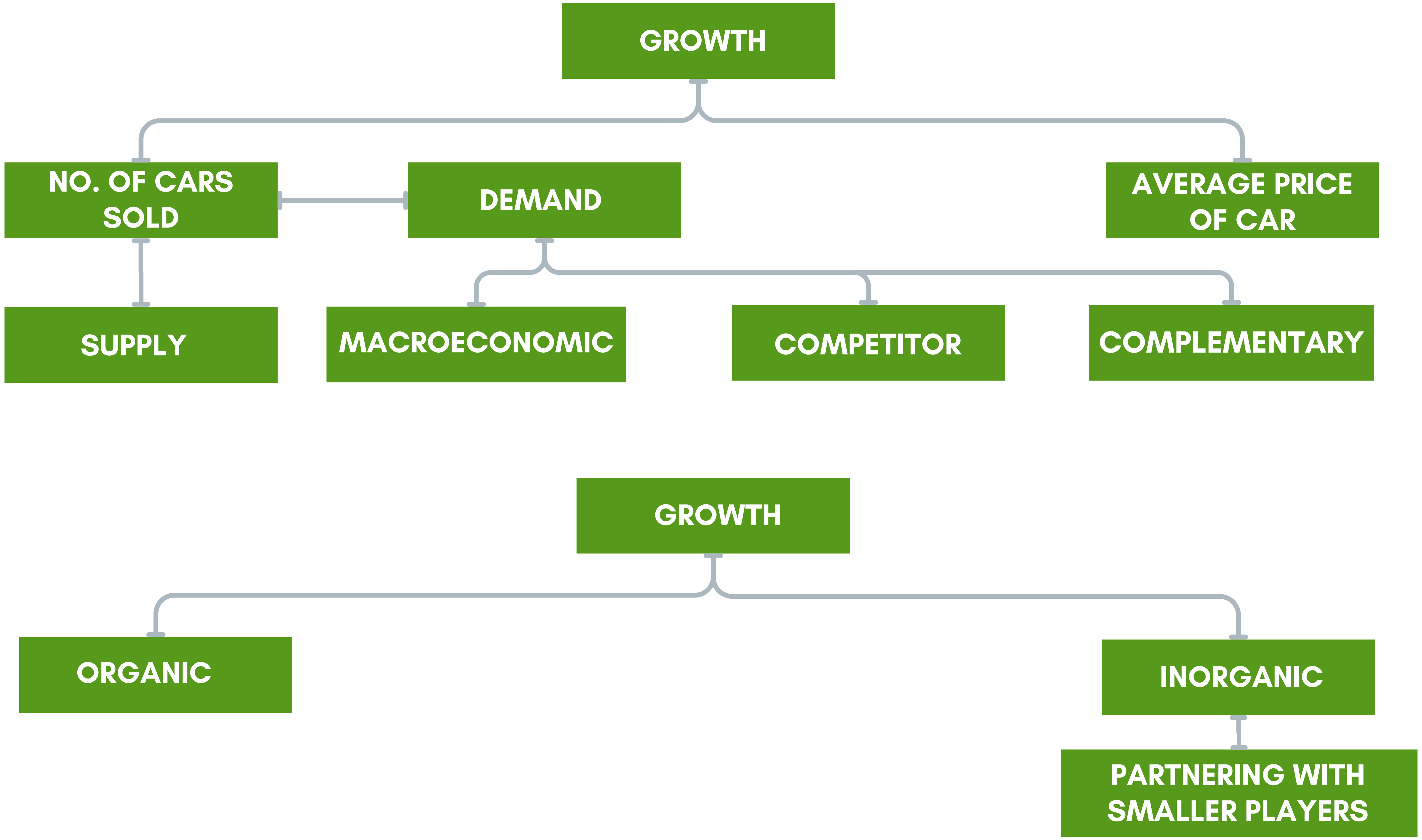
When facing a market share decline, break down the issue into demand-side and supply-side factors. Determine if it's company-specific or market-driven, and consider both organic and inorganic growth strategies.

180Degrees CONSULTING SRCC

PROBLEM STATEMENT: **Your client is a US based automobile company and is facing a decline in market share. They want you to analyse the reason for the same and suggest a growth plan.**

CASE FACTS

- Client is an OEM (Original Equipment Manufacturer)
- Primarily offer ICE's (Internal Combustion Engine), recently ventured into EV's
- Client primarily deals in the luxury segment of cars. They have been in the industry for about 20 years now.
- There are a few other players as well but only we are facing the problem.



PROBLEM STATEMENT: The client is an MNC which manufactures medical devices. The market is growing but the growth is flat. What would you suggest?

I have a few clarifying questions.

Sure, go ahead.

What is the market share of the MNC?

It has a 25% market share and has been in the market for 20-25 years.

How long has it been in the market for? Is the market growing?

The market is currently growing but it's limited to India.

Do they manufacture the devices themselves? Are there any particular customer segments that they cater to?

It's present all across India and the product mix is not relevant but they manufacture and sell it themselves. They deal in machines like X-Ray, ECG, etc, and cater mostly to hospitals.

What is the competitive landscape?

It's dominated by 5-6 large MNC players, providing higher equipment. Most of them are growing but are facing similar problems because of the entry of Indian players. A few Indian players are catering to a smaller market share with low-cost products, with a market share of 15-20%.

How much is the market and revenue growing? Does growth mean a growth in revenue or the number of customers they are catering to?

The figure is not relevant to the case. Growth here refers to revenue growth.

I have broken down revenue into
Average price per product x Number of products bought by a hospital x Number of hospitals that they cater to.

How would you structure these three buckets?

For number of hospitals, I would break it down into ability, want and customer experience. Ability would consist of affordability and accessibility. Want would cover the non-monetary and benefits offered and many other monetary benefits.

The price of the product, though declining, is not very useful to the case, nor is the average number of products bought by a hospital. The number of hospitals catering to this is declining, which needs to be looked into. Focus on ability, affordability and accessibility.

Looking at affordability, we are selling an improved quality of product but at a higher price but that might not be the case because the price is declining. The case might be that we are selling it at a lower price but the quantity is lower as well which is why the ability is impacted.
Under accessibility, we can look at either the supply-side constraints or the demand-side constraints.

The demand for our products is a problem. I don't know how you would fit it into this framework. Break down demand into ability, want and experience.

Alright, I won't go deep into affordability and accessibility but focus on ability as a whole.

Customer experience is not important here because it's not a consumer-facing business so you can eliminate that. What will you cover under want?

Because you said that demand is to be looked into, I can cover the quality of products and maybe a shift in taste and preferences. By this, I mean that there may be a cheaper product that they are getting, from an Indian player which might fit well with the ecosystem and they don't feel the need to buy expensive devices especially because they don't specifically cater to the mass market hospital chain, they cater to all kinds of hospitals.

If you want to increase demand, how would you do that?

An increase in demand can come from either the same customer or new customers could be targeted.
Under the same customer, maybe one could try to create a basket of goods since they are selling a lot of products. Let's say, in some hospitals, only one kind of device is sold, so a basket of devices could be created.
For new customers, we could look into switching the pricing point.

That won't be feasible because the price is already declining.

Alright. Certain new distribution channels can be looked into and we should focus on reaching out to hospitals.

I have got what I wanted from the case. We don't need to solve ahead, we can end the case here.

HERE IS A TIP!

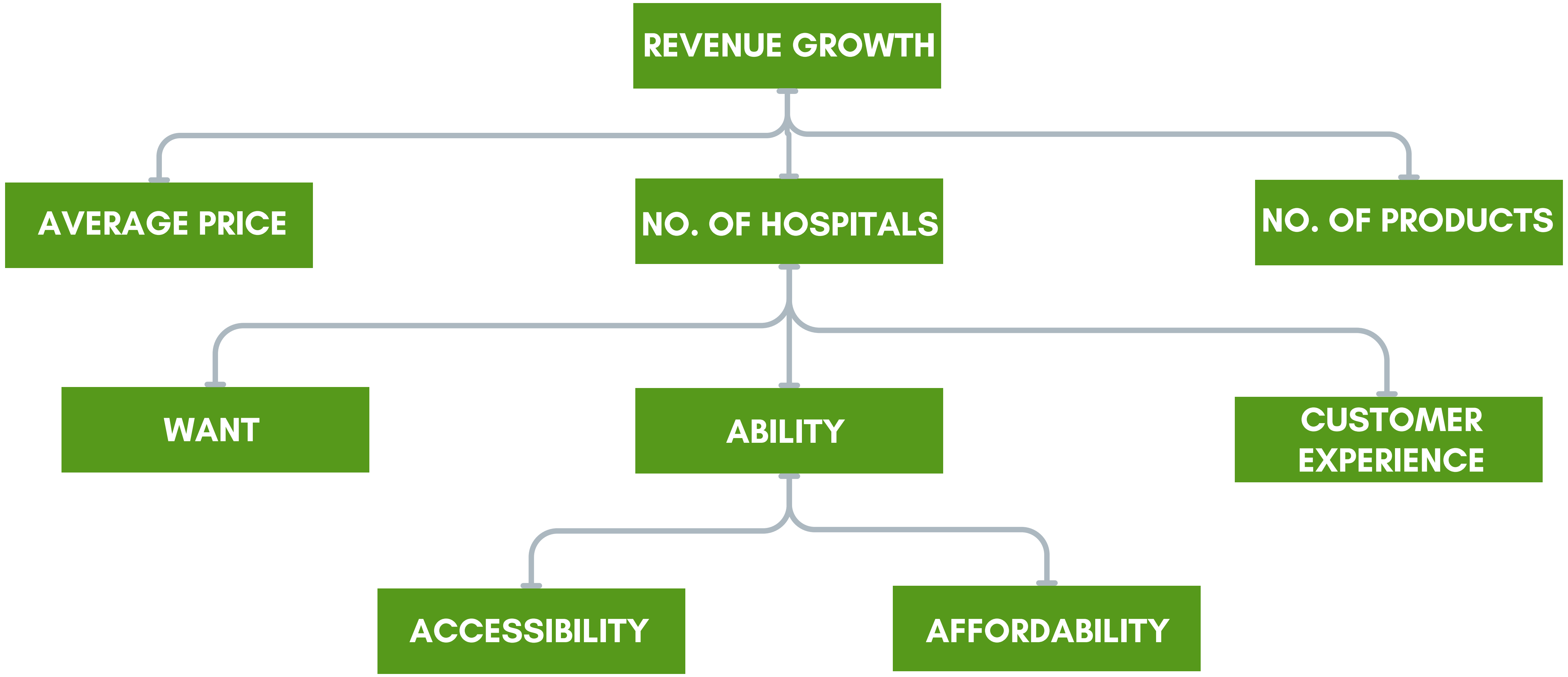
Try to get as many details during the preliminary question as possible. Ask questions and then form your answers according to the facts that you have gathered about the case. Sometimes, the interviewer just wants to test how far the problem can be broken down.

FLATLINING GROWTH

PROBLEM STATEMENT: **The client is an MNC which manufactures medical devices. The market is growing but the growth is flat. What would you suggest?**

CASE FACTS

- MNC of medical devices is facing a flat growth.
- It has a 25% market share and has been in the market for 20-25 years.
- Objective is to find out the reason and suggest solutions.



PROBLEM STATEMENT: Let's assume your client is Zepto or Blinkit, the companies are experiencing tremendous growth. They've expanded their product portfolio, are catering to more regions, and are scaling rapidly. Now, they approach you to chart out their growth strategy for them, how do you approach the same?

I'd start by categorizing their growth strategy into organic and inorganic strategies.

On the organic side, we can further divide it into the strategies used to increase the number of customers and strategies for boosting transactions per customer. To increase customer numbers, I'd suggest expanding the product portfolio further to cater to broader needs by having more products under your basket. They could also diversify by entering tier-2 and tier-3 cities, where the demand for such services is growing but still relatively untapped.

Additionally, they could refine their marketing strategies to target specific untapped customer segments.

And what would you suggest for increasing transactions per customer?

The company can't directly increase the price or the average value of an order to increase growth- especially when it comes to day-to-day items. So their focus can instead be on boosting the number of transactions through customer retention and frequency of orders. Offering loyalty programs, cashback, and discounts can help increase the return rate of customers and encourage customers to order more frequently.

Okay, continue.

Under inorganic growth strategies, I suggest that they could explore mergers, acquisitions, or joint ventures with complementary businesses to broaden their offerings or improve operational efficiencies.

This is all good but I'm not looking for this. These ideas are already being implemented on some level in these companies. Of course, they can expand more but what I want from you is - What is the next big step they can take? Something that is transformative?

For a transformative move, I think they should leverage their core strength, which is logistics. Talking about any quick-commerce platform, their USP is delivery and since they've clearly mastered the art of quick delivery within 10-15 minutes, this expertise can be offered to not only customers but also businesses which could help the company shift from a B2C to a B2B model. Businesses also face logistical challenges and need quick deliveries, whether it's inventory, spare parts, or urgent supplies. So by creating a robust B2B delivery model, Zepto or Blinkit could become indispensable to these businesses in question.

That's an interesting suggestion. Do you have any other ideas?

Yes. As of now, their focus is on delivering products to customers, right? But what if they start delivering services? Think of something like Urbanclap, but with much faster turnaround times. For example, if a customer needs a plumber, electrician, or house help, they typically have to book days in advance. Zepto or Blinkit could use their resources to provide these services to customers within 30 minutes to an hour.

Fair enough. Is there any particular reason behind this idea too?

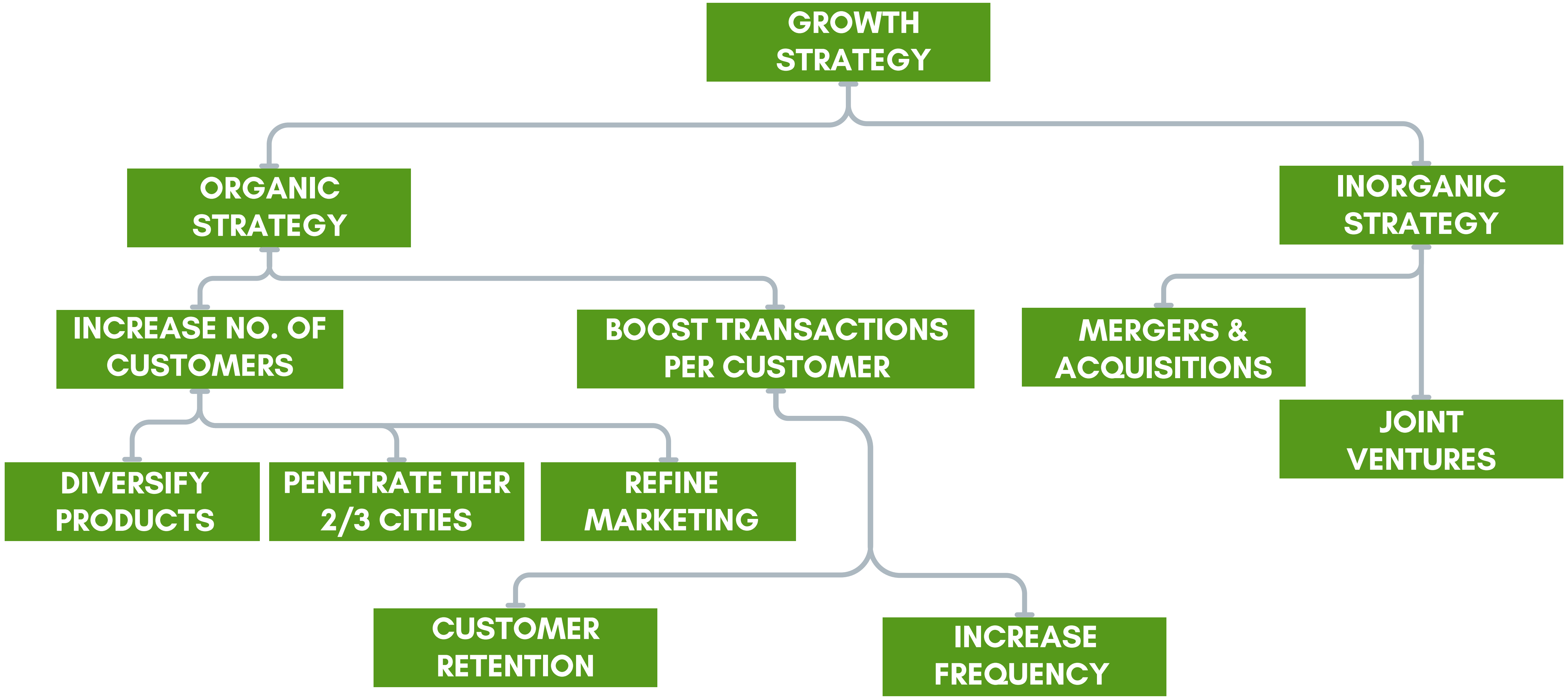
Yes, I believe that India has such an abundant labour supply, that with the right resources and technology, Zepto or Blinkit could build a system to match service providers with customers in real time. They already have a strong logistical backbone and a vast network, so extending this to services could open up a completely new market for them. Plus in today's busy lifestyle, time is the biggest concern after all.

Okay, I think we can end the case here.

PROBLEM STATEMENT: Let's assume your client is Zepto or Blinkit, the companies are experiencing tremendous growth. They've expanded their product portfolio, are catering to more regions, and are scaling rapidly. Now, they approach you to chart out their growth strategy for them, how do you approach the same?

CASE FACTS

- Offering loyalty programs, cashback, and discounts can be used to increase the return rate of customers and encourage customers to order more frequently.
- A transformative change could be shifting from a B2C model to B2B model and extending such quick delivery services to businesses for logistics including inventory, spare parts or urgent supplies.
- Another unique idea could be delivering not just goods but services to customers in faster turnaround times.



PROBLEM STATEMENT: Coca Cola Industries ventured into the dairy segment in India five years back, with the aim of dominating the Indian dairy market. They are currently at the fifth position in terms of market share. Make a growth strategy to substantially increase their market share in the next two years.

Before I start with my approach, I have a few preliminary questions.

Sure, go ahead.

Where in India are they tapped in?

They are existent pan-India, except the eastern part.

Got it. How effective has the company been till now? Have they been making profits in the last five years or not?

They have been making decent profits, but not enough to keep them in the top few market players.

Understood. What all segments is the company in apart from the dairy segment?

You can assume it to be the actual Coca-Cola company selling cold drinks. Just that they have an additional dairy segment as well.

Alright. Also, what exactly are the products that the company is selling in the dairy segment?

They are selling flavoured milk. This is the only product they have in India.

And what flavours do they have? What is the quantity and price point at which they are selling?

They have only one flavour - you can assume it to be any random flavour. The quantity and price is the same as what Amul offers.

Alright. To begin with the approach, we can divide the growth strategy into organic and inorganic. Under organic, we could look at expanding the revenue from our main operations, i.e., sales of dairy products. Under inorganic, we could look at M&As, joint ventures and partnerships.

Fair enough. Could you elaborate on both these approaches in the context of our client?

Sure. So, under inorganic, we could try tapping small companies that exist in the dairy segment in India. We can collaborate or acquire them to gain their cultural benefits and market share that they possess. As for organic, we could bifurcate it into two lenses – Product Lens and Customer Lens. Is this bifurcation fine?

Yeah, it's fine. You may explain both of these further.

Thanks. Under product lens, there are basically three things that we could do – bring minor changes to the product, bring variations to the product or bring a whole new variety of the product. For minor changes, we could focus on improving the labeling to make it more appealing and analyzing our target market. Additionally, we could enhance quality by examining potential issues in raw materials, operations, or other areas.
For variations in the product, we can divide the variety of products that we have: on the basis of quantity – different sizes of bottles, tetra packs etc; or on the basis of flavours – badam, kesar, chocolate etc.
For rolling out a different variety itself, we could expand into categories like yoghurts, cheese and other dairy products to complement our existing products.

That seems comprehensive. Is there any additional thing that you want to add?

In the complementary product segment, we can also try featuring products which are not of the same industry. For example, let's say if a person is buying a 500ml bottle of milk, he could get a butter free.

Alright. You may move on to the customer lens now.

Okay. Here we can do two things - either make more money from the existing customers or bring in more customers. To make more revenue from existing customers, we could use non-linear pricing strategies. We could irrationally charge higher prices for smaller quantities, like a 200 ml coke comes for Rs 20, but if we increase the price to Rs 40, we don't get 400ml but instead some 600-700 ml. We could also combine cross-selling and bundling of items to enhance revenue. As for bringing more customers, we could expand our marketing efforts, offer more promotions and discounts and enhance the customer experience.

Good approach. Before we conclude the interview, I have two more questions for you. One, how will you check that we've correctly priced the product or not? And second, what factors will you consider when you're entering a new market with this product, let's say the eastern market, which we haven't entered till now?

Alright. First of all, to check whether we've correctly priced our products or not, we can use either of the three pricing approaches depending on the situation - cost based, under which we establish a threshold minimum price based on our fixed and variable costs; value based, where we determine the maximum amount that our customers would be willing to pay based on the satisfaction they derive from the product; and thirdly, competitor based, where we look at the price charged by our competitors for the similar product to ensure that we are competitive in the market.

Before entering the untapped Eastern markets, we should consider factors like the price sensitivity of the target segment, the friction involved in getting consumers to switch products, and any potential cultural barriers, such as preferences like using only cow's milk. Additionally, we need to analyze the dairy sector's supply chain and operations in that region.

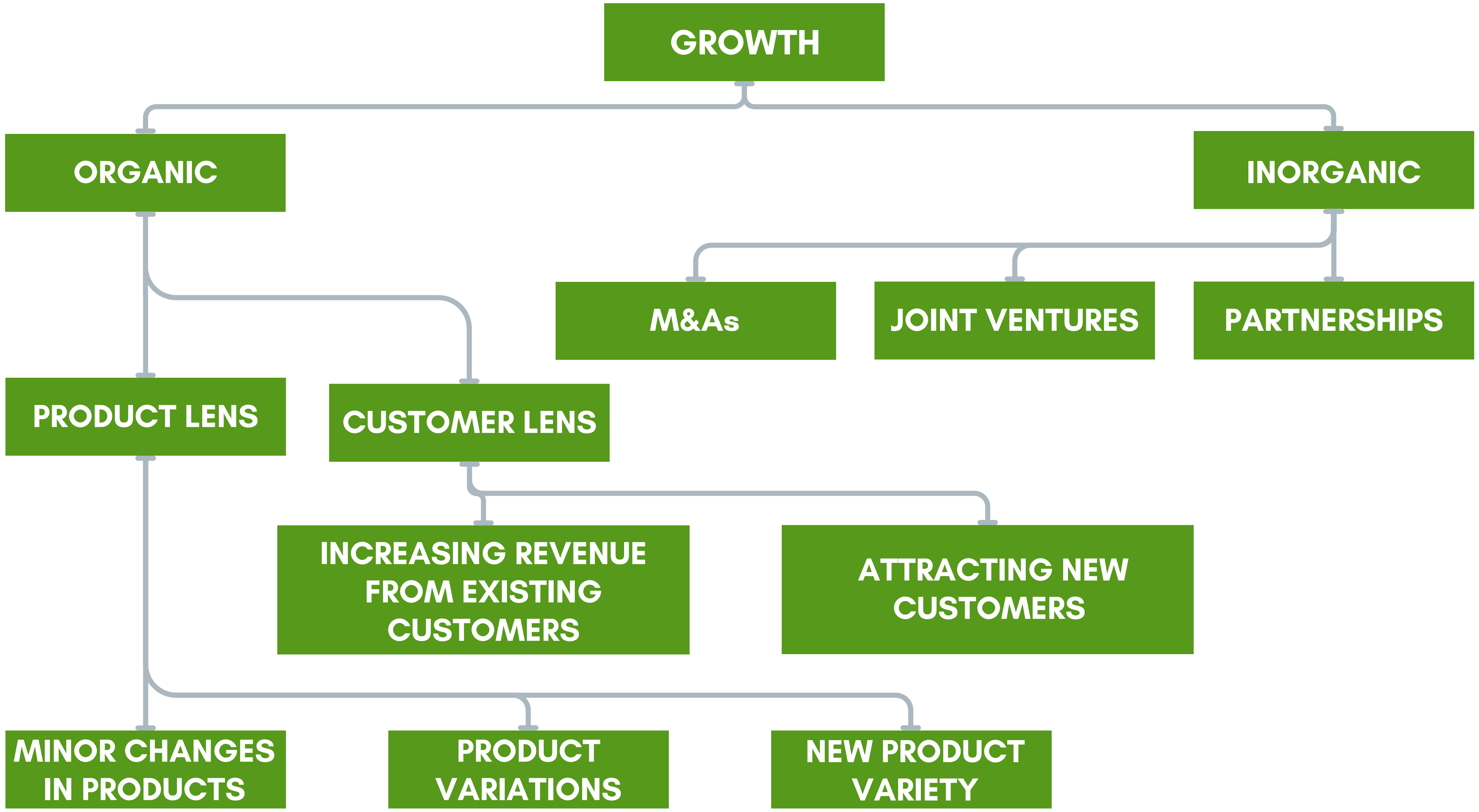
Good job! We can end the case now.

CHURNING GROWTH

PROBLEM STATEMENT: **Coca Cola Industries ventured into the dairy segment in India five years back, with the aim of dominating the Indian dairy market. They are currently at the fifth position in terms of market share. Make a growth strategy to substantially increase their market share in the next two years.**

CASE FACTS

- The company operates pan-India, except in the eastern region.
- The company has been making decent profits over the last five years but not enough to keep them in the top few market players.
- Apart from selling cold drinks, the company has an additional dairy segment in India, offering flavored milk as its sole product.
- The flavored milk is available in one random flavor, sold in the same quantity and price point as Amul's flavored milk.



AGENT OPTIMISATION

Growth | ■■■□□ | McKinsey & Company

PROBLEM STATEMENT: **Our client is India's largest health insurance provider, relying on 7 lakh agents to sell indemnity health insurance, aims to increase new business premium revenue from ₹200 crores to ₹300 crores. However, the declining number of agents has hindered sales and revenue targets. You have been approached to find out the challenges and suggest recommendations.**

Can you tell me more about the competitive landscape? How has it been for competitors? Have they also been facing declining sales?

We are the largest player in the market. Our competition is not facing any such decline, rather few of them have seen increasing sales.

Alright.

Revenue from sales by agents = Number of Agents * Premium Per Agent

As per my understanding, declining sales in the case of our client are due to the reduction in the number of agents, as agencies are the prime channel of sales and marketing. I would like to explore the various factors that are leading to a decline in the number of agents and the premium per agent.

That sounds good to me.

In order to understand the declining number of agents, I would like to look at 3 broad reasons: a lack of either Ability, Motivation, or Opportunity.

Ability: The agents might have a lower skill level or may lack proper training restricting their performance.

Motivation: Agents might be demotivated which would be slowing them down including lower incentive structure, poor performance metrics & evaluation and lack of clarity of goals.

Opportunity: The agents might not be able to achieve optimal efficiency due to external constraints such as redundant formalities or processes.

Should I proceed with evaluating each, or is there any specific factor you would want me to look at?

AGENT OPTIMISATION

That's a great approach! We have observed that ability and opportunity are not a problem. However, our long-term agents have left us for competitors who offer higher incentives. So, how do you suggest we overcome this?

My recommendation would be:
For long-term agents: We can benchmark our existing incentive program with that of our competitors to identify the key deviations and work on improving them. We can also have a loyalty commission for our long-term agents based on their tenure and performance in order to retain them.
For new hires: Replacing older agents with new hires would incur additional hiring and training costs for the client. I would recommend digitising our training program through an online portal with pre-recorded videos, quizzes, or gamified assessments.

Great, I think we can end the case here.

HERE IS A TIP!

Use a structured problem-solving approach while staying flexible to new insights. Prioritize identifying the root cause like agent attrition in this case and ensure your recommendations are actionable, impact-driven, and aligned with the business goals.

AGENT OPTIMISATION

Growth | ■■■□□ | McKinsey & Company

PROBLEM STATEMENT: Our client is India's largest health insurance provider, relying on 7 lakh agents to sell indemnity health insurance, aims to increase new business premium revenue from ₹200 crores to ₹300 crores. However, the declining number of agents has hindered sales and revenue targets. You have been approached to find out the challenges and suggest recommendations.

CASE FACTS

- Only our company is facing the decline.
- Revenue from sales by agents = Number of Agents* Premium Per Agent
- Incentives are a part of motivation to the agents.

CAUSES OF DECLINE

- ABILITY
- MOTIVATION
- OPPORTUNITY

RECOMMENDATIONS

- LONG TERM AGENTS
  - LOYALTY COMMISSION
  - BENCHMARK OUR EXISTING INCENTIVE PROGRAM
- NEW HIRES
  - DIGITISING OUR TRAINING PROGRAM

PROBLEM STATEMENT: Hershey's, an international chocolate manufacturer, wants to grow in the Indian Market, as currently they have a low market share. Currently, they are ranked 7th in India, but want to enter the top 5. Since India has a huge proportion of young population and people have witnessed high income growth, they want to increase their market share in India.

May I ask some clarifying questions?

Sure, go ahead.

What is the product mix of Hershey's? What is the contribution of the different product types to the overall revenue?

Hershey's product mix comprises 2 types of chocolates- B2C and B2B, which includes institutional sales, wafers, cookies and other sweet snacks. The B2C chocolates have contributed 65% to the revenue, within which chocolates were 80%, and sweet snacks were 20%. The B2B chocolates have contributed 35%, within which chocolates were 100%.

What is the industry growth rate? What is the competitive landscape and industry like?

The industry growth rate is 20% per annum. The industry is fragmented, and people are consuming niche flavours of chocolates like hazelnut. Currently, the rankings of the players are Cadbury, Nestle, Amul and Ferrero Rocher.

What is the reason for consumption of niche flavours by consumers? Also, does Ferrero Rocher being in the top 4 signal a movement of the industry towards premiumization in the country?

The urban population is increasing global travel. When they go abroad, they taste different flavours of chocolates, and they expect Indian brands to serve them the same. The urban areas are consuming more chocolates and are moving towards premiumization. Ferrero Rocher has been a good influence.

What is the value chain of Hershey's like?

Hershey's has a well-established manufacturing facility in India.

Are they only manufacturing within India, or importing as well?

Some of the chocolate SKUs are manufactured in India, whereas certain are imported from Europe. The volume of chocolates sold from Europe is decreasing, particularly in urban areas.

Alright, thank you. I would divide growth in two parts, organic growth and inorganic growth.

We can focus on organic growth.

Organic growth can be affected by two reasons, the number of customers and the revenue per customer.

We want to focus on the number of customers.

The number of customers include both existing customers and new customers.

Elaborate on each of these.

Existing customers cover supply, that is the manufacturing and importing of chocolates, distribution, will include the target cities, such as urban areas and demand.

New customers would include expanding into new segments, like premiumization, since the industry is moving forward and you could target high-income segments, look at age wise segmentation or taste-wise segmentation. Further, it can include tapping into new geographies, or finally look into entirely new revenue fields.

The supply chain is irrelevant while the segmentations can become relevant later. Within distribution, just look at the target cities, however, it isn't the main focus. Elaborate on demand.

We can approach demand by two frameworks, either the Five Senses Framework, or the Basic Need Awareness Framework.

Use the Basic Need Awareness Framework.

So, I would divide demand in five parts. The first is need, within which I want to focus on consumer preferences and competition. The second is awareness. I want to look at marketing and negative publicity. The third is affordability, which will include the price of the chocolates and premiumization. The third is accessibility. And the last one was consumer experience, which can include evaluation on three metrics, the taste, smell and touch of the chocolate.

You can rule out accessibility, because channels of distribution aren't relevant to the case. Can you provide some strategies for the remaining parameters?

Sure. I would divide consumers in two parts on the basis of age, that is 0-25 age group and 25 plus. For the 0-25 age group, I have two strategies. The first is bundle offerings, like partnering with companies who are in a similar space, or looking at the festive season and then bundling. Secondly, we can provide discounts.
For the 25-plus age category, I would suggest four strategies.

The first is partnering with companies selling complementary products like biscuits. The second one focuses on packaging. Since the industry is moving towards premiumization, taking inspiration from a company like Ferrero Rocher, Hershey's should focus more on its packaging, to make consumers feel they are consuming a luxurious product. Thirdly, we should also focus on variety, since a lot of niche types of chocolates are being consumed. We can look at diversifying our product portfolio and involving new flavours like hazelnut.

Alright, do you have any other solutions?

We can run marketing campaigns, incorporating people from both age groups. Marketing campaigns targeting the urban areas would prove fruitful for the company. We can also focus on the retail push, by giving a commission to retail stores to make sure that Hershey's products are placed at the front shelf, to increase visibility and accessibility.

Great! We can end the case here.

HERE IS A TIP!

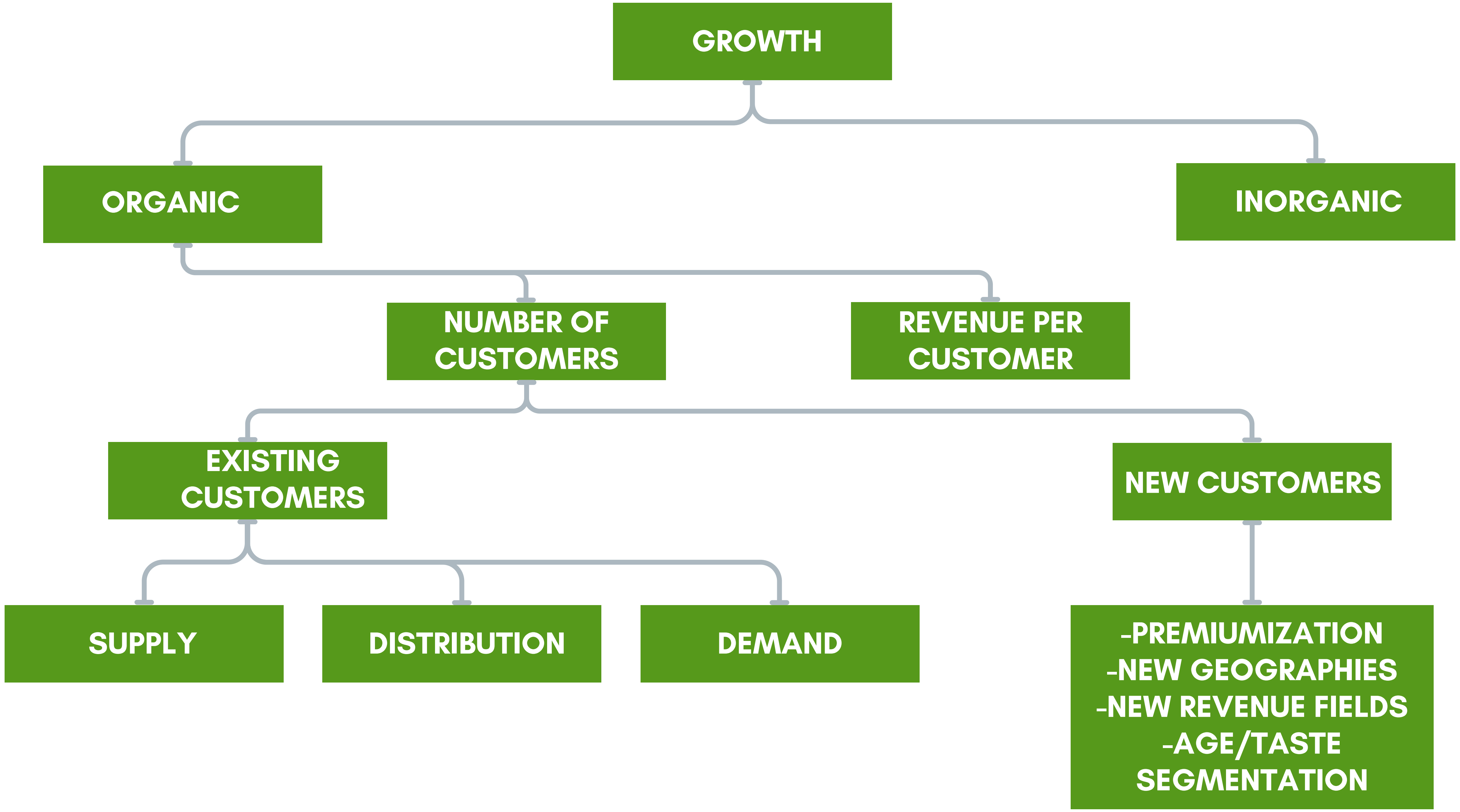
Use of innovative frameworks in the approach adds depth to the case and helps to structure solutions effectively, making the approach comprehensive.

WONKA IN WONDERLAND

PROBLEM STATEMENT: Hershey's, an international chocolate manufacturer, wants to grow in the Indian Market, as currently they have a low market share. Currently, they are ranked 7th in India, but want to enter the top 5. Since India has a huge proportion of young population and people have witnessed high income growth, they want to increase their market share in India.

CASE FACTS

- Hershey's aims to enter the Top 5 chocolate makers in the Indian Market
- Candidate approached the problem by focusing on organic growth through new customers and existing customers.
- Candidate explored consumer demand through the Basic Need Awareness Framework, dividing it in 5 parts.
- The candidate suggested various strategies after dividing consumers on basis of age group, spanning from packaging and branding to marketing campaigns and partnerships.



PROBLEM STATEMENT: Your client is Nike. Recently, there has been a decline in their sales and a lot of competitors entered into the market which were eating into Nike's market share.

I have a few preliminary questions.

Sure, go ahead.

Is this issue only specific to Nike or other firms in the industry are also facing this issue?

How will you check whether this is an industry wise issue or not?

Maybe we could look into the annual reports and financial statements of competitor companies to understand whether they've been facing a similar decline in sales or profits or not.

That's right. You may proceed with your approach further.

We would start with the basic formula which is the number of customers multiplied with the number of products they are buying multiplied with the average value per product. There could either be a decline in the number of customers who are buying our products, or they might have reduced consumption, i.e. basically they are buying less than what they were earlier, or it might be a situation that the company might have had reduced the prices of products which would have reduced the revenue.

There is a decline in the number of customers in this case.

Alright. So, this could either be a demand side issue or a supply side issue. There might be a fall in demand of the products due to n number of reasons, or else there might be a shortage of supply from the company's end due to which they are unable to meet the demand.

It is a demand side issue over here.

Alright, thanks a lot. So we could further split up this issue into the 4 Ps of Marketing, i.e. Product, Place, Price and Promotion, to analyse if there is any change in any of these.

Under Product, Nike might have introduced some new product lines or removed some existing ones in recent years, i.e. made any modifications to its product mix. Or else the company might have revised the prices. Place is the physical distribution aspect of it. Maybe there is a change in the commission policy with the third-party distributors or a change in the number of retail stores through which the company is selling, or some other revision in the suppliers or distributors aspect of it. And fourthly, for Promotion, we need to analyse whether the company is able to market itself well in the eyes of customers.

You may dive further in the Promotions aspect of it.

Alright. So Nike could potentially be into the following marketing activities - sponsorships, advertisements, social media campaigns, celebrity endorsements etc. They could partner up with other leading health and fitness companies to leverage their customer base. These are a few marketing strategies that come to my mind at this instance which they might be adopting currently, so there might be an issue with either of these.

That seems fair. What kind of celebrity endorsements do you think Nike would indulge into?

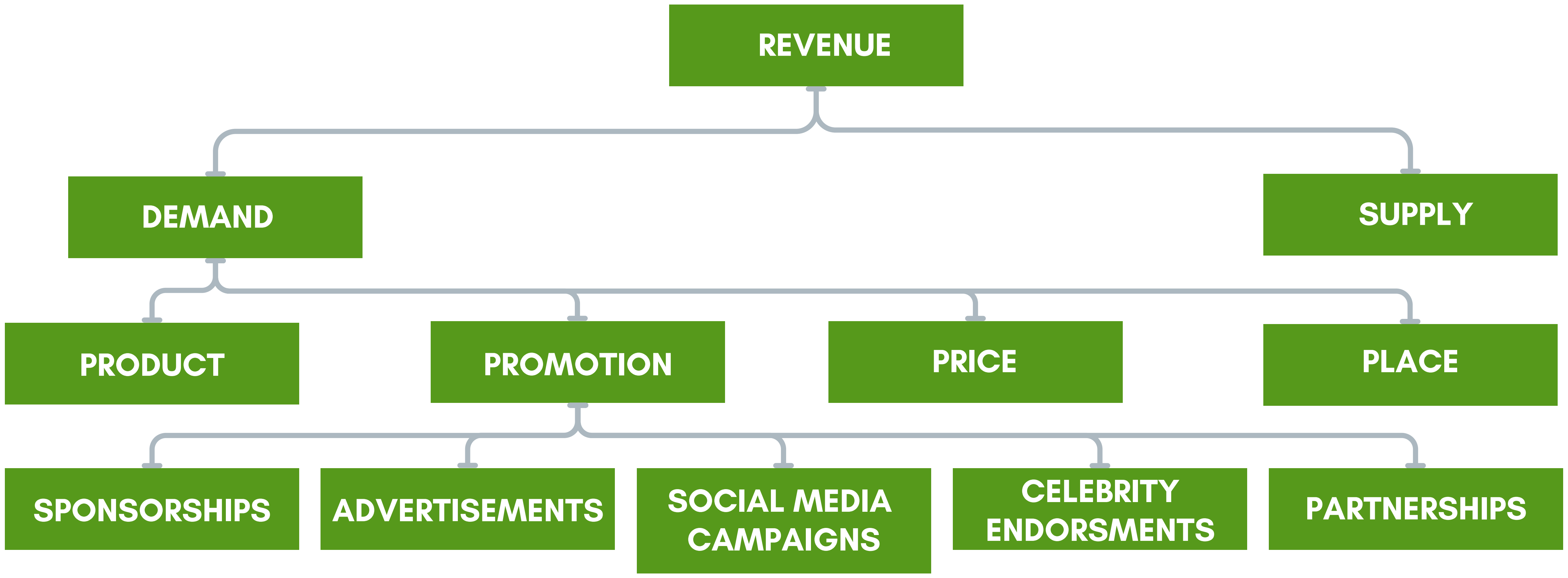
I feel that Nike should onboard athletes and fitness experts to portray an image of a sporty and athletic brand.

Exactly. This is what the issue in this case was. The athletes who were endorsing Nike's products currently, were depicting Nike as a casual and lifestyle brand rather than an athletic sporty one, which shook Nike's core image and led to losing customers.
Good job on the case. We can end this case now.

PROBLEM STATEMENT: **Your client is Nike. Recently, there has been a decline in their sales and a lot of competitors entered into the market which were eating into Nike's market share.**

CASE FACTS

- Nike has been facing decline in sales and market share due to entry of new competitors.
- The issue is specific only to Nike and no other firms in the industry are facing the same.
- There is a decline in the number of customers, leading to an eventual decline in sales.



SIRI-OUS ABOUT DELHI?

Growth | ■■■□□ | Kepler Cannon

180Degrees CONSULTING SRCC

PROBLEM STATEMENT: You are the head of sales for Apple in Delhi. How would you increase your revenue?

My approach would be to break it down into 2 aspects- products and services.

Okay, go on.

Products can be broken down into iphones, MacBook, airpods and apple watches. Services include Apple One, Apple music, etc.

You can give me a combined solution that has initiatives for both the aspects.

For this, I have taken the different concepts of demand, i.e, affordability, accessibility, experience and perception. Do you want me expand on any of these?

Yes, provide a brief description of each of them.

Alright, so starting with affordability, price changing is not an option because if we lower the price of a product, that would move away from Apple's brand perception and image. We can push SE models; we can focus on selling cheaper models through advertisements and product placements at the store to push them because Apple as a whole focuses on pushing the top-end models more. Since public advertising cannot be changed, what we can do is change the functioning of the store. Looking at the services segment, we can look at offerings for subscriptions and OTT platforms because right now, the reason people don't purchase Apple TV is that the content doesn't really cater to the Indian market. What they can look at is acquiring the rights of a daily soap, which a lot of people are already tuned into.

Okay, that's fine for affordability. What about accessibility?

Yes so for accessibility, the focus could be on cross-platform functionality for service products. Most people using Apple services are the ones who own Apple devices too because they are not compatible with Android devices, so this aspect can be improved. Secondly, we could push for more Apple stores because Apple stores are more of an experience. If people are visiting a mall, they would want to visit the Apple store, not necessarily because they have to purchase something but because it's an Apple store. So, more Apple stores around posh areas could be looked into.

Alright, move on to experience.

Okay, so experience consists of the long-term association of the company with the customers through customer services and repairs. Though Apple has a very fixed policy of Apple Care but it also uses third party distributors to distribute the products. We can associate our company with these distributors and ask them for a higher commission, provide free services or repairs for a certain period of time. This would ensure that the customers keep coming back to us and people who do not want to purchase Apple Care, are still inclined to purchase Apple products because our distributors are treating them well.

Alright. What's your take on perception?

Yes, people have a perception about Apple that only the very rich people would buy their products which needs to be broken. We could benchmark it with Android, look at the current scalability of marketing campaigns that Android companies, say Samsung has and see how we can tap into that niche. But Apple as a brand won't publicly target that segment so perception changing might require third party efforts through distribution.

Coming back to lowering the price, let's just assume that the top end for iPhone 16 is priced at Rs. 200000. Now we have the option to reduce the price to Rs.150000. Would you go for it?

Apple looks for value based affordability; Apple believes that their pricing models justify the value and the quality that they are bringing to the table. I think ideally, that is what we should also push.

Let's look at the reasons for why we should and why we should not lower the price.

The pros side of this would be that we'll target the middle-class segment which would bring in more customers but I personally believe this would change Apple's brand image. Apple doesn't want to move towards a Samsung image which caters to every segment. Also, Samsung's premium segment doesn't sell that much because it is not a premium brand.

Okay, go ahead.

Secondly, it's about the ecosystem. If we are pricing an iPhone at a lower price, people who are purchasing an iPhone are less inclined to purchase a MacBook or Airpods because when you are purchasing something for Rs.200000, you are more inclined to spend Rs.15000 more for Airpods. So lower the price, the lower the inclination to spend more which would affect the repeat customer aspect, something Apple plays at. Apple wants to bring people into their ecosystem and make sure they purchase all their products from Apple.

Makes sense.

So I believe that if something needs to be made cheaper, it should be the bundling of the services and not the phone itself. So, the iPhone would still be priced at Rs.200000 but we could, for instance, give customers the option to purchase Airpods at a discount of 15% within a time period of next year or so. This would showcase the confidence of Apple in its products and also, give the customers time to think, so they do not feel put on the spot. Also, instead of trials, we could give customers a bundle of services to try with our products.

We can end the case here.

HERE IS A TIP!

It isn't always necessary to follow fixed frameworks. You can mend the solutions according to the requirements of the case.

SIRI-OUS ABOUT DELHI?

Growth | Kepler Cannon

180Degrees CONSULTING SRCC

PROBLEM STATEMENT: You are the head of sales for Apple in Delhi. How would you increase your revenue?

CASE FACTS

- Head of sales in Delhi
- Objective is to increase the revenue.
- Focus on products and services.

GROWTH

- AFFORDABILITY
  - PUSHING SE MODELS
  - PRODUCT PLACEMENTS
  - STORE FUNCTIONING
  - DAILY SOAPS
- ACCESSIBILITY
  - MORE STORES
  - CROSS PLATFORM
- EXPERIENCE
  - 3RD PARTY DISTRIBUTORS
  - FREE SERVICES & REPAIRS
- PERCEPTION
  - BENCHMARK
  - MARKETING CAMPAIGNS

PROBLEM STATEMENT: Your client is an automobile manufacturer. They want to increase the revenue that they are earning from the sale of spare parts. Recommend strategies for the same

Thank you for the case ma'am, I would like to ask some clarifying questions before proceeding with the solution.

Sure, go ahead.

What kind of automobiles does our client manufacture?

The They manufacture 4-wheeler passenger vehicles, similar to a company like Maruti with pan-India operations, the same duration and scale of operations in the industry. There is no problem with the company, it only wants to increase the revenue.

Okay got it, if we have to increase revenue for a company from any particular segment, we can focus on 2 approaches, an inorganic approach, where we are essentially looking at acquisitions and mergers, or an organic approach.

We don't have to focus on inorganic, let's just focus on organic. I need you to give me strategies to focus on how we can increase the frequency of usage of spare parts.

Alright. So since the objective is to increase the revenue from spare parts, I will focus on the number and price of spare parts.

But the Indian market is extremely price sensitive, so don't you think increasing the price would lead to a loss of customer base for the company?

I understand that ma'am, so there are 2 aspects that we will consider here, we will look at the price elasticity of the market and the competitive benchmarking.

Who will be the competitors?

Given my personal experiences in spare parts, the primary competitors for any established company in this field are the local players, and the local mechanics that operate at a lower price point and at a more accessible market. But, price competition with them may not be feasible at all, so we look at how we can differentiate our product from the existing product to drive demand away from competitors to our client.

How will you shift the demand towards your client?

There are 3 ways to do so, namely product differentiation, product innovation, and product promotion. Can I expand on each of these approaches one by one.

Alright. You can start by explaining about product differentiation.

Sure, we can create product differentiation by changing simple things in our product like the type of nuts that are used, the way pipes are arranged, for instance, there are some luxury super brands, which cover the entire engine with some sort of film so if anybody has to open it to access the engine they will need special types of screws. If we do a simple layering on our products, then no local player will be able to open it without actually breaking it.

We can move to product innovation now.

Yes, so in product innovation the focus will be on improved spare parts, let's say there is a component that is related to fuel consumption, if we say that our spare part increases the mileage of vehicles, improves it's efficiency. It is something that a customer would want frequently, the idea is to innovate our products to improve them which will not only drive customers to us when their spare part gets damaged but also when they are already using their vehicles say in cases like 2 years down the line they want to replace their vehicles, want to get improved performance, change the products, so that will bring in additional value.

That sounds good, tell me about the promotion part now.

Alright. Under product promotion we can offer bundling schemes on our existing service plans like for the first 2-3 service cycles customers will have to get their vehicles at the service center but the servicing is free. Those service cycles can be used to promote the spare parts. It should be conveyed to the customers that their vehicle's parts are working well now but eventually, it will get old and worn out. So, since we are getting it serviced, we can bundle it for them now at a cheaper price. Although, this will increase revenue from the sale of spare parts yet it may or may not increase the profits, because profitability will be low.

Good job, we can close the case here.

HERE IS A TIP!

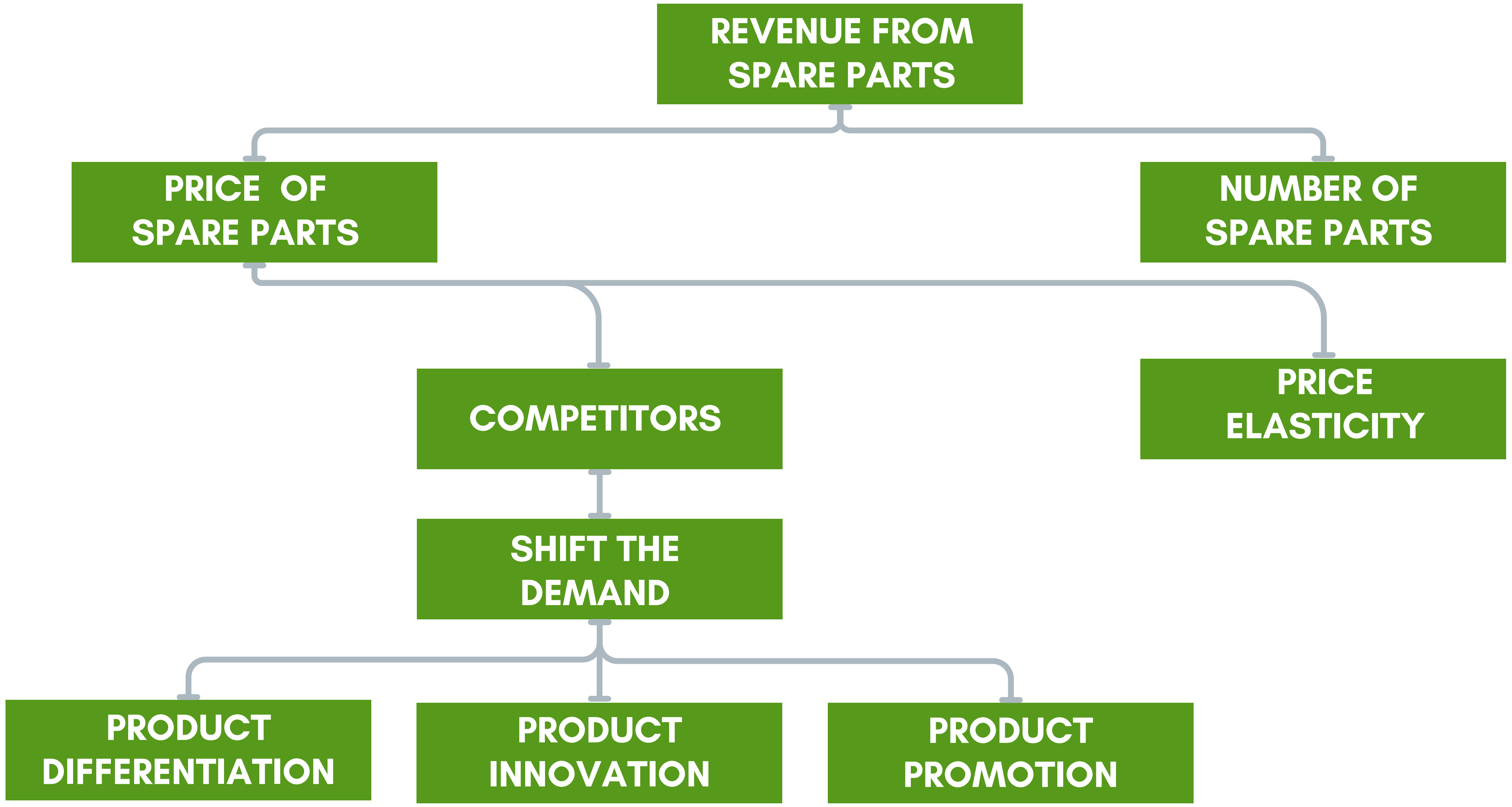
Mentioning sports teams as a potential revenue source is a unique insight that can set you apart and earn you brownie points.

RAGS TO RICHES

PROBLEM STATEMENT: **Your client is an automobile manufacturer. They want to increase the revenue that they are earning from the sale of spare parts. Recommend strategies for the same**

CASE FACTS

- Client, an automobile manufacturer wants to increase revenue from spare parts sale
- Candidate approached the problem through price of spare parts dividing it further into price elasticity and competitive benchmarking
- Interviewer asked to explain how the candidate would shift the demand from the competitors to which candidate explained 3 ways to do so, which are product differentiation, product innovation and product promotion.



PROBLEM STATEMENT: Your client is a healthcare devices manufacturer; they have seen stagnant revenue in the last 2 years, they want you to analyze the reasons for the same and give recommendations.

Thank you for the case, I would like to ask some clarifying questions before proceeding with the solution.

Certainly! Please proceed with your questions.

What kind of health devices does the client deal with?

All kinds of health devices; you can take the example of x-ray machines, test machines, MRIs, etc.

Alright, got it. Is it a client-specific problem, or is it a general problem across the industry?

The industry is growing at a good rate.

Okay, thank you. How has the competitive landscape changed in the last 2 years?

The client has been a dominant player in the entire healthcare devices industry, they hold 20-25% of the market share. It's a fragmented market with multiple players, but our client is one of the bigger players.

Okay, can I take 30 seconds to form an overall strategy?

Sure

We will begin by identifying the problem, we'll go through the entire value chain to see where we have opportunities to improve our services or our operation, and then, using those opportunities, we'll prepare a plan of action. Once we have a plan of action, we can highlight the risk of the sector, and this is how I would want to approach the case.

Sounds good, you may proceed with this approach.

Since the problem is with the revenue growth, we'll be looking at organic and inorganic revenues.

You can focus on the organic revenues.

Okay, I will focus on the organic revenue stream. Now revenue is a function of the number of units multiplied by the price. Could you please tell me whether the demand and pricing have changed or not?

Both have remained the same.

Alright, we can approach this problem by focusing on two components: price and number of units. We can increase the price, but since it's a fragmented market, we may lose the market share. The price elasticity point will be a factor that we need to consider.

Okay, tell me how you will increase the number of units demanded.

If we want to increase the number of units, we can look at it from two approaches: a demand-side approach and a supply-side approach

We make products on demand only, and there are no such supply constraints.

Okay so we need to focus on the demand. Now, to analyze the demand, I would want to understand the product in a better way and how differentiated the product is from the competitors.

The product is good and stands out from the competition. However, no growth has occurred.

Since it's a high-capital industry, there are a lot of processes that are involved in manufacturing the product itself. So, it may be the case that our product preparation time has increased recently. That is what is leading to the slow growth of the company.

Right. The lead time has not changed. So, that's also not an issue that we have to focus on.

Okay, if that is not an issue, then I think we are missing out on something on the distribution aspect. But before that, I would like to summarise the case once.

Sure, go ahead.

Alright, The problem statement is that our client is a healthcare devices manufacturer, they have seen stagnant revenue in the last 2 years and want us to propose recommendations. We have discussed the revenue aspect and have broken it down into price and number of units. Then we identified that there is no problem in the supply side, and we are now focusing on demand. Under demand, we have identified that product is not an issue. The process was also the same. Now, we will look at the distribution aspect.
Let me know if I am correct.

Yes, well summarised. We may discuss the distribution now.

Sure, but before that, can I please know how the distribution takes place for the company?

The company's distribution takes place through its sales representatives.

Thank you, sir. If we are looking at revenue through sales representatives, it can be further broken down into the number of salespersons and the revenue that each person brings in.

Good, you can talk more about this.

Since revenue isn't declining but is merely stagnant, it may be that competitors or the industry overall are increasing their sales representatives while our client hasn't. So it might be the case that our task force is the same and is selling the same amount, which is why revenue is also the same. We haven't changed anything, and hence the growth remained stagnant.

Makes sense, elaborate more on the revenue earned by the representatives.

Alright. So generally targets are set for these employees. Hence, it might be the case that either we are not revising these targets because, let's say, we are happy with what we are getting and therefore not incentivizing them to sell more, or it might be that we have revised the target but they are unable to sell. If I have to put in a framework for more clarity, it will be ability, motivation, and opportunity. The ability of the employees to sell, motivation for them to sell, and opportunity to sell the goods.

Okay, that's it, now give me recommendations.

Can I take 30 seconds to gather my thoughts?

Sure

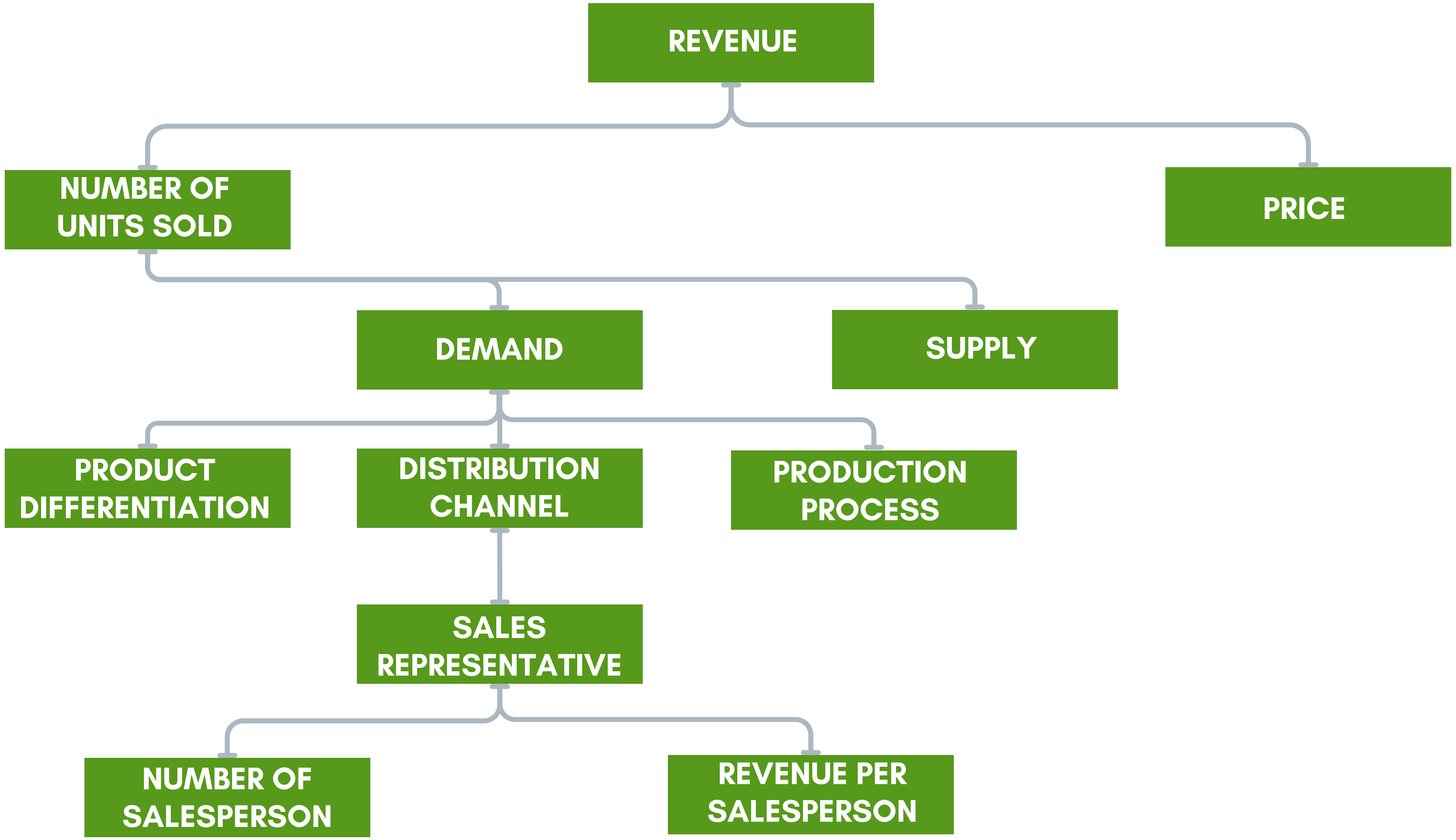
Yes, Firstly, we can focus on increasing the revenue that we are getting from the sales representatives either by increasing the number of sales representatives or by increasing their targets. The second is that we can look at altering our distribution channel. As we have been in the industry for 30 years, the client has contacts in the industry, so instead of using sales representatives for their specific customers, they can focus on direct D2C services. It has dual benefits, one is that it's more efficient to have long-term contracts with the existing customers. Second is that by focusing on sales representatives somewhere else. We can have D2C, which is more efficient, faster, and easier to track.

Okay, good. We can end with this.

PROBLEM STATEMENT: Your client is a healthcare devices manufacturer; they have seen stagnant revenue in the last 2 years, they want you to analyze the reasons for the same and give recommendations.

CASE FACTS

- Client, a healthcare devices manufacturer has seen stagnant revenue in the last 2 years, wants recommendations
- Candidate approached the problem through number of units sold by focusing on the demand side. Under this, distribution aspect was analysed through sales representatives model
- For recommendations, number of representatives or the targets can be increased. Client can also look at altering distribution channel through D2C services.



PROBLEM STATEMENT: The client is a laminate manufacturer, and they want to accelerate their sales by 20% in one year.

Okay. Could I ask some clarifying questions?

Sure, go ahead.

What does the client mean by sales acceleration? Is it in terms of profit, revenue or units sold?

The term is being used to describe the increase in the number of units sold.

Okay. Is the client willing to look at short-term losses in terms of discounts, offers, and other benefits?

Since the sales have to be accelerated within one year, they are willing to do so.

Alright. Where is the client operating?

The client is operating PAN India.

Okay, and what is the structure of the organization?

Could you elaborate on that question?

Yes, of course. Is the client manufacturing and selling directly or do they not sell directly at all?

They are manufacturers, and they sell it to the distributors. The distributors then further sell it to the retailers.

Okay. How intense is the company's competition?

The client is amongst the top 3 players in the country. They also control about 20% of the market share.

Right, and what is the objective of the sales acceleration in the long term?

Well, it is aimed at increasing profits in the long run.

Okay. Could you please tell me what all the laminate is used for? Is it just wood or does it have other use cases as well?

The current focus for this sales plan is only the wooden furniture application of the laminate.

Alright. Where is this laminate being used predominantly? The residential sector, the corporate sector, or the construction sector?

The application of our laminate is mainly residential, taking up 80% of the share, and the rest is corporate, taking up 20% of our share.

Okay, and who exactly are the target consumers of this product?

The target audience for this product is not people like you and I, rather it's the carpenters, builders, and interior designers.

Okay. So, I believe that the sales can be accelerated using 2 strategies. First being the organic way and the second being the inorganic way.

Could you explain both strategies?

Yes, of course. Organically, the company can cross-sell products, bundling, and sales promotions. For the inorganic way, we can look into joint ventures, acquiring companies, expanding geographically, or maybe even expanding horizontally.

Yes, they both seem like great strategies. However, the CFO of the company wants to advertise via TV commercials and has put Rs.2 Crores into this marketing strategy and wants your opinion on the same. How would you respond to the same?

I would suggest not going ahead with this strategy as it does not seem like a very good prospect.

Could you give me the reasoning behind the same?

Yes. There are many reasons for the same. Firstly, the target audience is not people like you and I and since TV commercials are meant for the masses and consumer products, it does not cater to the right audience. Also, people don't watch advertisements on TV due to their long duration.

Secondly, even if there is a target audience that watches these ads, we are not catering to them, because we are selling our product in bulk to distributors. If we do a cost-benefit analysis and forecast the sales projections over the coming quarters, the return would not be as great as the money spent.

On the other hand, taking the example of Ambuja Cement, they partake in a lot of TV advertisements. This is because of the emotional sentiment that they can arouse via their ads and this has been going on for years. Even cement is a product that people like you and I will not buy, but maybe if I am getting my house made, I would tell my interior designer to use Ambuja Cement because I have a good opinion of it.

So this might help the company create a domino effect.
However, given the constraint of 20% sales acceleration in one year, we should not go ahead with this idea, because it is only feasible in the long run.

Alright. If the company does decide to abandon this idea, what alternatives would you provide to them to increase sales, focusing solely on marketing?

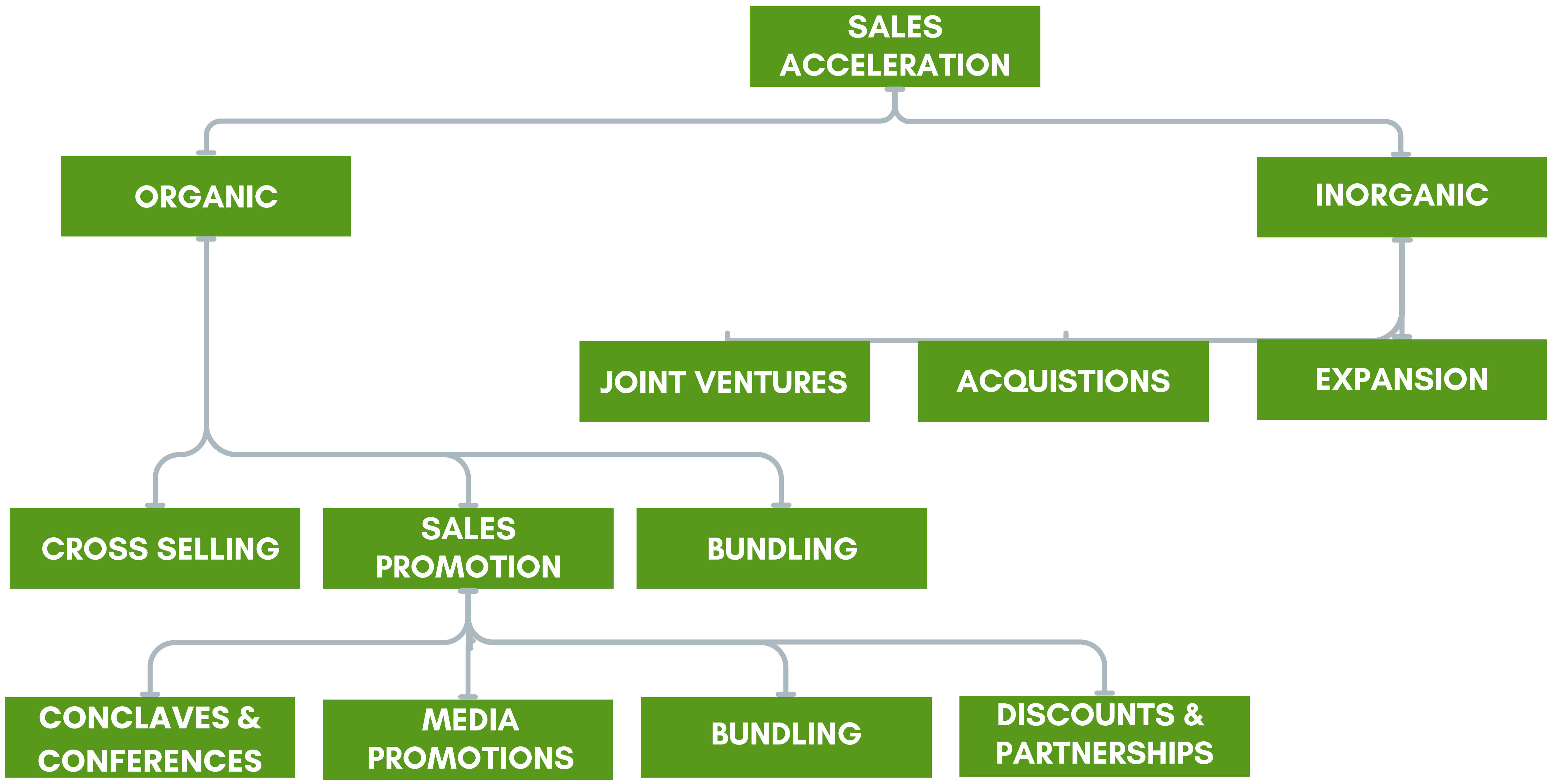
I would begin by dividing the strategy into 2 parts, namely price promotions and media promotions. For price promotions, we will be focusing on discounts, bundling, bulk orders, tying up with agencies and builders, and for media promotions, we will be targeting and selectively focusing on conclaves and conferences where big builders and big players from the industry gather to make deals. This is where a great portion of the 2 crores can be spent to try and get more deals for better sales acceleration. Also, since we have a lesser proportion of our sales in the corporate sector, that is something we can improve upon. We can do targeted marketing here and try to get more deals in this sector.

Great, your approaches have been comprehensive and very logical, and those are the answers we were looking for.

PROBLEM STATEMENT: **The client is a laminate manufacturer, and they want to accelerate their sales by 20% in one year.**

CASE FACTS

- The term "sales acceleration" is being used to describe the increase in the number of units sold.
- The client willing to look at short-term losses in terms of discounts, offers, and other benefits.
- The client is operating PAN India.
- The company is a manufacturer, and they sell it to the distributors.
- The client is amongst the top 3 players in the country. They also control about 20% of the market share.
- The CFO of the company wants to advertise via TV commercials and has put Rs.2 Crores into this marketing strategy.



PROBLEM STATEMENT: Your Client is Good BnB. It provides cheaper options for finding good locations for stay and is based in Indonesia. The company aims at improving its growth. Provide Recommendations.

Sure, before I begin with my solution I had a few preliminary questions.

Sure, go ahead.

Is the company similar in operations to AirBnB?

Yes.

What do we mean by growth in this case?

Growth here refers to increasing profitability.

What are the revenue streams for the client?

Sure, go ahead.

What are the revenue streams for the client?

Commission charged on bookings.

Is the client operating only in Indonesia?

Yes.

Are we planning to increase the profitability through expansion into a new business line, new location or we have to focus on existing business, channels of operations and markets only?

We are not looking forward to expanding into any new market or business and have to focus on the current business of the client only.

Alright. I would like to begin with the case now.

Go ahead.

So profits are a function of revenue and cost. Is there any particular aspect I need to focus on?

You can look at the revenue aspect.

Sure. For our client, revenue would be = number of bookings*commission charged per booking. So we can increase the revenue by increasing either of the two or by focusing on any one of them.

You can focus on increasing the demand first.

Alright. Demand can be increased by focusing on these aspects: Need, Awareness, Affordability, Availability and Experience.

- We can assess the need, check if we are providing a one stop solution platform for the needs of customers and provide such features on our platform as are provided by our close competitors.
- For Awareness we should see if the customers are even aware of our platform, do they know about our policies, features prices etc. Then we must undertake targeted marketing practices accordingly.
- Affordability can be looked at by seeing the prices charged by our competitors for similar services, rolling out feedback forms and taking surveys for drafting our own pricing strategies so that we can capture a good number of people. Availability will involve making different types of services available to diverse audience.
- Lastly under experience we should improve the overall user experience (UI/UX) on the platform/website/app and also add different features like - chatbot, trip planner etc to enhance the overall efficiency and brand image for the client so that we get repeat customers.

This seems good. You can focus on the commissions part now. The clientele that the company has is price sensitive, we cannot directly increase commission percentage to increase revenues, is there anything we can do about that?

Sure, We can implement a system of "differential pricing/commissions" that is more commission percentage on bookings exceeding a certain amount and less percentage on standard bookings.

Fair enough. Suppose the client charges 4% per booking revenue, Rent per day is Rs 500 and the booking is made for 2 days. Currently there are 1000 bookings, There is a profit margin of 20%. With every 1% increase in commission, the number of bookings drop by 100. How will you approach this?

So in the current situation the net profit of the client will be – 1000 X 4% X 1000 X 20% = 8000
At 5% commission, bookings will be 900. Thus the net profit of the client is 500 X 2 X 900 X 5% X 20% = 9000
Similarly, at 6% commission, net profit = 500 X 2 X 6% X 800 X 20% = 9600
At 7% commission, net profit = 500 X 2 X 7% X 20% X 700 = 9800
At 8% commission, net profit = 500 X 2 X 8% X 600 X 20% = 9600
At this point, that is 8% commission, the net profit is declining which indicates that we must not increase the commission to this point due to diminishing marginal rate of utility , that is increasing the commission beyond a fixed point leads to loss of profit. Thus, the commission must be fixed between 7-8%.

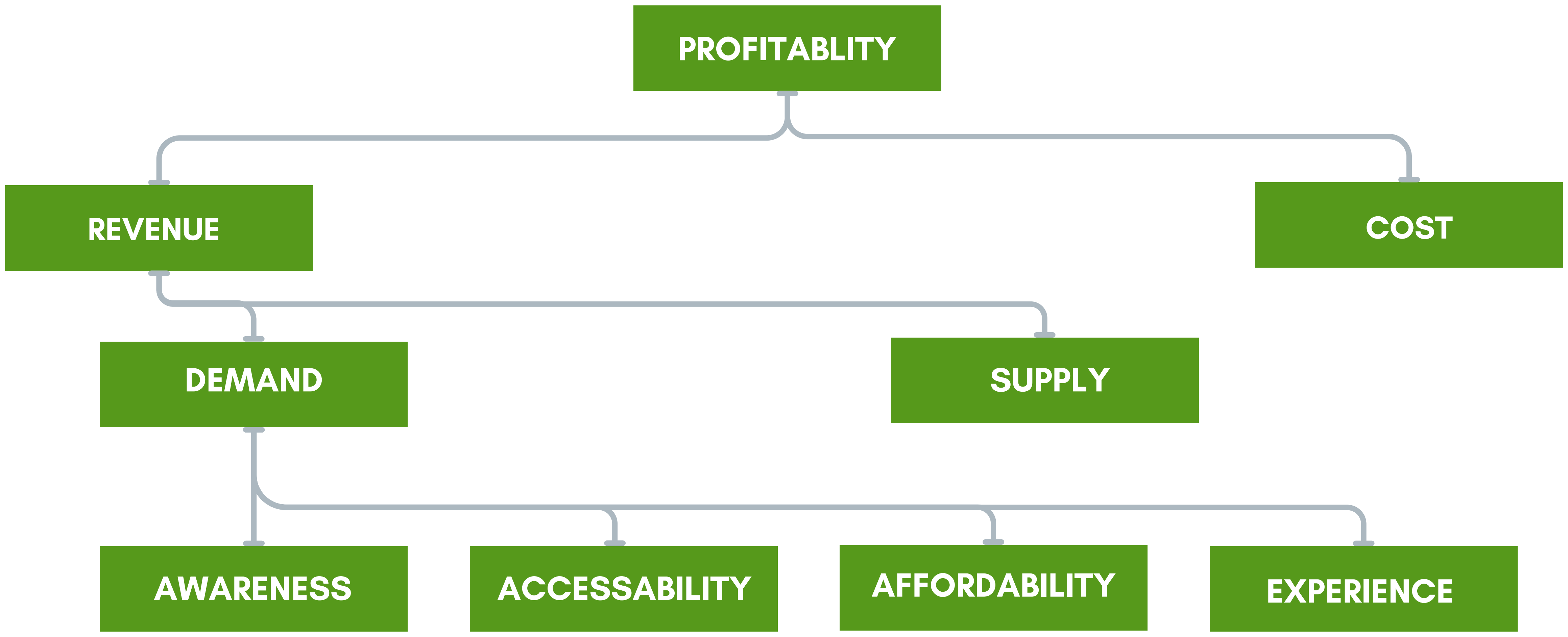
Good. We can close the case here.

CHECK-IN, CASH-OUT

PROBLEM STATEMENT: **Your Client is Good BnB. It provides cheaper options for finding good locations for stay and is based in Indonesia. The company aims at improving its growth. Provide Recommendations.**

CASE FACTS

- The primary source of revenue is commission charged on bookings.
- The client operating only in Indonesia.
- The company is not expanding into any new market or business to enhance revenue and the focus is on the current business of the client only.
- Revenue = Number of bookings X Commission charged per booking



PROBLEM STATEMENT: An FMCG brand holds a significant cash reserve and is the market leader in India's snacks division, with a 60% market share in the soya chips category. The company has over 50 years of experience and operates in 40 countries. A competitor, ABC, holds 20% of the market share in the soya chips category, while other competitors collectively share the remaining 20%. Recently, the FMCG brand has seen a decline in its chip market share, dropping from 60% to 40%. However, in the northern region of India, the market share has increased by 10%. Provide us with short-term and long-term strategies to address this decline.

I believe that multiple factors could be the reason behind this decline. The change might be due to shifts in consumer preferences, changes in culture, marketing strategies, product distribution, or demand for the product.

Let's start by discussing the cultural aspect.

One possibility could be the increasing premiumization in the snacks category. This trend could have led to a decline in the FMCG brand's market share. The company should consider integrating flavors and snacks from different countries, especially where it exports its snacks. This could make the brand more appealing.

Do you think that premiumization is strong enough to cause such a significant decline?

The impact of premiumization depends on the target consumer segment and the brand's pricing strategy. If the brand hasn't considered the price sensitivity of its target market, this could explain the decline.

Let's move forward and focus on distribution channels.

For distribution, the company should focus on a mix of online and offline channels. I recommend using the 3CP Model (Company, Customers, Competitors, and Product) to optimize distribution. This approach will help the company to focus on consumer requirements while keeping a note of industry norms, and competitor activities while ensuring profitability.

How do you plan to handle the issue of credit with distributors?

We should check the credibility of the distributor by conducting thorough background checks. Additionally, all terms related to sales and credit should be mentioned in a written agreement, which must be signed and accepted by all parties.

Is there any other solution you would propose to improve distribution channels?

I would suggest offering credit to wholesalers. This would help us in earning loyalty and increase sales. Also, the company should consider increasing its spending on marketing.

How would you market the soya chips?

The marketing strategy should emphasize the benefits of soya chips as a healthier alternative in comparison to traditional fried snacks.

How would you position the product in the Indian market, and who would you choose as brand ambassadors?

The product can be positioned as a healthier snack option in India. Since Bollywood stars and sports icons are highly influential in the country, we could consider partnering with prominent cricketers or actors. As they follow strict diet plans, they are ideal ambassadors for our brand and can help boost sales.

Now, let's discuss the company's revenue and production capacity.

I have a few clarifying questions regarding production.

Go ahead.

Could you tell me the number of units produced at each factory, how many factories we operate, and the utilization rate of these factories?

That is not relevant to this case. For now, let's focus on the revenue.

To forecast revenue, we can use the following formula – Price per unit × Number of customers × Frequency of purchase.

While the price per unit and frequency of purchase remains constant, we've seen a decline in the number of customers.

The decline in the number of customers could be due to a shift in consumer preferences, with some customers choosing competitor's products instead.

Let's not focus on taste preferences, as we've already covered that. Let's now focus on the short-term and long-term measures the company can take.

I would suggest using an Impact and Feasibility Matrix to evaluate possible solutions. Measures that have both high impact and high feasibility should be adopted immediately, while those with high feasibility but low impact can be implemented in the short term. Measures with high impact but low feasibility should be considered for long-term implementation, whereas those having low feasibility and low impact should be eliminated.

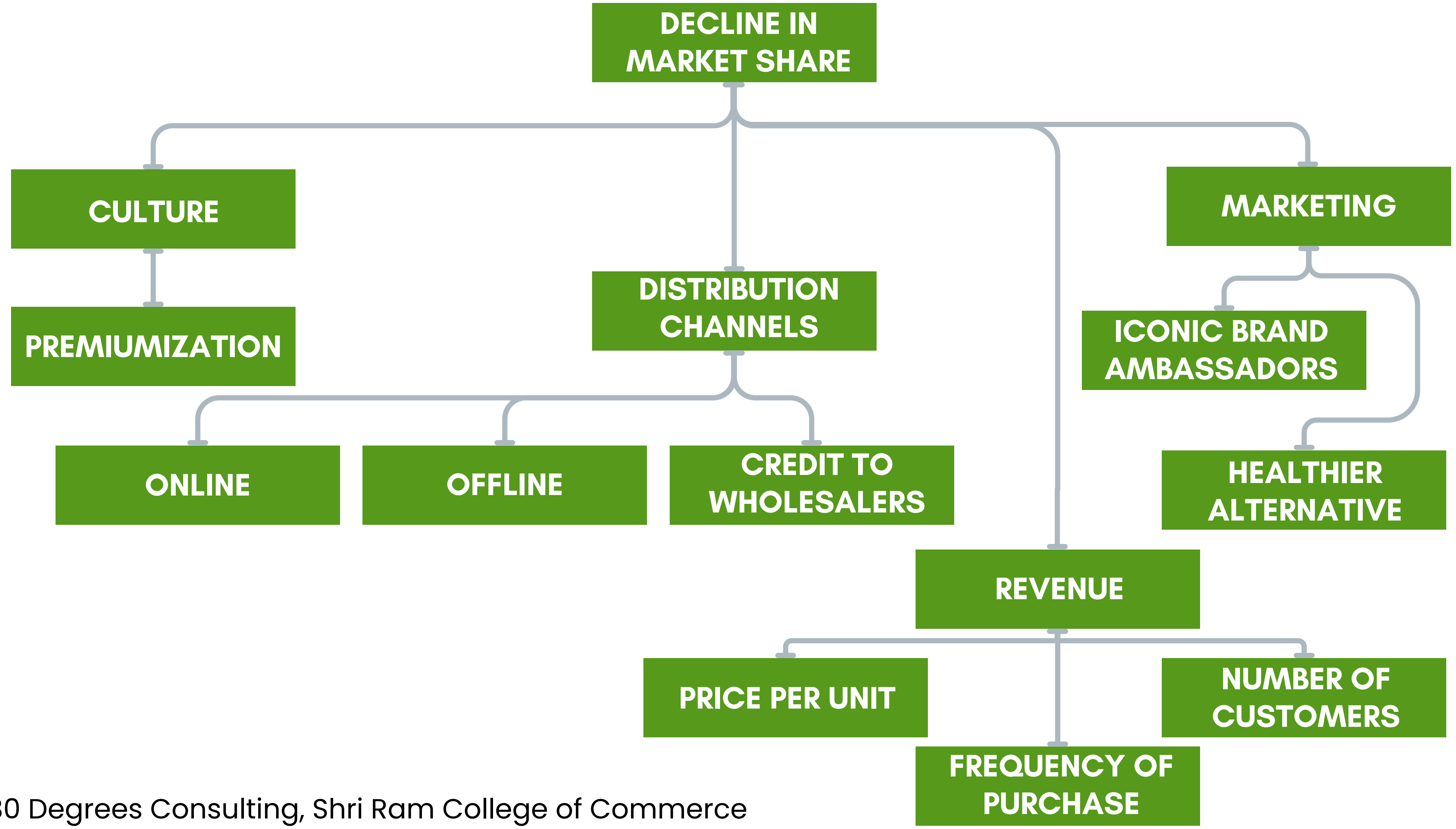
Those are valid suggestions. However, one potential solution we haven't explored is mergers and acquisitions (M&A). Given the FMCG brand's substantial cash reserves, acquiring a major competitor could provide valuable expertise and help increase profitability. This strategy is not only feasible but could also yield long-term benefits. We can end the case here.

CRISP CRISIS

PROBLEM STATEMENT: An FMCG brand holds a significant cash reserve and is the market leader in India's snacks division, with a 60% market share in the soya chips category. The company has over 50 years of experience and operates in 40 countries. A competitor, ABC, holds 20% of the market share in the soya chips category, while other competitors collectively share the remaining 20%. Recently, the FMCG brand has seen a decline in its chip market share, dropping from 60% to 40%. However, in the northern region of India, the market share has increased by 10%. Provide us with short-term and long-term strategies to address this decline.

CASE FACTS

- An FMCG brand has witnessed a decline in it's chips market share.
- The candidate identified various factors which could cause the decline, such as culture, distribution channels, marketing and revenue.
- The candidate provided strategies to mitigate the causes of decline, spanning from better credit facilities, to marketing and attention to change in consumer's taste preferences.



PROBLEM STATEMENT: Give some suggestions for diversifying Zomato's operations.

Zomato deals under both B2C and B2B business models. For the B2C segment, they have Zomato and Blinkit, while B2B has Hyperpure. Additionally, they have Feeding India, a non-profit organisation. I would suggest expanding the B2B sector as it is relatively untouched by their competitors.

Go ahead.

Hyperpure, their B2B segment, supplies ingredients such as fruits, vegetables, and other raw materials to restaurants. If we break down its value chain we get 3 main components- the producers, delivery process and the final consumers or restaurants. We can expand by supplying a wider range of raw materials and crops. Rather than limiting ourselves to the restaurant industry, we could use our existing delivery network to provide materials to other industries as well.

During my Zomato internship, we used to order lunch from Zomato Everyday, a separate platform. We can use this platform to collaborate with various companies for lunch tie-ups and diversify further into the B2B segment.

Please provide some suggestions for B2C as well.

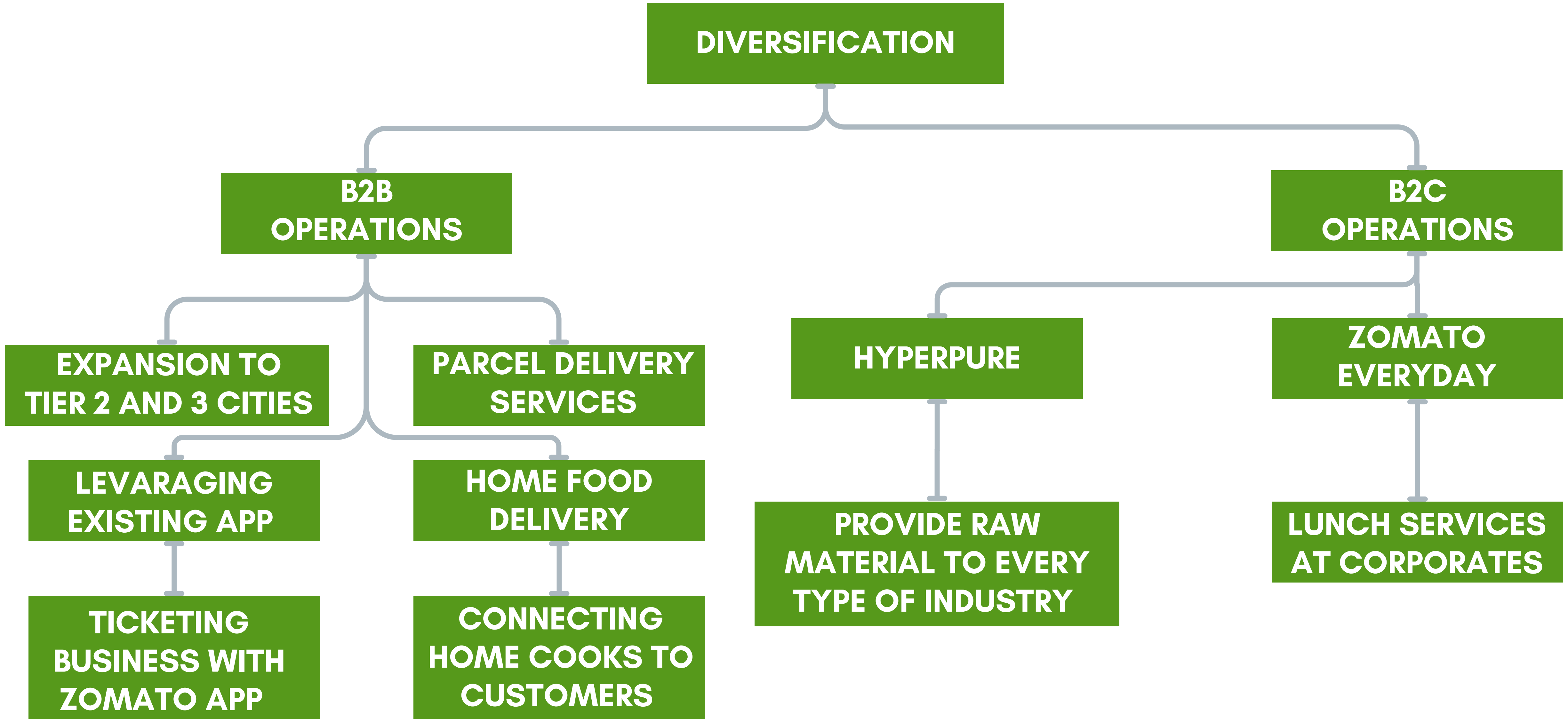
Zomato can expand its delivery services to include parcels, like Uber did. It can collaborate with home-based cooks and connect them to customers who prefer home cooked meals. It can also delve into new industries using its user-friendly platform that has already been well-designed for expansion. For example, it acquired Paytm Insider, an entertainment ticketing business and integrated it into their Zomato App enabling customers to book tickets directly. This allowed them to enter the entertainment sector without the need to develop a new platform, therefore saving costs. Tier-2 and Tier-3 are untapped markets for all quick- commerce brands. Zomato could conduct detailed market research on the demands of people in such areas and launch delivery services for these regions.

BURGEOING ZOMATO

PROBLEM STATEMENT: Give some suggestions for diversifying Zomato's operations.

CASE FACTS

- Zomato deals under both B2C and B2B business models.
- For the B2C segment, they have Zomato and Blinkit, while B2B has Hyperpure.
- Zomato employees can order lunch from another platform, Zomato Everyday.
- Hyperpure supplies ingredients such as fruits, vegetables, and other raw materials to restaurants.



PROBLEM STATEMENT: Prepare a market growth strategy for Decathlon.

Okay. Could I ask some clarifying questions?

Sure, go ahead.

Is this strategy going to be India-specific or for any other country?

The strategy is to be made for Decathlon India.

Alright. Is the company focusing on growing the business organically or inorganically?

The company wants to focus on growing organically.

Okay. Does the company wish to increase the number of customers or the revenue it is generating per customer?

The company wishes to increase the number of customers.

Okay, and does the company wish to focus on its existing channels or its new channels?

Could you please give the rationale behind that question?

Okay. I believe the company should be focusing on 3 aspects - the supply side, the demand side, and the distribution side if it is focusing on the existing channels.
For the supply side, we would focus on increasing the efficiency of the business to reduce the cost, which would help the company increase its profit margins.

EXPANDING THE GAME

Looking at the demand side, according to the recent budget allocations, a huge amount of capital was allocated to the sports industry. This shows the possible scope for expansion in this industry and since Decathlon is a major player, it could help them grow. Hence, Decathlon should look to partner with sports academies that are currently on the rise in India. For example, P.V. Sindhu recently opened her academy in her native state. This is also generating business for Decathlon in a way.

Focusing on the newer channels, Decathlon has a limited presence in the rural segment in India, especially tier 3 cities. For Example, A lot of sportspersons from cities in Haryana do not have access to adequate sports equipment for training. This is a place where Decathlon can tap into and expand its reach to increase profitability and brand awareness.

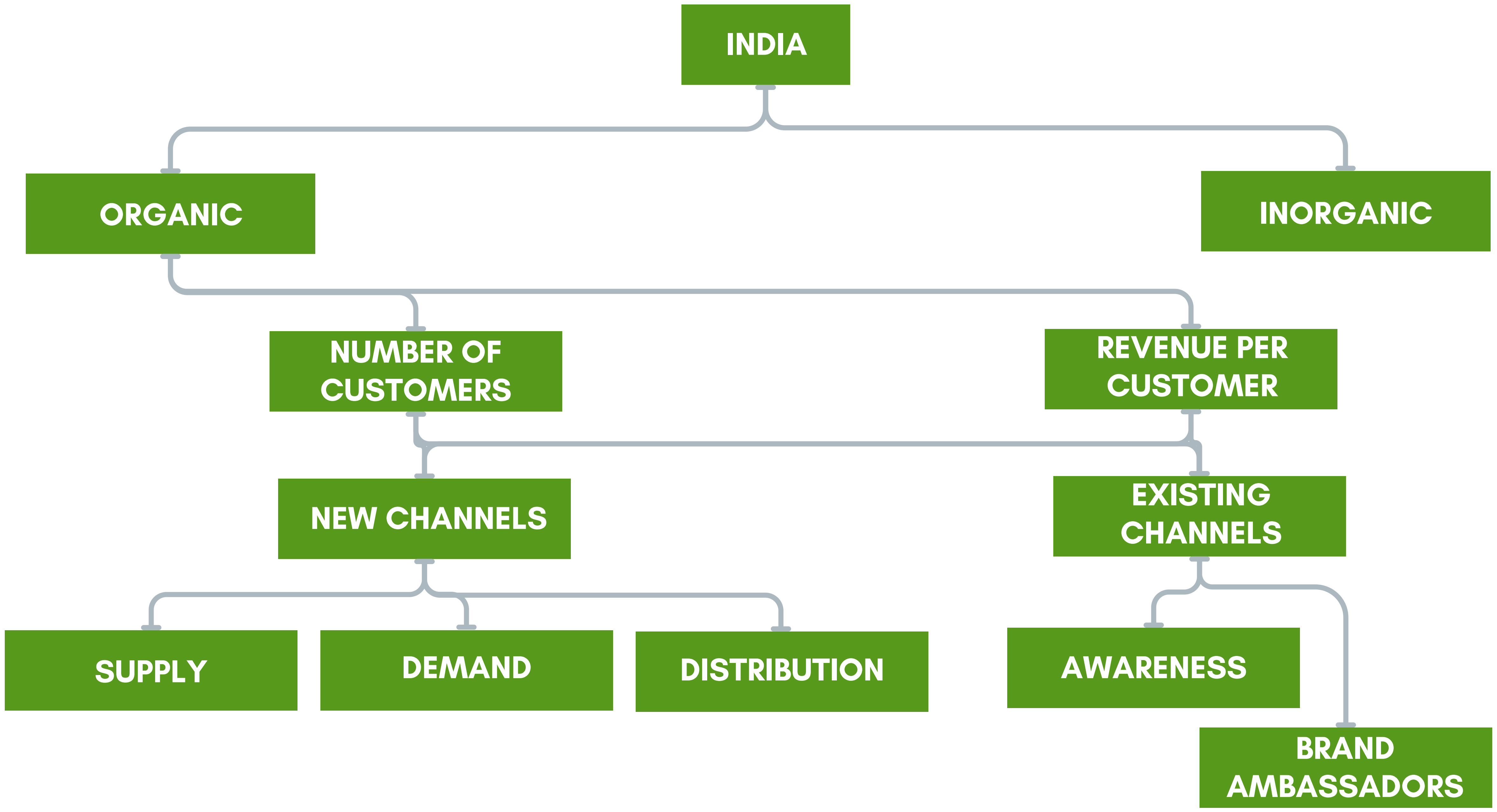
Great! Those were well-thought-out suggestions and the answers we were looking for.

EXPANDING THE GAME

PROBLEM STATEMENT: Prepare a market growth strategy for Decathlon.

CASE FACTS

- The company wants to focus on growing organically.
- The company wishes to increase the number of customers.
- The company wishes to focus on both its existing channels and its new channels.
- For the supply side, the company would focus on increasing the efficiency of the business to reduce the cost.
- A lot of sportspersons do not have access to adequate sports equipment for training. This is a place where Decathlon can tap into and expand its reach to increase profitability.



MARKET ENTRY CASES

MARKET ENTRY CASES

180Degrees CONSULTING SRCC

Market entry cases ask a candidate to evaluate a specific growth opportunity and decide whether or not the company should pursue it.

IDENTIFY THE CASE

Company X is looking to **enter market Y**. Should they do it? Provide reasons. If yes, how should they enter?

EXAMPLE

Lululemon is **considering expanding it's operations** in South East Asia. Should they do it? Which country might be the most suitable for them?

PRELIMINARY QUESTIONS

1. What geographies does the client serve?
2. What is the objective of expansion?
3. Who are the exisitng competitors?
4. Are there any subsitute products or potential entrants?
5. Are there any location specific advantages that can save costs?

FRAMEWORKS TO SOLVE MARKET ENTRY CASES

- Blue Ocean Strategy
- Cost-Benefit Analysis
- 4P/7P Marketing Mix
- Porter's Five Forces

TYPES OF MARKET ENTRY CASES

GEOGRAPHIC EXPANSION

Should the company **expand** their products to a **new market**?

Example: *Tesla is considering expanding into India. Should they do it?*

PRODUCT LINE EXPANSION

Should the company launch a **new product under the same product line of an existing brand?**

Example: *Should TVS launch an electric scooter?*

PRODUCT SEGMENT

Should the company modify its product into **different products** to attract different customers

Example: *Should Zara introduce home decor?*

GENERAL GROWTH STRATEGY

Market entry cases sometimes might be **hidden** as a growth case to expand into a new market.

Example: *Client Co. is present in a saturated market. What should it do?*

CHEAT SHEET: MARKET ENTRY

- MARKET ENTRY
  - Operational Feasibility
  - Financial Attractiveness
    - Market Growth Rate
    - *Expected Profits
      - **Market Size (Units)
      - % Market Share
      - ***Profit/Unit
        - Selling Price / Unit
        - Variable Cost/ Unit
      - Fixed Costs
    - Competetive Landscape
  - Risks

Expected Profits (/Revenue)

A question can be asked on estimated revenue in the first year of establishment, considering selling price per unit, not profit, other factors unchanged.

***Expected profits** = (Market size (in units) * % Market Share * Profit/unit) - Fixed costs

****Market Size (In Units) :** A guesstimate can be asked to estimate the market size of the problem statement asked

*****Profit/Unit:** This can be calculated by estimating the variable costs that will go into making the product or rendering the service in question.

Go To Market Strartergy

Segmentation

- Geographic
- Demographic
- Behavioral

Targeting

- Segment Selection
- Segment Size
- Segment Growth

Positioning

- Product
- Price
- Place
- Promotion

CHEAT SHEET: MARKET ENTRY

180Degrees CONSULTING SRCC

EXPECTED PROFITS

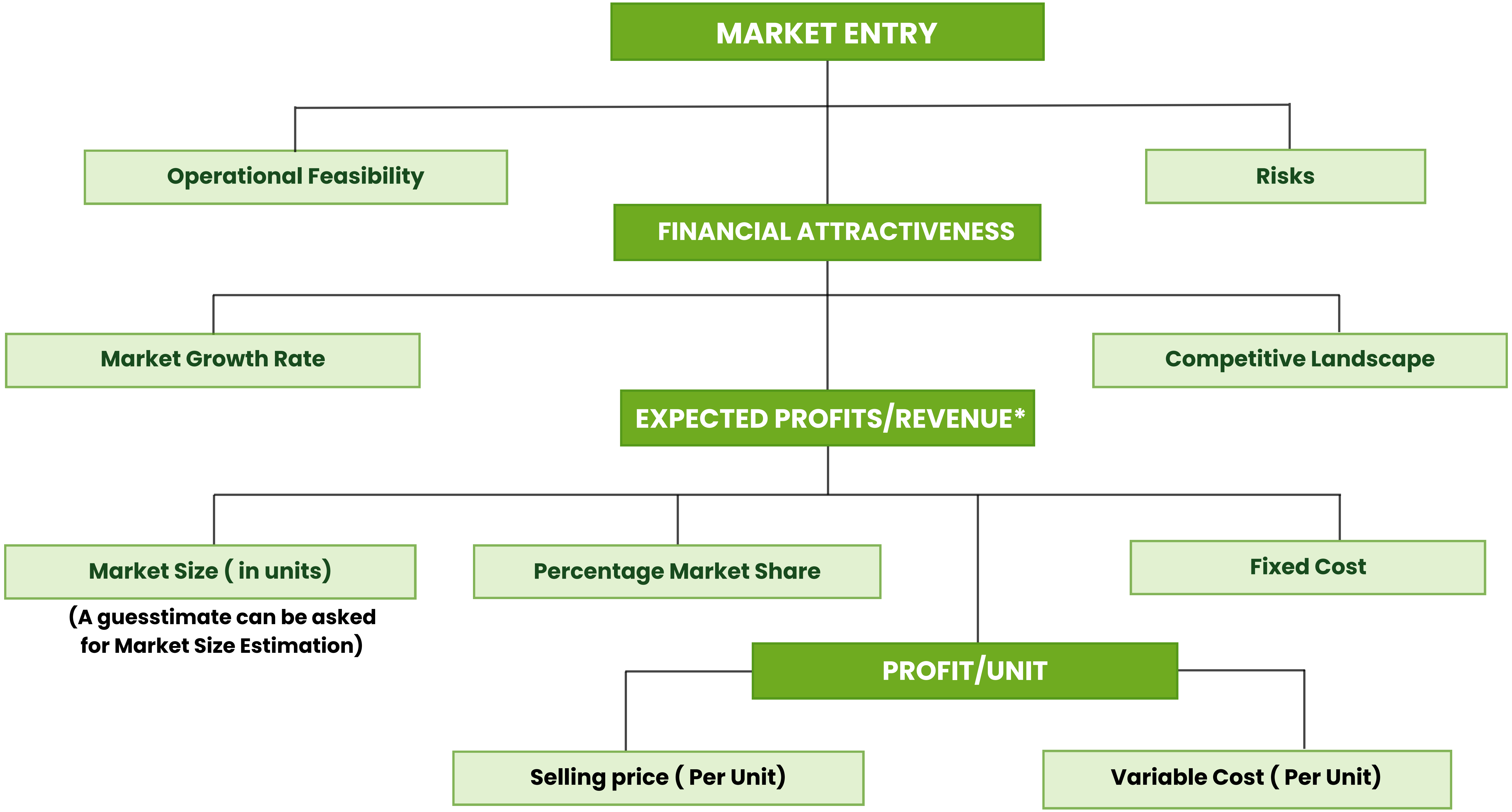
[Market size(in units)
x
%age of market share
x
Profit (per unit)]

(-)

Fixed Costs

TYPES OF ENTRY

- New Geography
- New Customer Segment
- New Product



*In certain scenarios, use selling price/unit instead of cost/unit(For eg. First year after establishment)

PROBLEM STATEMENT: XYZ is a tobacco manufacturing company currently generating substantial profits. However, with increasing awareness about the harmful effects of tobacco, a comparatively less harmful and healthier substitute has recently been introduced to the market. The company is now considering whether it should transition from traditional tobacco products to this new alternative. Should XYZ make the shift toward the healthier option?

There is a need to bring a change in the company. With the evolving business environment, it's important to keep up with the real world. Currently, people are willing to switch towards healthier alternatives. As people are becoming more health conscious, the company must make this switch towards healthier products. However, since tobacco is an extremely addictive product, we won't be able to shift completely, but will have to do it slowly yet steadily.

Suppose the company is operating in 50 countries. According to you, which countries would be easier to diverge into and which countries will pose greater resistance to the change to the new products?

People in Western countries like the US and European countries tend to be more health conscious. Further, the average income of people is higher in such countries. Thus, they might be willing to try out the healthier alternatives and eventually leave tobacco. On the other hand, we have countries like India, Sri Lanka, Bangladesh, Bhutan and Pakistan. People in these countries have a tendency to show greater resistance, and it is comparatively more difficult to market new products to them. Moreover, tobacco is cheaper in comparison to the healthier alternative. This will make it all the more difficult to convince people to shift to a more expensive product in these countries, simply because of its health benefits.

Thus, initially, it will be more feasible to launch our products in Western nations. In countries like India, we should slowly integrate the new product into markets. In such areas, despite the willingness of the higher classes to perform the switch, the rural class will not be as open to the product.

So, the company will continue to have a steady flow of revenue from the rural areas through the sale of tobacco, which can further be used to innovate healthier alternatives.

Alright. We can end the case here.

HERE IS A TIP!

In cases like this, focus on providing a balanced transition strategy. Highlight the importance of prioritizing markets for new product launches while maintaining revenue streams from traditional products in price-sensitive regions. Show adaptability by recommending phased implementation, this can help in strengthening one's case.

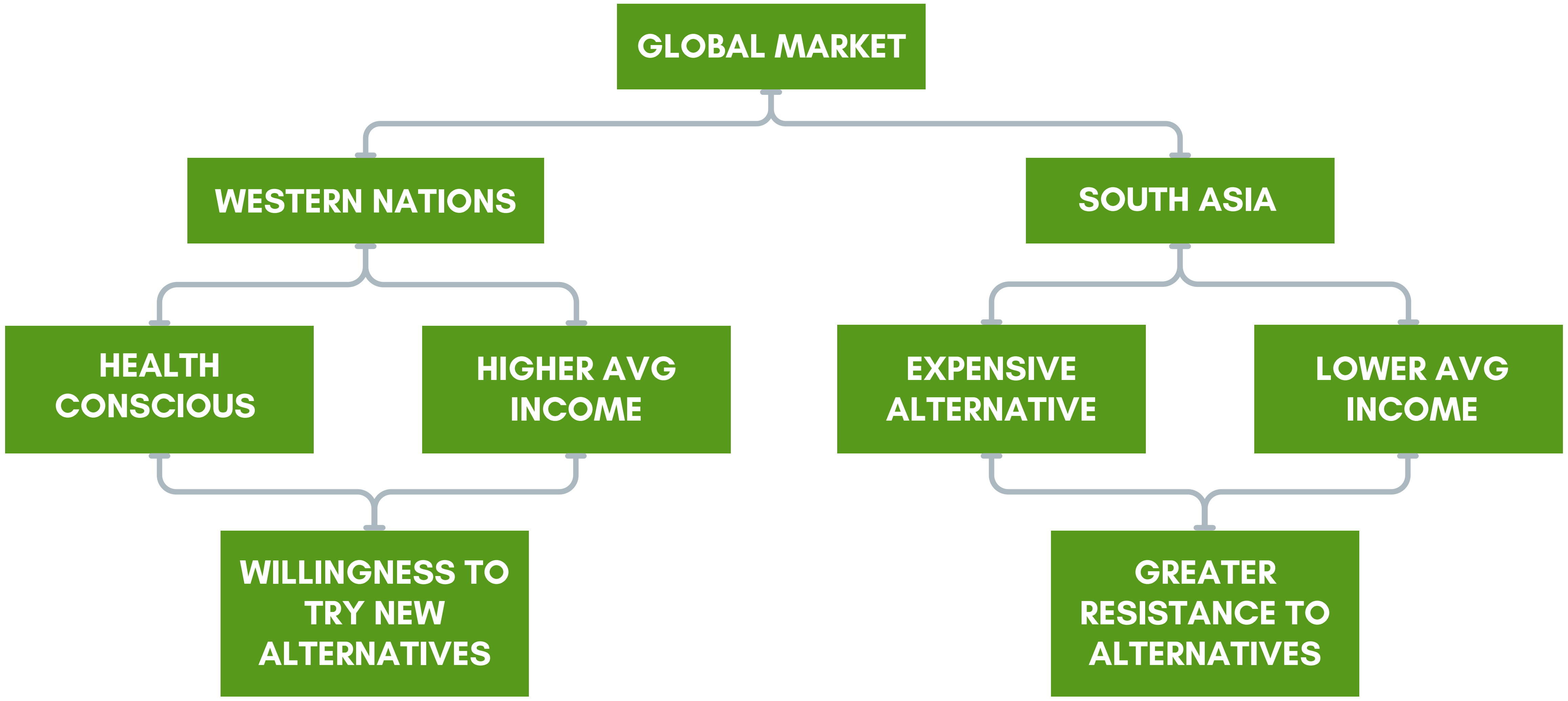
BREAKIN' BAD (HABITS)

180Degrees CONSULTING SRCC

PROBLEM STATEMENT: **XYZ is a tobacco manufacturing company currently generating substantial profits. However, with increasing awareness about the harmful effects of tobacco, a comparatively less harmful and healthier substitute has recently been introduced to the market. The company is now considering whether it should transition from traditional tobacco products to this new alternative. Should XYZ make the shift toward the healthier option?**

CASE FACTS

- XYZ, a tobacco manufacturing company is planning to shift towards producing less harmful products.
- The company is currently earning good profits.
- The company is operating in 50 countries.
- The alternative launched by the company is healthier than tobacco, although it is more expensive.



PROBLEM STATEMENT: Your friend has recently quit their corporate job and wants to enter the cafe business in Delhi. They want to open one cafe, and then they want to expand into a chain of cafes. You need to determine which metrics should guide his decision on where to open the first café.

I'd like to ask a few clarifying questions to understand the situation a little better.

Sure! Go ahead.

Does my friend have adequate funds, or does he need to acquire funds through the means of debt? Also, when does he want to enter into the market?

He has adequate savings to open the first cafe and can get a loan easily if he needs one in the future. He wants to open the first cafe within the next 12 months.

Alright, I would first divide the metrics into three buckets – financial attractiveness, operation feasibility and risks. Then I would divide each of them into further buckets. Starting with financial attractiveness, I would further divide this into – market size, market share and fixed costs. For risks, I would divide them into – price elasticity, competitors and food regulations/consumer preferences. Lastly, operational feasibility simply refers to the availability of fixed assets/factors of production.

Alright, can you explain all the metrics in detail?

Firstly, under financial attractiveness, market size means knowing if the area even has a market for the segment you are targeting. Next market share means analyzing the area to see if there is a market share that can be captured.

Lastly, fixed costs deal with the major costs - analyzing where you could get real estate for the lowest price. Now for risks, the price elasticity of the different market segments needs to be taken into account to figure out which market segment is suitable. Then, the proximity of competitors needs to be taken into account, especially for the cafe industry, because big brands like Starbucks have deeper pockets and can offer huge discounts. Finally, food regulations and consumer preferences deal with the fact that some segments have constantly changing preferences while others do not.

Alright, great, now can you tell me how your friend can price this product?

Sure. There are four approaches one can take while pricing their product - Cost-based, Value-based, Competitor-based and Market Forces-based.

What approach do you think is the best in this case?

Value-based pricing cannot be applied in this scenario because it is very hard to attribute value to a coffee. Similarly, market forces-based pricing is also redundant in this case because the demand for coffee remains more or less constant. Moving further, he can take a look at cost-based and competitor-based pricing as viable ways to price his products.

Go ahead.

Firstly, cost-based pricing sets a break-even price. A markup can be applied on top of that price, which will be our profit. Secondly, competitor-based pricing - depending on the market segment and location, you need to analyze the price ranges of competitors and devise a pricing strategy based on that.

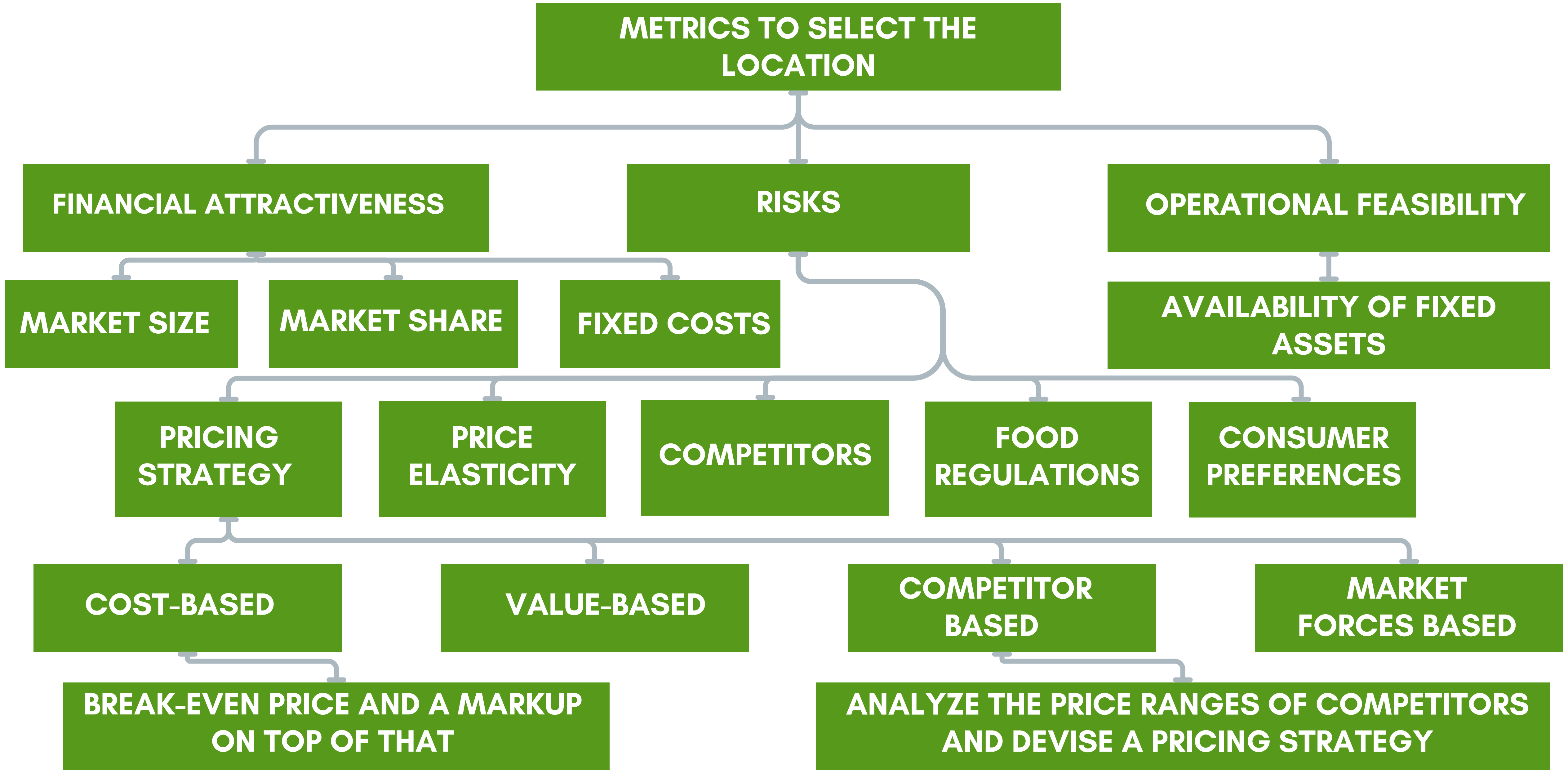
Good. We can conclude the case here.

CENTRAL PERK

PROBLEM STATEMENT: **Your friend has recently quit their corporate job and wants to enter the cafe business in Delhi. They want to open one cafe, and then they want to expand into a chain of cafes. You need to determine which metrics should guide his decision on where to open the first café.**

CASE FACTS

- The friend has enough savings to open first cafe.
- He wants to open the first cafe in 12 months.
- He can easily get a loan to expand further.
- The major metrics playing a role in the decision of the loacation are financial attractiveness, operation feasibility and finally risks.
- There are two viable ways to price the products, those being cost-based and competitor-based pricing.



PROBLEM STATEMENT: Your friend is considering opening a hand-ground coffee shop at the South Delhi campus. Advise him on whether he should open the shop.

May I ask some clarifying questions before proceeding with the case?

Sure, go ahead.

Which type of shop he is planning to open – is it a kiosk, a brick-and-mortar model, or just a small stall?

He is going for a brick-and-mortar model.

Alright. Also, is he planning to sell only coffee, or will he offer snacks as well?

He wants to start with different varieties of coffee and no snacking options.

Got it. One final question – what is the competitive landscape like?

The market is quite fragmented and students prefer the local coffee shops.

Alright, can I assume that our main focus is on students rather than the local residents near the South Delhi campus?

Yes, you may make that assumption.

Since this is a market entry case, my approach will focus on four key areas: **financial feasibility**, **operational feasibility**, **barriers to entry**, and **associated risks**. Starting with financial viability, we need to estimate the market size, the market share we can capture, potential revenue streams, and associated costs. I'll assume that we can capture around 10% of the market share.

Sounds fair, go ahead.

Next, we'll break down the costs into fixed and variable categories. Raw materials will be the main variable cost, while fixed costs will include rent, electricity, staff salaries, and the initial investment in machinery. Using the estimated market size and share, we can calculate the number of cups we expect to sell. From there, we'll determine the pricing and estimate revenue based on these factors.

Okay, what kind of approach would you follow for the pricing?

I'll use competitor-based pricing, setting the price slightly above local shop prices since our coffee is hand-ground, offering a unique product. After calculating both revenue and costs, we'll determine profitability by subtracting costs from revenue. Next, we'll assess operational feasibility, focusing on sourcing the machines and establishing where the hand-grinding process will take place.

Alright, we need not go through the specifics of the operations. Please move ahead.

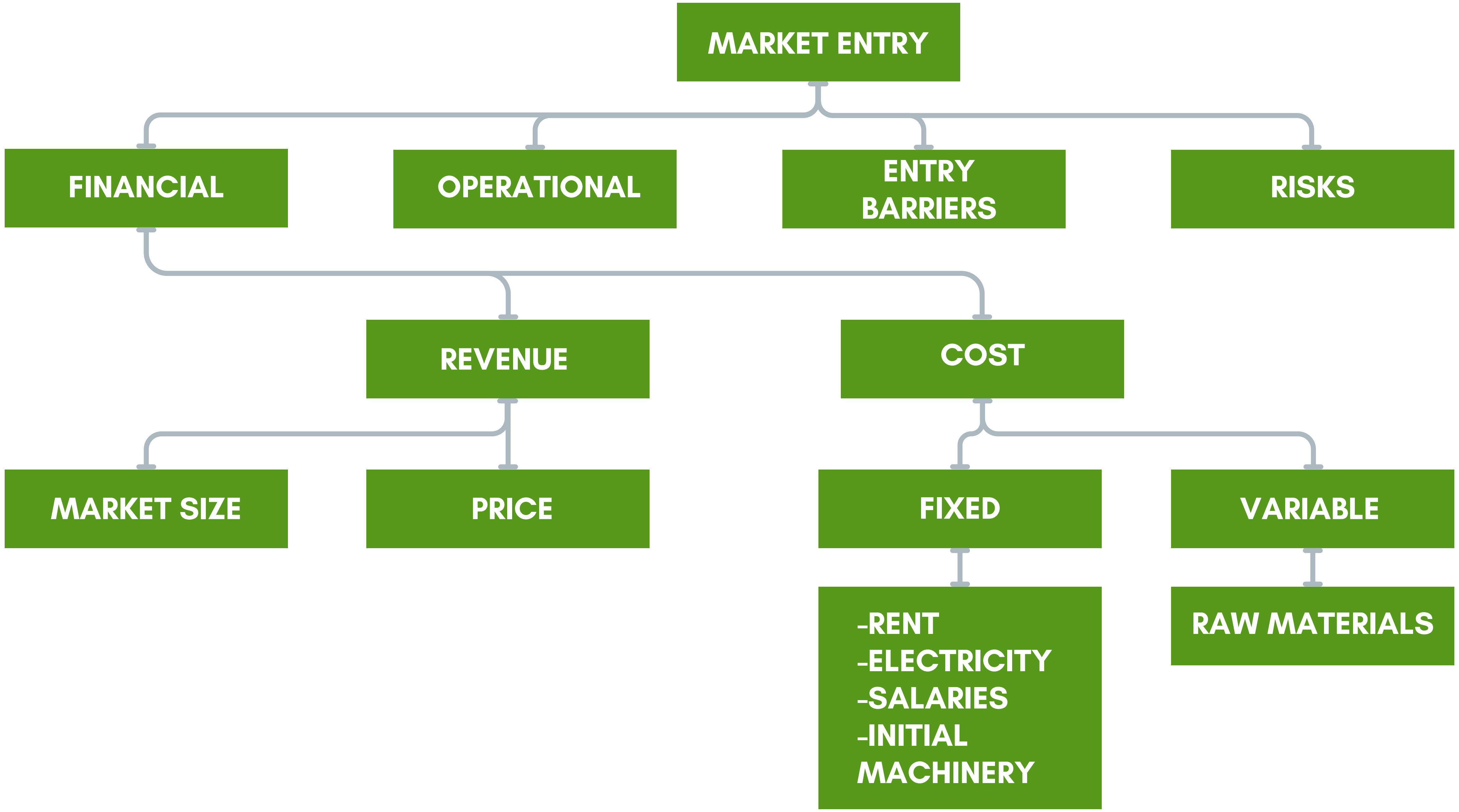
Regarding barriers to entry, since we are operating in a localized area, there won't be any significant barriers to entry.

Okay, we can wrap the case here.

PROBLEM STATEMENT: **Your friend is considering opening a hand-ground coffee shop at the South Delhi campus. Advise him on whether he should open the shop.**

CASE FACTS

- The coffee shop is going to be a brick and mortar one.
- The shop will only cater to coffee demand initially and it has no plans to include snacking options now.
- The competitive landscape is fragmented and students prefer local coffee shops.
- Candidate made the assumption that the target market is students and not the local residents
- Candidate assumed the acquirable market share to be 10%



PROBLEM STATEMENT: Technova, an electronic gadgets company is manufacturing smartphones which includes a premium smartphone called Nova X. They now plan on launching an affordable smartphone called Nova X Lite. What approach should the company take to avoid cannibalization of the premium range?

May I ask a few clarifying questions?

Sure, go ahead.

What is the product range, and in which countries is the company planning to launch the new product?

That's irrelevant to the case. You may proceed with providing solutions without any other details.

Sure, I have a few suggestions. First, a different name should be used. Naming the mid-range product 'Nova Lite' may associate it with substandard quality due to the word 'Lite'. The product should be advertised under a different brand name. Take Tata's approach, for instance – they own both Zudio and Westside, yet they never highlight the shared ownership. This helps them target different income groups effectively. A similar strategy can help Technova position both products for different income groups.

I also suggest exploring markets in other countries, such as the USA and China for the mid-range product while continuing to sell the premium smartphones in India to avoid cannibalization. Forming a joint venture with another company can also be beneficial for launching the new product.

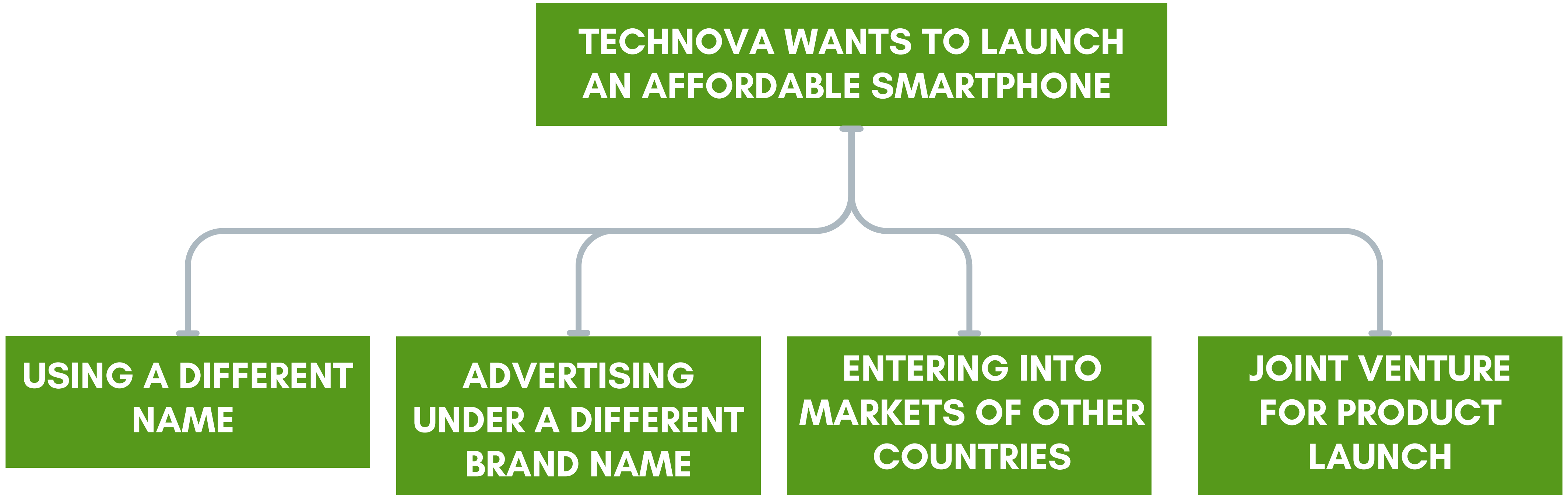
Alright, great. We can conclude the case here.

LITE UP

PROBLEM STATEMENT: Technova, an electronic gadgets company is manufacturing smartphones which includes a premium smartphone called Nova X. They now plan on launching an affordable smartphone called Nova X Lite. What approach should the company take to avoid cannibalization of the premium range?

CASE FACTS

- Technova, an electronic gadgets company, now plans to launch an affordable smartphone called Nova X Lite, and wants to avoid cannibalization of the premium range.
- The candidate provided various suggestions for the product launch.
- The candidate suggested adopting a different name. Using Tata's strategy, advertising the product ranges differently to income groups.
- Tying with other companies and entering other countries are also potential solutions.



PROBLEM STATEMENT: There is a Tyre Manufacturing Company operating in France. The company now wants to enter the South African market. What would be your Go-to-Market strategy in this case?

Okay, so before we start, I would like to ask a few preliminary questions.

Sure, go ahead.

Which geographies does the company operate in? Which vehicle segments does it manufacture tyres for? Why does it want to enter this particular geography?

The company primarily operates in America, Europe and South East Asia. It caters to all tyre segments. The company wants to enter the South African market to gain a first-mover advantage, as there is currently no major player operating there. Furthermore, since it is one of the three global players, it can leverage its position to strengthen its foothold in the market.

Okay. So, I will focus on two key aspects: why we should enter the market and how we should go about doing so. I will take into consideration three major factors to evaluate the former:

Economic Factors: These include evaluating market growth, competitor analysis and then the profits.
Here, Profits = Market size x Percentage of market share.

Risks: To evaluate the risks involved in market entry, we will look at:

- Establishing manufacturing plants and looking at both the geography and the type and amount of manpower required
- Government regulations
- Forex Risk

Market Entry Feasibility: In terms of market entry, we can consider two modes::

- Joint Venture
- Greenfield Investment

Okay, great. Can you estimate the market size of tyres in South Africa?

Sure. So, to determine the market size of tyres in South Africa, I will consider two broad types of vehicle segments: **Commercial** and **Household**.

The household population can be divided based on geography (**rural vs. urban**) and income class (**upper, middle, lower**). Based on these categories, we assume the following vehicle ownership patterns:

Rural Households

- Upper Class: 1 car + 2 two-wheelers
- Middle Class: 1 car + 1 two-wheeler
- Lower Class: 1 two-wheeler

Urban Households

- Upper Class: 2 cars + 2 two-wheelers
- Middle Class: 1 car + 2 two-wheelers
- Lower Class: 1 two-wheeler

Here, it is also important to note that every car is assumed to have a spare tyre.
Thus, for every car, there will be **five tyres** and and each two-wheeler will have **three tyres.**

Similarly, commercial vehicles can be divided into two categories:

- Public transport
- Logistics

We can estimate their share as a percentage of the household vehicle base.

Thus, the number of tyres can be calculated by:

Tyres required = Total vehicle lifespan ÷ Average number of replacements needed

This is all great, but can you give me some figures?

Sure. I will take a percentage of the Indian population to derive figures for the South African market. Taking the population of South Africa to be around 5% of India, it will come to around 7 crores. Taking the Rural-Urban split as 40-60% and average family size as 4, we get:

Number of **rural** families: 2.8 / 4 = 0.7 Cr
Upper Class (10%): 0.7 x 0.1 = 0.07 Cr
Middle Class (50%): 0.7 x 0.5 = 0.35 Cr
Lower Class (40%): 0.7 x 0.4 = 0.28 Cr

Number of **urban** families: 4.2 /4 = 1.05 Cr
Upper Class (30%): 1.05 x 0.3 = 0.315 Cr
Middle Class (40%): 1.05 x 0.4 =0.42 Cr
Lower Class (30%): 1.05 x 0.3 = 0.315 Cr

Rural:

Upper Class: Assuming each household owns 1 car and 2 two-wheelers: (5 + (3 × 2)) × 0.07 = 0.77 Cr
Middle Class: Assuming each household owns 1 car and 1 two-wheeler, we get (5 + 3) x 0.35 = 2.8 Cr
Lower Class: Assuming each household owns 1 two-wheeler, we get 3 x 0.28 = 0.84 Cr

Urban:

Upper Class: Assuming each household owns 2 cars and 2 two-wheelers, we get ((5 × 2) + (3 × 2)) x 0.315 = 5.04 Cr
Middle Class: Assuming each household has 1 car and 2 two-wheelers, we get (5 + (3 x 2)) x 0.42 = 4.62 Cr
Lower Class: Assuming each household has 1 two-wheeler, we get 3 x 0.315 = 0.945 Cr

Thus, the total number of tyres in the Household segments is equal to 0.77 + 2.8 + 0.84 + 5.04 + 4.62 + 0.945 = 15.015 Cr.

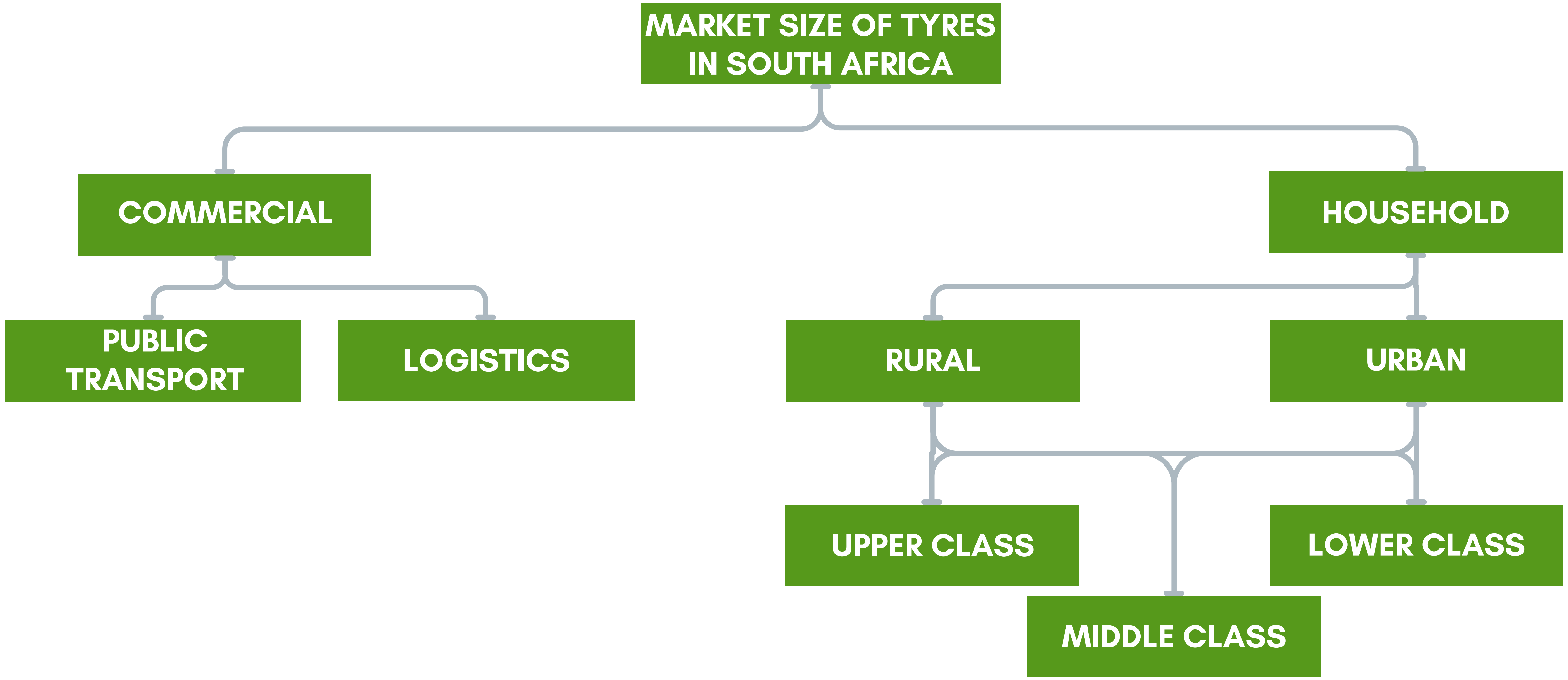
I believe we can determine the number of tyres used in commercial vehicles by estimating it as a percentage of household vehicle ownership. For every 5 vehicles owned by households in India, I see 1 public transport vehicle such as cabs. Thus, the number of tyres used in public transport would be equal to 15.015 X 20% = 3.003 Cr. Similarly, for every 15 vehicles owned by households in India, I estimate 1 vehicle for transporting goods for every 15 household vehicles, amounting to 1.001 Cr. Thus, the total number of tyres in the South African market will be 15.015 + 3.003 + 1.001 = 19.019 Cr.

Great, we can end the case here.

PROBLEM STATEMENT: **There is a Tyre Manufacturing Company operating in France. The company now wants to enter the South African market. What would be your Go-to-Market strategy in this case?**

CASE FACTS

- Every car is accompanied with or has a spare tyre. Thus, for every car, there will be 5 tyres and for every 2-wheeler, there will be 3 tyres.
- Tyres required = Total vehicle lifespan ÷ Average number of replacements needed



PROBLEM STATEMENT: A bicycle company is considering entering the Indian market and needs to assess its feasibility and profitability. Additionally, upon entry, the company is facing profitability challenges and seeks to identify the underlying issues and potential solutions.

Can I begin by asking some clarifying questions?

Sure, please go ahead.

What kind of bicycles are traded by the company?

The company deals in three categories of bicycles: basic, hybrid, and sporty.

I will begin by examining the market to determine its attractiveness. Let's start with the Indian population and then break it down by age group to determine the market size. While hybrid and sporty bicycles will appeal to teenagers and young adults, basic bicycles serve the demands of the adult population. I will now further separate the age group into those who live in rural areas and those who live in urban areas. Could you tell me how much an average bicycle costs?

Of course, the price of an average bicycle is Rs 10,000.

By calculating the number of bicycles per person, I can approximate that 60% of people will purchase a bicycle. This is the expected annual revenue, which is quite promising and the company should go ahead with it.

Great. Now assume that the company took your suggestion and has entered the market. However after doing so, the company encountered some profitability challenges. Let’s now shift our focus to understanding these issues and exploring possible solutions.

Sure. Before we proceed, I have a few questions.

Yes, please go ahead.

Is the company experiencing increasing costs or declining revenues or a mix of both?

There is a problem related to both cost and revenue.

I will begin by analyzing the revenue side, breaking it down by units sold and price per unit. Can I know if there has been a change in the price or the units sold?

The price has been constant.

I observed that inbound store sales were increasing while retail store sales were declining, possibly due to customers preferring direct interaction with the company for better support. Additionally, there was a shift in customer preferences from basic cycles to sporty cycles, likely due to changing demographics.

If the company considered shifting its focus to sporty cycles, how would you evaluate the viability of this decision?

I'd assess whether the increased revenue from sporty cycles could offset the losses incurred from other segments. Unfortunately, I can't perform a precise calculation without the data, but the principle is to ensure the shift results in a net positive impact on revenue.

That's a sound approach. We can end the case here.

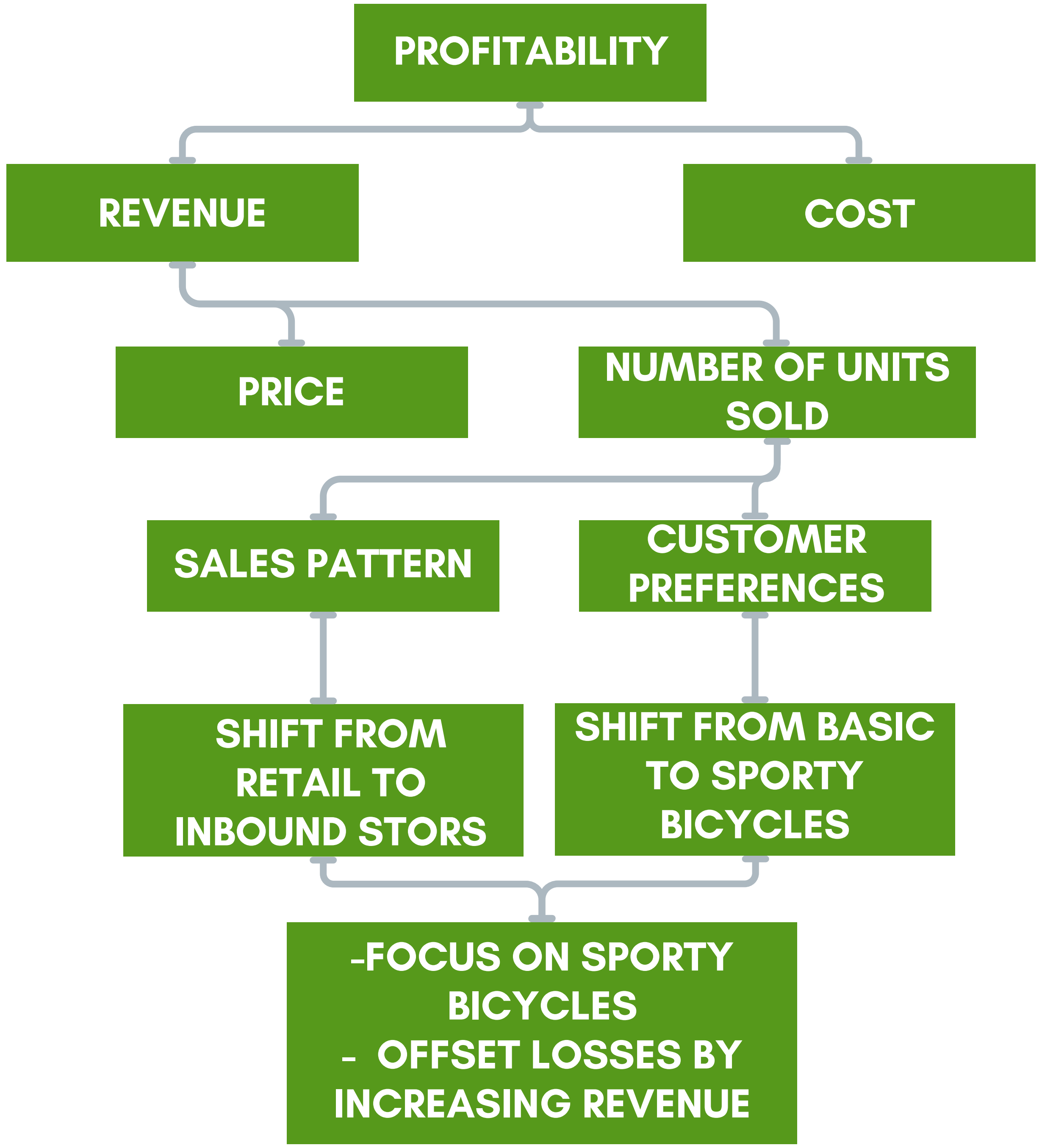
PEDAL TO THE METAL

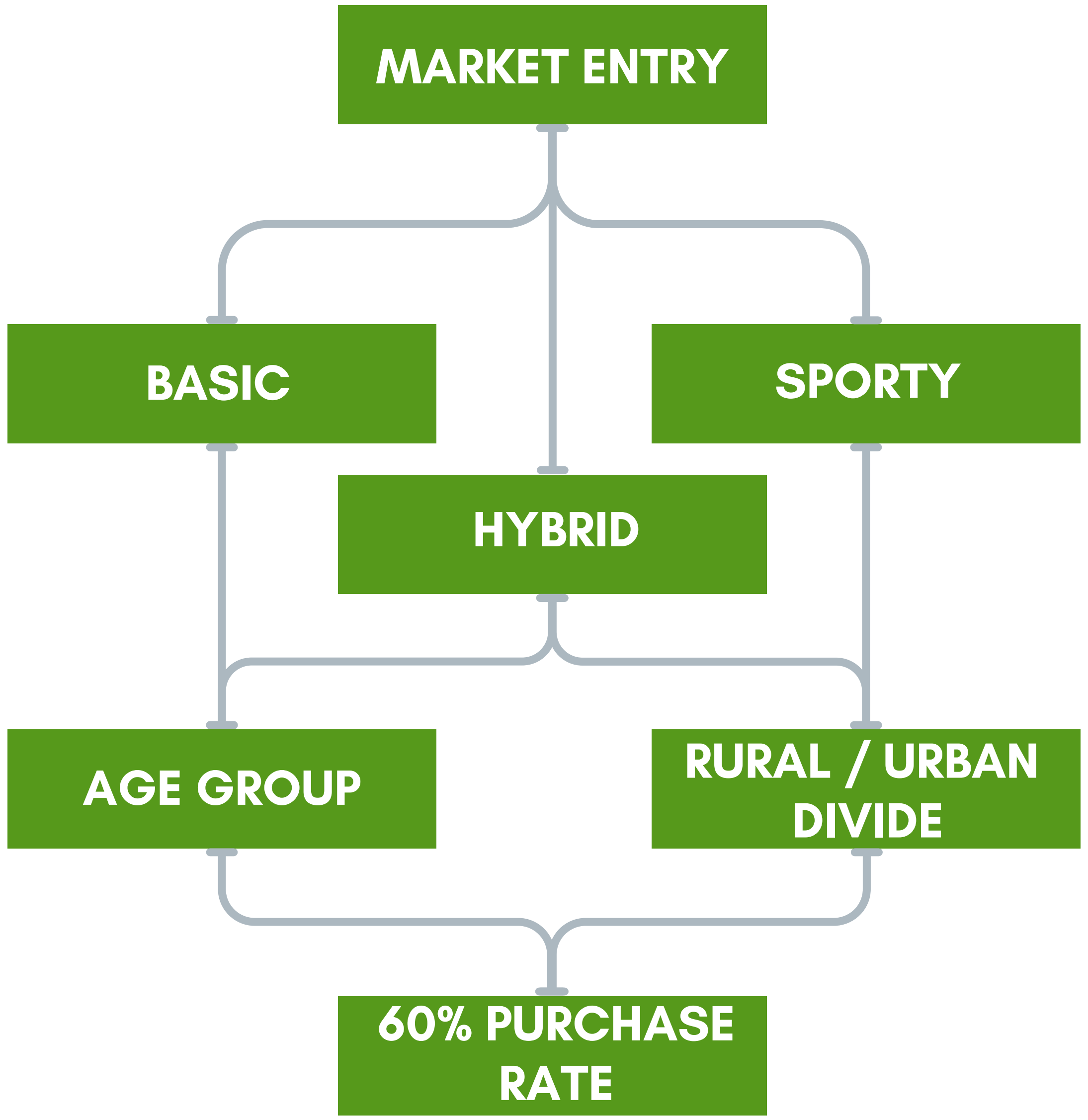
Market Entry | Bain Capability Network

PROBLEM STATEMENT: A bicycle company is considering entering the Indian market and needs to assess its feasibility and profitability. Additionally, upon entry, the company is facing profitability challenges and seeks to identify the underlying issues and potential solutions.

CASE FACTS

- Candidate assessed the feasibility of a bicycle company entering India by analyzing market segmentation and demand potential.
- Based on calculations, the candidate found a strong market opportunity, leading to the company's entry.
- After entering, the company faced profitability challenges due to shifting consumer preferences and declining retail sales.
- The candidate suggested evaluating a focus on sporty bicycles to offset losses and improve profitability.





PROBLEM STATEMENT: An Oil and Gas US lubricant player wants to enter India. Should it? Why or why not?

May I ask a few clarifying questions?

Sure, go ahead.

First, could you specify the products offered by the company? Why is it interested in entering the Indian market, and who are its target customers?

The company specializes in lubricants for two segments: automobiles and heavy goods. It is the market leader in the US and wants to replicate its success in India. Their main focus will be on the automobile and industrial sectors if they come to the Indian market.

Who are the major competitors in India? Also, will the company offer the same products here, or adapt them for the local market?

In India, they would be competing with both local and international players. They are still deciding if they will introduce any modifications to the product offering when entering India.

Understood. There are three critical elements to assess when considering market entry. The first is **financial feasibility**, which involves calculating expected profits by estimating the market size, market share, and the fixed and variable costs the company would incur. The second element is **operational feasibility**, which evaluates potential modes of market entry, and the third is assessing **risks** associated with entering the market.

For now, let's talk about the financial feasibility of this decision for the company.

To evaluate financial feasibility, let's look at the two key sectors the company operates in: automobiles and industrial goods. Could you elaborate on what specific industrial goods they deal in?

The company primarily focuses on lubricants for marine shipping and related equipment.

For the shipping sector, we should look into the number of ports in India, the average number of ships serviced per port, fuel usage per ship, and how many days the ships are operational in Indian waters. This would give us an idea of the potential demand for lubricants in the marine sector. In addition, we should also assess demand from the automobile sector can help us assess the projected market share of the company if it decides to enter India.

Alright. What challenges could the company face when entering the Indian market?

The segment in which the player operates is dominated by public sector companies in India. So, it may need to collaborate with the public sector to enter the Indian Market. Additionally, India has a complex regulatory environment, with lengthy procedures that can slow down market entry. The process of securing licenses and the prevalence of red tape could increase costs and pose a significant challenge for a foreign player unfamiliar with India's bureaucratic proceedings.

Alright great, we can end the case here.

HERE IS A TIP!

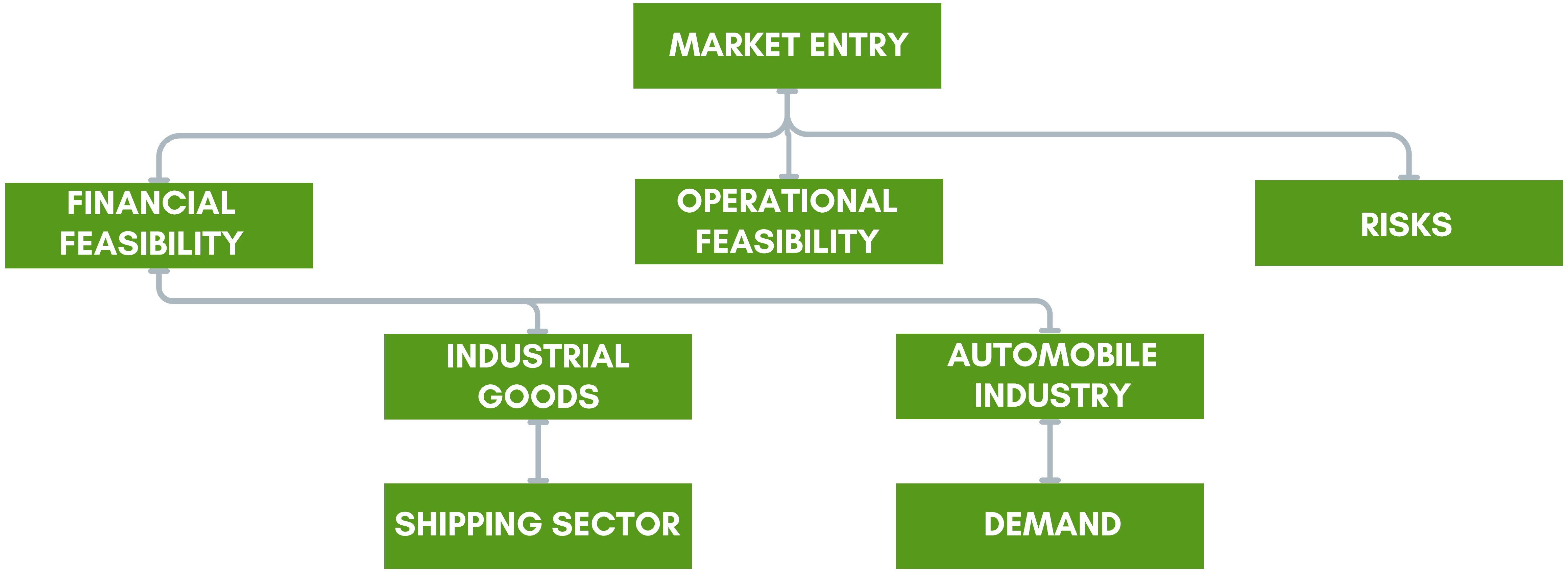
Adding new dimensions to adapt existing frameworks shows deeper understanding and leads to better solutions. Therefore, candidates should keep an open mind while applying frameworks.

OIL BE BACK

PROBLEM STATEMENT: **An Oil and Gas US lubricant player wants to enter India. Should it? Why or why not?**

CASE FACTS

- An Oil and Gas US lubricant player wants to enter India.
- The candidate approached the problem by identifying 3 elements to assess market entry.
- The candidate estimated the projected market share to assess financial feasibility of the proposal.
- The candidate further highlighted the potential problems the player could face while entering India, such as dominance of the public sector, complex regulatory environment and red tape.



NUMBER OF PORTS X AVG NO. OF SHIPS SERVICED PER PORT X FUEL USAGE PER SHIP X NUMBER OF DAYS THE SHIPS ARE OPERATIONAL = DEMAND

PROJECTED MARKET SHARE = DEMAND FOR LUBRICANTS IN SHIPPING SECTOR + DEMAND FOR LUBRICANTS IN AUTOMOBILE SECTOR

PROBLEM STATEMENT: An NBFC based in Indonesia wants to set up a digital marketplace in India to give out car loans. It aims to go digital because, in Indonesia, 80% of its revenue comes from offline dealers, and it wants to reduce this dependency. How should it proceed with the same?

What is the objective of its entry into India?

The main motive is to increase their profit and revenue. It has a niche presence in India and is facing a similar problem to that in Indonesia.

Is there any specific percentage increase they are targeting in their revenue?

No such specific target.

What are the time and resource constraints?

The setup should be completed within two years, with a budget of 20 million dollars.

Can you give me an explanation of what the digital marketplace of the NBFC looks like?

It will be an end-to-end platform where customers can purchase both cars and car loans together, or choose either individually.

Why do they want to reduce their dependence on offline dealers?

Rising dealer commissions have been eroding our profits, as 80% of our clients are acquired through them.

What is the competitive landscape in India?

3-4 other NBFCs in Indonesia operate with a similar model and are exploring expansion into emerging markets like India, but haven't entered yet.

This gives us a first-mover advantage. Setting up a digital app will be helpful as we would be able to eliminate the middlemen and directly contact the customers. Before developing the app, we need to conduct thorough research on financial feasibility, operational feasibility and risks involved. Do you want me to focus on a specific factor?

Focus on financial feasibility.

Financial feasibility tells that if a business can generate enough cash flow to cover its operating and fixed costs. One way to calculate it is:
Financial Feasibility = (Estimated market size × Expected market share × Profit per unit) - Fixed costs
If this number turns out to be positive, the business is financially feasible.

Good. You seem to have a fair idea about India. Let us form a guesstimate of the market size of this NBFC in Indonesia and find out its feasibility.

I am not sure about the population of Indonesia. Could you give me a hint?

The population is 250 million. The fixed cost of 20 million dollars and the variable cost is 15 million dollar per year. The total annual revenue pool of the 3-4 major NBFCs in Indonesia is $1.7 billion.

Is it fair to assume that the population demographics of Indonesia look similar to India and the main customers of NBFCs are the lower-middle and lower-income groups?

Yes, you may assume that.

The upper-income group will consist of 10% of the population, the upper-middle and lower-middle group 15% each and the lower income group 60%. Therefore, the market for NBFCs will be 75% of the population, which will come out to be 200 million. Do you want me to assume a certain number for our market share?

Let us assume our market share to be 10%.

What is the useful life of a loan?

10 years.

The formula for calculating feasibility can be simplified as:
(Market size x Market share) - Variable cost - Fixed cost per year
(200 Million x 10%) - 15 Million - 20 Million/10
20 Million - 17 Million = 3 Million
Since our resulting figure is positive, this NBFC is a feasible operation in Indonesia.

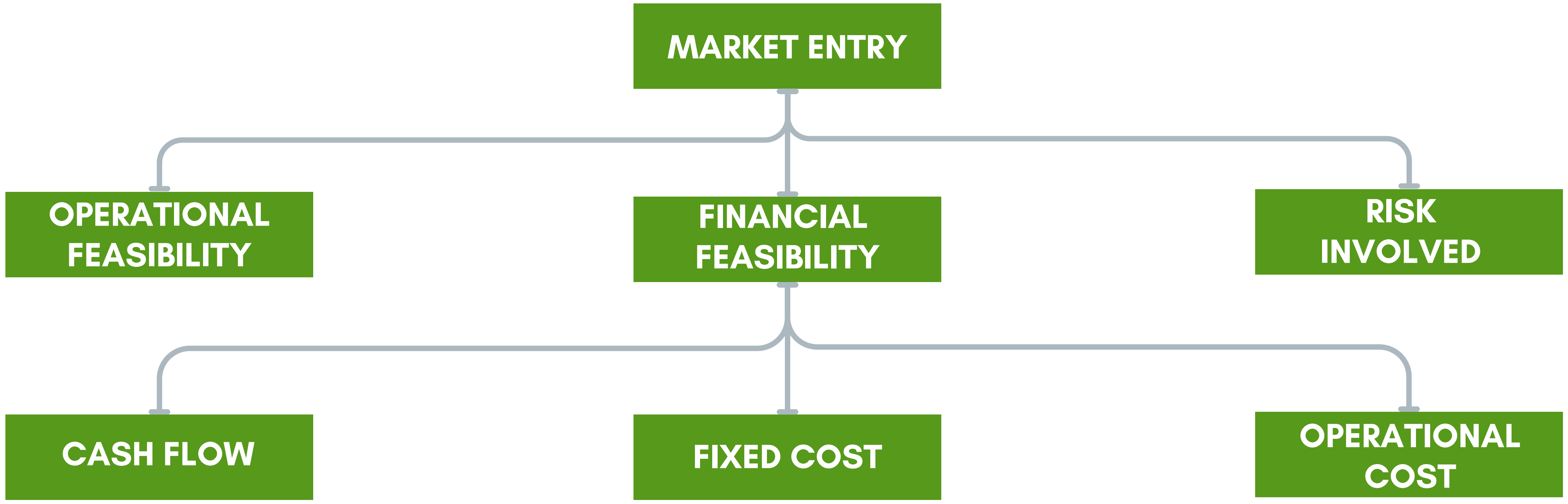
Great, we can end the case here.

HERE IS A TIP!
Always keep in mind the constraints that the case imposes, in terms of money as well as time. The solution should be within the constraints and align with the budget set prior.

PROBLEM STATEMENT: An NBFC based in Indonesia wants to set up a digital marketplace in India to give out car loans. It aims to go digital because, in Indonesia, 80% of its revenue comes from offline dealers, and it wants to reduce this dependency. How should it proceed with the same?

CASE FACTS

- Expand car loans marketplace to India
- 2 year time constraint and 20 million dollars budget.
- The objective is to enter the market and reduce dependence on offline dealers.



PROBLEM STATEMENT: There is a vaccine company named Healthtech, which is making a vaccine for influenza. They want to enter the Indian market, for which they have acquired a collaboration with the Indian government.
Figure out the go-to-market strategy for them, market channels, and how they can penetrate the product to various market segments.

May I ask a few clarifying questions to better understand the company's position and market dynamics?

Sure.

Is the company operationally and financially viable? Additionally, is it operating in other markets, and if so, how prominent is its position in those markets?

The company is in a stable financial condition. It operates in five other markets, holds a strong position in each, and generates healthy profits across them.

Are Indian doctors aware of this company, and has it launched any other products in India before?

Indian doctors are well aware of this company.

Is there anything special about their vaccine?

Their vaccine requires only two annual doses, which is an improvement over other vaccines that need more frequent dosing. It also offers superior quality compared to the currently available alternatives.

Is their collaboration with the government just a pass-on cheque, or is it a proper, strategic partnership?

They have a collaboration with the government to provide free vaccines to low-income segment.

What are their primary objectives in this region – are they aiming for profit maximization or market share maximization?

Their main goal is profit maximization.

Have they previously launched any other products in India, or is this their first entry into the Indian market?

This is their first product launch in India.

There can be two market channels available for Healthtech –

- Distributing the vaccines through the government.
- Distributing the vaccines by collaborating directly with private hospitals.

Okay, do you have any idea as to what infrastructural requirements are needed for storage of vaccines?

Yes, I believe that cold storage facilities among several others are important for storing vaccines efficiently.

Great! I have a question for you here.
Use these tables to figure out the best demographic fit for Healthtech.

Demographic	Population (in millions)	Population percentage	Likelihood of using the vaccine
2018	50	20	15
2023	35	27	16
Children	350	26%	Medium
Adults	800	60%	High
Elderly	180	24%	Very high
Urban	460	35%	High
Rural	870	65%	Medium

State	Influenza affected people (per1000)	Quality of health infrastructure (1-10)	Urban population
Maharashtra	150	8	45
Tamil Nadu	120	7	47
Uttar pradesh	200	5	22
Karnataka	100	8	38
West bengal	140	6	31

Since earning profit is the main goal, we should target the adult population, as they make up around 60% of the total population and their likelihood of using the vaccine is high.

As for the states, Uttar Pradesh and Maharashtra would be the best fits, according to me, for the following reasons:

- In **Uttar Pradesh**, the disease probability is very high, and the rural population is also large, which increases the chances of infection.
- On the other hand, **Maharashtra** has decent healthcare infrastructure, which is necessary for storing the vaccines. Its large population also increases the chances of infection.

Well done. Now can you tell me the various pricing structures that Healthtech can use?

According to me, Healthtech can utilize competitor-based or value-based pricing structures. Moreover, cost-based pricing is also an option. However, the one most suited to them is differential pricing, because influenza is a disease that isn't restricted by age group or income level; it can affect people in rural or urban areas, and the rich or the poor alike. Differential pricing would allow us to offer the vaccine at different rates depending on the needs and abilities of various groups.

Can you list the various segments for differential pricing according to you? Also remember that we have a collaboration with the government.

Are the vaccines subsidized for the low income section under the collaboration?

Yes, but the government does not cover the cost. The company bears the entire loss.

In my view, the lower-income group would likely receive the vaccine free of cost, while differential pricing can be applied to the middle- and upper-income segments, with higher prices as income levels increase.

Okay, now I have a table for you, use this to ascertain the total revenue of the company from the Indian market.

Segments	Population (in millions)	Income (in Rs.)	Adoption rates	Proposed price (in Rs.)
Lower	400	0	95%	0
Lower-middle	500	0-10k	30%	100
Middle	600	10k-50k	60%	300
Upper	230	50k+	90%	500

Is the proposed price quoted for the complete dosage (2 injections) or per individual injection?

Calculate for both cases, and we'll proceed with the one that aligns best with the requirement.

To calculate the total revenue, I will multiply the segment population by the adoption rate and then multiply that with the proposed price per unit. Based on this formula, the revenue from the lower-middle section will be Rs. 15,000 million (500 × 0.3 × 100), from the middle section Rs. 108,000 million (600 × 0.6 × 300), and from the upper section Rs. 103,500 million (230 × 0.9 × 500). This results in a total revenue of Rs. 226,500 million if the proposed prices are per complete dose. The total revenue would be double if the prices are considered per injection.

Great, your answers seem to match. Now, based on the given information: the R&D cost is Rs. 100 billion, the distribution cost is Rs. 20 billion, the sales cost is Rs. 80 billion, and the production cost is Rs. 0.1 million per 1,000 units. We plan to produce a total of 2,194 million units. Using this data, please calculate the cost per unit and round it off to the nearest tens value.

Based on the given data, the fixed cost will be Rs. 200 billion, and the per-unit variable cost will be Rs. 100. Thus, the total cost per unit will be approximately Rs. 190 (after rounding off).

Great, now calculate the profits Healthtech will earn from the Indian market.

At a cost of Rs. 190 per complete dose, the company will incur losses of Rs. 72,200 million (190 × 400 × 0.95) in the lower-income section and Rs. 13,500 million (90 × 500 × 0.3) in the lower-middle section. On the other hand, it will earn profits of Rs. 39,600 million (110 × 600 × 0.6) in the middle-income section and Rs. 64,170 million (310 × 230 × 0.9) in the upper-income section. These figures would double if the pricing were calculated per injection instead of per complete dose. Overall, Healthtech will make a profit of Rs. 18,070 million, making this a profitable venture.

Great, we can wrap up the case here.

HERE IS A TIP!

Break down the problem into several steps, ask clarifying questions to understand the case, not only in the initial stages but throughout the case to gain a better understanding. Always consider multiple strategic options before narrowing down on the best fit.

IT ENDS WITH A SHOT

PROBLEM STATEMENT: There is a vaccine company named Healthtech, which is making a vaccine for influenza. They want to enter the Indian market, for which they have acquired a collaboration with the Indian government.
Figure out the go-to-market strategy for them, market channels, and how they can penetrate the product to various market segments.

CASE FACTS

- It is Healthtech's first product launch in India.
- They have a collaboration with the Indian government.
- Low income groups get the vaccine for free.
- Vaccines have to be given in two doses.

MARKET CHANNELS

- GOVERNMENT
- PRIVATE SECTOR

PRICING STRUCTURE

- COST BASED
- VALUE BASED
- DIFFERENTIAL PRICING
- COMPETITOR BASED

PROBLEM STATEMENT: The client is a healthcare kit manufacturer based in Canada and wants to enter the high-speed bullet train market. They are considering launching a bullet train service between Toronto and Montreal. Assess whether they should go ahead.

Before we get into the details, could I clarify a few points to guide our approach?

Certainly.

Firstly, what is the main objective for the client to enter the high-speed bullet train market?

The client's primary objective is to diversify their business and tap into a high-potential industry. They believe that high-speed rail has strong growth prospects in Canada, particularly for a high-demand route like Toronto to Montreal. They are aiming for substantial long-term revenue and an opportunity to establish themselves as early movers in this field.

Okay, and why does the client, who is from the healthcare sector, want to enter such a diverse field?

Good question. The client wants to diversify beyond healthcare to reduce dependence on a single sector and tap into industries with high growth potential.

Got it. So, to help me analyse the financial and operational feasibility, what would be the figures for capital expenditure and the variable cost?

The capital expenditure is $1 billion, and the variable cost is $50,000 per trip.

Okay, how frequently are we planning to run these trains? What would the occupancy rate be and how many seats does this train have?

There would be two trains, one going from Toronto to Montreal and one coming from Montreal to Toronto and the train would have a capacity of 1,000 people. The entire journey would be 1 hour and 15 minutes long. There would be 40 trips per day. So, that's 20 from Toronto to Montreal and 20 from Montreal to Toronto.

Do we have any price in mind?

No, I would like you to figure out what the price is. Also, we don't have any information about the demographics of Canada.

Okay, so can I take a proxy with the help of India?

No. You should try to find a different approach.

Okay, I’ll use the cost-based pricing approach instead. So, if we have a thousand people in one train and we're technically running 40 trains - because there are 40 trips, and that gives us 40,000 people. From that, I'll assume an occupancy rate and try to do a break-even analysis. So that would give me the bare minimum for my price, and I will try to take a profit percentage on that price.

That sounds like a fair approach, but I don't want you to assume an occupancy rate. How would you figure out how many people are travelling between Toronto to Montreal?

Can I benchmark with the help of other modes of transportation between those cities?

Yes, sure.

Are there any regular flights or trains running between these two cities?

There are 40 flights that run per day with 100 seats per flight and a 100% occupancy rate.

So technically, only 4,000 people are travelling between the two cities. And our client wants 40,000 people travelling between the two cities.

However, we have to ensure that our prices are significantly lower than those of the flights as we're a new venture bringing the first bullet train in the country. According to my observation, it seems like this is not going to be a very profitable venture for our client but I will try doing a break-even analysis and come up with the price.

No, it's fine, can you give me a final recommendation? The numbers are not needed.

Okay. Our clients should not enter into this venture because they are assuming that almost ten times as many people who currently travel between these two cities are going to be travelling. So, I would advise the client against going into this venture; but if they really want to, then they should reduce the number of trips they are taking.

Sounds good. What else can they work on?

The client can work towards marketing and getting the government's approval. They can also seek support from the government since they would be the first in the country to do this. The marketing campaign could be used to influence people to use the bullet train over the flight since it is cheaper and has government backing.

Sounds fair, this case ends here.

HERE IS A TIP!

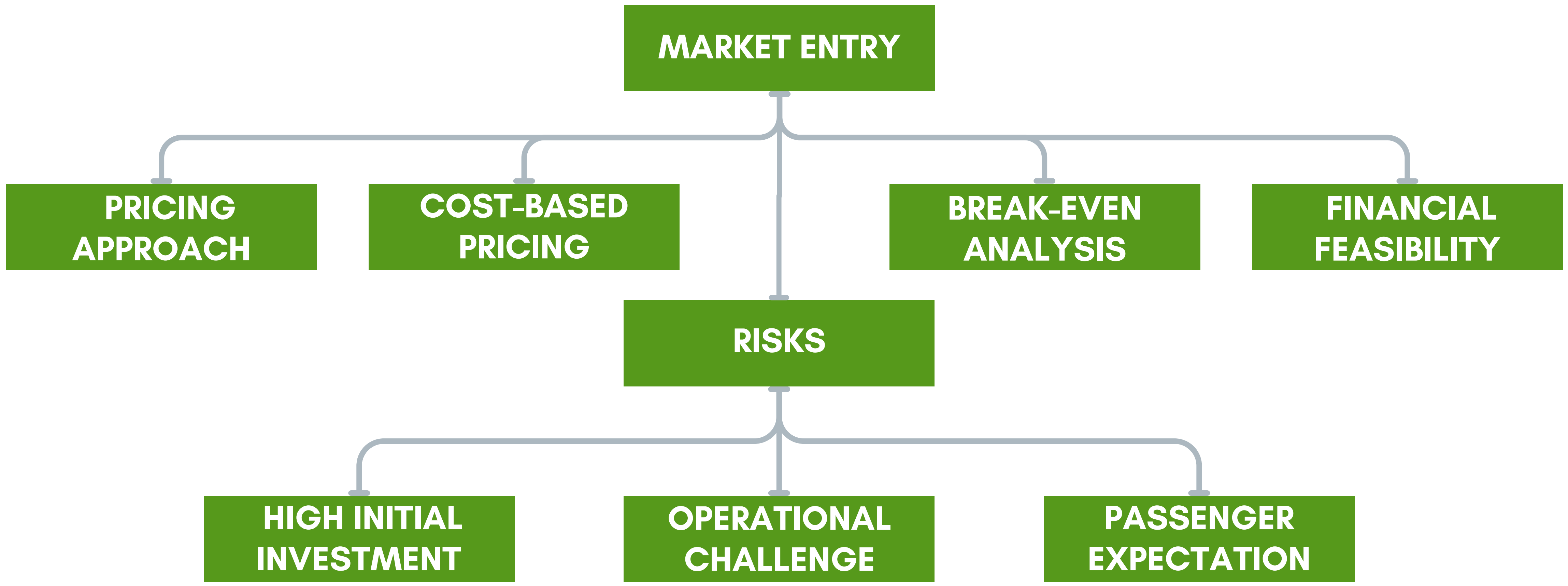
Always ask pointed questions to gather relevant information and clarify assumptions upfront. Justify your methods logically, such as using cost-based pricing when specific data is unavailable. Explaining your reasoning clearly not only enhances credibility but also demonstrates structured and analytical thinking.

BULLET TRAIN

PROBLEM STATEMENT: **The client is a healthcare kit manufacturer based in Canada and wants to enter the high-speed bullet train market. They are considering launching a bullet train service between Toronto and Montreal. Assess whether they should go ahead.**

CASE FACTS

- Client is a healthcare kit manufacturer
- Route: Toronto-Montreal
  Capex: $1 Billion
  Variable Cost: $50,000
  Train Capacity: 1000 passengers
  Trips: 40/day
- Current No. of flights is 40/day
  Seats: 100
  Occupancy: 100%
- Client expects a demand of 40,000 passengers/day



THE BRAZIL JOB

PROBLEM STATEMENT: Your client is an electronic gaming manufacturing company which manufactures in China and wants to enter the Brazilian market. Brazil has a high import tariff which they plan to reduce by 15% in the coming 3 years, 5% each year. The initial tariff was 50% of the per unit price of the product. What variables would you consider for this? What would be the market size of electronic games in Brazil?

I have a few clarifying questions to better understand the case.

Sure, go ahead.

Why is the client only looking at Brazil, and why now?

A new demand has been identified in Brazil, and the reason for entering the market now is the plan to reduce the tariffs, as stated.

I see. But why not continue focusing on China itself?

The market in China is saturated and the client is looking for new demand.

Alright. I want to know more about the product. What type of electronic game setup is the client offering, and who is the target audience?

The product is a handset gaming device, designed for young and affluent individuals up to the age of 35.

Understood. What business model is the client planning to adopt in Brazil?

Both B2C and D2C business channels will be followed in Brazil as well.

Got it. Do we plan to import the finished product from China or assemble it in Brazil locally?

That decision is open to you, and can be made based on your recommendations for the client's strategy.

Alright. I now have all the necessary information to start identifying the variables to be considered.

We would like you to first estimate the market size for electronic games.

Sure. Market size is the **number of units** *multiplied* with the **average price of the units.**

Right, let's first calculate the number of units.

Okay, for the population of Brazil, I would start by taking an estimate of India's population, and assume a 10% of the same to be Brazil's population.

That's a good approach, but let's consider the population of Brazil to be 200 million.

Sure. Next, I'll filter the population by age, focusing on individuals in the target 0-35 age group.

Assume 100 million to be in the target age group.

Alright. The next filter will be income level, segmenting this population into low, medium and high-income level groups.

Right. You may take 30 million as the number of individuals who can afford the product.

Okay. The next parameter I'll look into is the frequency and addiction factor. Since new versions of the electronic handsets are readily launched, we need to consider how often an individual might purchase our product. Out of the 30 million, 20 million are likely to own only one handset. For the remaining 10 million, they will on an average own 3 handsets.

Alright, good. Based on these factors, assume that 10 million units are sold. What other factors will you consider? Are these devices owned individually or per household?

The ownership is per household. We will account for that factor as well.

Consider the average household size in Brazil to be 4 people.

Sure. Using that, we would arrive at the final annual demand of 25 lakh units.

Alright, you may now move on to identifying the variables to consider before entering the market.

For the variables, I would begin by drawing out the value chain to identify the factors involved.

Go ahead.

The value chain starts with Inbound Logistics, where we'll look at the costs and feasibility of imports to Brazil. Next is Assembly, if we plan to assemble the parts in Brazil. This would require setting up an assembly line and paying rent for the acquired location. Then comes the Outbound Logistics, where we focus on distribution and managing relationships with the retailers, especially since the B2B model is part of the strategy. Coming on to Marketing and Sales, here we'll need to look at the segmentation, targeting and positioning of our client. Since we're looking to capture a new market in Brazil, we'll roll out advertisements, identify the population segment that we're specifically targeting, and position our product against the competitors. Lastly, there's After Sales Services, which would include offering repair services and managing customer relations.

That's a comprehensive breakdown. Let's focus on the Inbound Logistics part as of now, with the import costs and feasibility. What factors would you consider under this?

The essential factor that we'll see here is profitability. We need to assess when we can break even and start becoming profitable.

Right, this is the main focus of this case. We need to determine which year we should enter the market, by analyzing when we can break even. Here are a few data pointers -
Price per unit is $50.
Variable cost in China is $14.
Under fixed cost per unit, distribution cost is $6, labour cost is $8, operation cost is $6 and other costs are $10.4.
Assume that as soon as you enter, you are able to capture the entire market since your product is highly differentiated from other competitors in Brazil.

Alright, got it. I'll start by calculating the revenue. For 25 lakh units, with a price of $50 per unit, the revenue comes out to be $50 multiplied by 25 lakh.

Now coming to the costs, we'll need to break it down for each of the three years, considering the tax reduction policy.
In Year 1, the per unit cost will be the sum of the fixed costs and other costs ($30.4), the variable cost ($14), and the 50% tax on the variable cost ($7). So, the total per unit cost comes out to be $51.4. Total cost will be $51.4 multiplied by 25 lakh, which is clearly higher than the revenue. So, there's no break even in the first year.

For the second year, the tax on the variable cost is reduced to 45%. The per unit cost will then be $50.7. When we multiply this by 25 lakh units, the total cost will still be higher than the revenue.

In the third year, the tax reduction to 40% will bring down the per unit cost to $50, and the total cost will be exactly equal to the revenue. We finally break even in the third year. From the fourth year onwards, we will become profitable. So, we should enter the market in Year 3.

Good job! We can close the case here.

HERE IS A TIP!

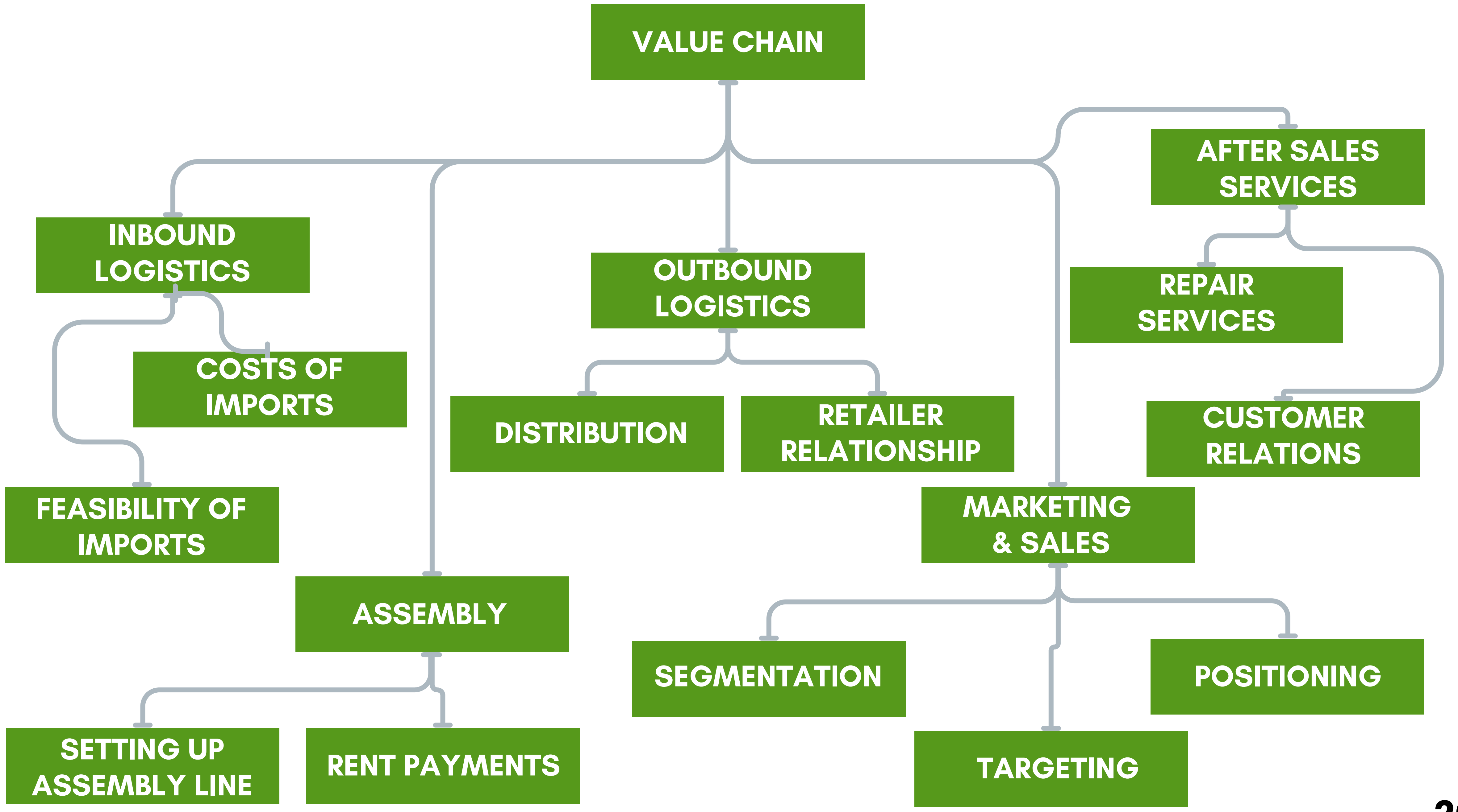
Understand the competitive landscape, local regulations, and consumer behavior. Segment the market effectively and tailor your pricing and product offerings to each segment's needs. Always rely on data to guide decisions, and remain flexible to adapt to market changes and optimize your strategy over time.

THE BRAZIL JOB

PROBLEM STATEMENT: **Your client is an electronic gaming manufacturing company which manufactures in China and wants to enter the Brazilian market. Brazil has a high import tariff which they plan to reduce by 15% in the coming 3 years, 5% each year. The initial tariff was 50% of the per unit price of the product. What variables would you consider for this? What would be the market size of electronic games in Brazil?**

CASE FACTS

- Our client is an electronic gaming manufacturing company which manufactures in China and wants to enter the Brazilian market.
- The product is a handset gaming device, designed for young and affluent individuals up to the age of 35.
- Both B2C and D2C business channels will be followed in Brazil.



PROBLEM STATEMENT: Haldiram wants to introduce solid Gujarati food in their menu across India. Assess if they should go ahead with this decision.

May I ask some clarifying questions?

Sure, go ahead.

Haldiram, the retail chain that we know, serves in the mid-premium segment, is that correct?

Yes, Haldiram, as you know, it is correct.

What are the existing verticals that they have?

They don't have Gujarati food as of now, you can ignore the rest.

Alright. When do we want to do it and what is our objective of doing this?

Our objective is to increase revenues by 50% over the next couple of years.

Are we looking at any specific locations to introduce this?

No, they'll introduce it centrally across all outlets.

Okay, got it. To assess whether we should go ahead with launching Gujarati food on their menu, we will first evaluate the market attractiveness to understand if there is demand for such offerings. Then, we will assess whether the client can set up the business in terms of operations and risk.

Makes sense, go ahead with evaluating market attractiveness.

So, Total Market = Number of Customers (in the form of the Serviceable Obtainable Market [SOM]) × Number of units purchased per customer × Price paid per unit.
Also, if 1 kg is considered as 1 unit, then 0.5 kg will be treated as 0.5 units.

Great. Assume everything to be 1 kg and ignore the rest.

Okay, I will begin with the population first and filter people based on income, as we will primarily be able to cater to the middle and premium segments. Once we narrow down the population, I would like to divide it into Gujarati and non-Gujarati groups.

Don't you think the Gujarati segment is quite small?

Yes, but in Gujarat, there are no MNCs or prominent universities, so anyone who wishes to pursue a professional career usually has to leave the state. This means that the working-class population, except for business owners, is largely based outside the state. Considering these assumptions, the market that Haldiram would want to cater to in cities will be a relatively small segment. So, for Gujaratis, we can assume a 100% adoption rate. For the non-Gujarati population, I'd like to assess factors like taste preferences and the availability of substitutes to estimate how many of them we will be able to convert.

Yes, we can go ahead with putting in the numbers.

Before we move forward, I would like to ask if we will be focusing on the live food segment or the packed food segment.

Tell me more about it.

Live food would include Khaman Dhokla, Locha, etc. while packaged food would include Fafda, Namkeens, etc.

We can look into both.

Okay. Plugging in numbers, we can take 140 crores as India's population and assume Haldiram is only present in urban areas.

Yes, you can go ahead with that.

So 40 crores would be the urban population, which we will divide based on income into BPL, lower, middle, and upper income.

We can eliminate the BPL and lower-income segments, focusing on the middle-income segment, which is 20%, and the upper-income segment, which is 10%. That gives us 12 crore people. Now, we can assume that, on average, 0.5% of the population will be Gujarati, and 99.5% will be the native population.

Makes sense, how would you proceed further?

So for the Gujarati population of 0.5%, we can consider a 100% adoption rate. For natives, I will assume an adoption rate of 10%. Hence, we have 6 lakh Gujaratis and 1,194 lakh native people.

Take 1,194 lakhs as 12 crores.

Okay, so 10 percent of 12 crores will be 1.2 Crores, and we have a total market size of 1.26 crore people. Now, we have to come down to the total number of units.

Okay, how would you proceed with that?

The users can be divided into low, medium and high frequency users under the packed and live food segments separately. For packed food, we can assume 2, 4 and 6 units per year for low, medium and high frequency users, respectively. For live food, it would be 2, 3 and 5 units per year for low, medium and high frequency users, respectively. So, the total market size will be around 28 crores.

Okay, let's say we wanted a Rs. 50 crore growth, and we are only getting a Rs. 28 crore growth. Should we consider launching it?

In that case, the client will not be able to fulfil the goal of this business alone. Do you want me to look into other business segments that we can cater to get to the Rs. 50 crore growth or do you want me to delve further into this and look at the operation feasibility and risks?

Since you already know it's not feasible, what is the biggest operational barrier that you can think of?

The biggest operational barrier would be the live food section, as it will involve higher costs. Instead, they should focus exclusively on the packed food segment, since for packed food, we can simply look into distribution through other retail stores as well as the client's own outlets.

Yeah, that makes sense. We can end the case here.

HERE IS A TIP!

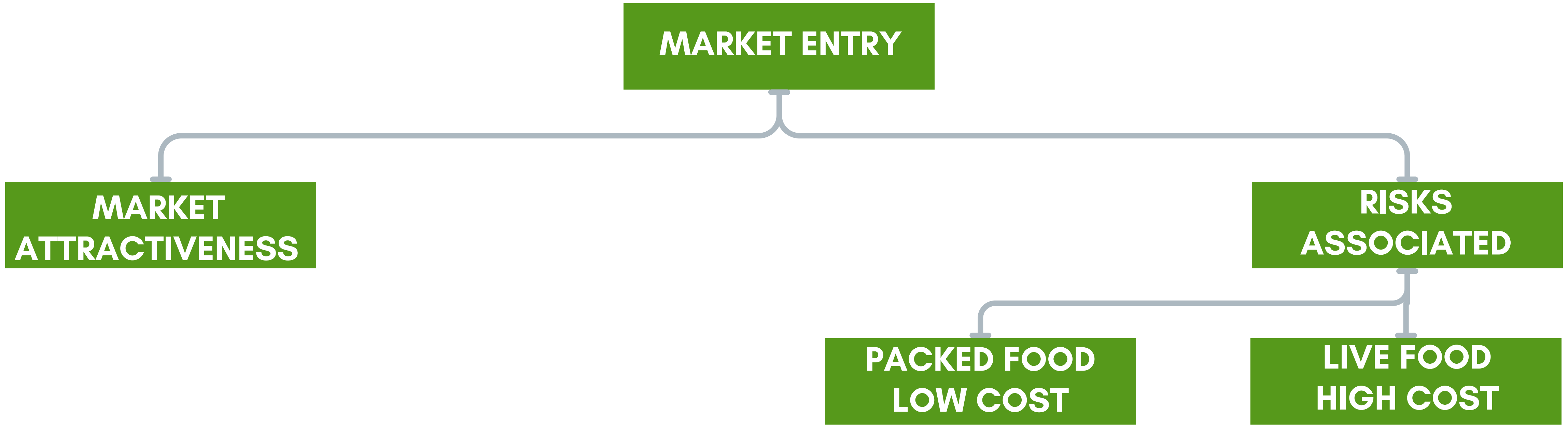
Demonstrating domain knowledge showcases your familiarity with the market or product, which can set you apart as a well-informed and thoughtful problem solver. It helps in having a better conversation with interviewers and that is what they are mostly looking for.

KEMCHO

PROBLEM STATEMENT: Haldiram wants to introduce solid Gujarati food in their menu across India. Assess if they should go ahead with this decision.

CASE FACTS

- Haldiram, the well-known fast food restaurant chain is being talked about
- They dont have Gujarati food as of now
- In Gujarat, there are no MNCs or proper universities, so anyone who wishes to pursue a professional career has to leave the state.
- There are two categories: Packaged food and Live food



PRICING CASES

PRICING CASES

In a Pricing case problem you are asked to set the price at which your client's company will sell its products and services.

IDENTIFY THE CASE

Company X is **launching**/ wants to **change price** of Product Y. Decide an **optimal price for Y**.

EXAMPLE

Tata is about to **launch** their latest model of cars for the Indian Market.. What is the **optimal price** that they should set for this new range?

PRELIMINARY QUESTIONS

1. What products does the company sell, & where does the company stand in the market?
2. What is the company's main objective?
3. How does the client's product differ from the competition? What are the alternatives or substitute products?
4. At what stage of the product lifecycle is the product?
5. Are the supply and demand foreseeable?

FRAMEWORKS TO SOLVE PRICING CASES

- Pricing Strategies framework
- Revenue Stream Matrix
- The 5 Cs of Pricing
- Customer Journey Map

TYPES OF PRICING CASES

VALUE BASED

In this method, the **maximum** amount customers would be willing to pay for your product/service is estimated by comparing it to substitutes used by competitors to achieve the same satisfaction level.

Example: *Red Label is facing declining profits. Analyze and suggest ways to rectify.*

COST BASED

Under this method, you assess the costs linked with the product to determine the cost per unit. This establishes the **minimum price**, as pricing below this **threshold** would result in losses due to higher costs than revenues.

Example: *Spotify is facing losses for past few years. Analyze the issues.*

COMPETITOR BASED

Under this method, the price competitors are charging for providing a similar product/service is compared. This provides a rough range of the price that can be charged, as the aim is to be **competitive**.

Example: *Blinkit is facing tightening margins affecting their profitability. Analyze.*

CHEATSHEET : PRICING

PRICING

- **Competitor Based**
  - Price Range by Competitors
  - Differences in Offered Product
  - Variation from competitors' prices
- **Cost Based**
  - Minimum Price
    - Variable Cost per unit + Allocated Fixed Cost per Unit
      - Allocated Fixed Cost per Unit: Production Capacity / Market Demand
        - Whichever is lower
- **Value Based**
  - Maximum Price
  - Price of Substitutes
  - Utility to Customer
  - Necessity/Luxury Product

Demand Side Factors

- Differentiating factors from competitors
- Consumer Characteristics
- Price Benchmarking and Evaluating Willingness to pay considerations
- Total Cost of Ownership

Supply Side Factors

- All the Ways in which the product can be used
- Advantages/Disadvantages of the Product
- How different the product is as compared to others in the same domain

PROBLEM STATEMENT: Your client is an alco-beverage firm, assuming that in the Bombay market, there are three major players- Player A with 12% market share, Player B with 10% market share, Player C with 8% market share. Additionally, there are 30 other players who together constitute 70% of the market share. In such a case, how would you price the same alco-beverage product?

Under the pricing framework, we can approach the same through a cost-based, value-based, market-based or demand and supply elasticity approach. Which approach would you like me to elaborate on?

Leave all the approaches and just tell me what you think. Do you think this is a fragmented or a consolidated market?

In my opinion, this is a fragmented market because there are multiple players fighting for a dominant market share. A fragmented market refers to an industry or sector where no single company has a dominant market share, and the market is composed of a large number of small and medium-sized players. These markets often have low barriers to entry, allowing many competitors to coexist. Additionally, the competition seems to be pretty intense. The market share of Players A and B i.e. 12% and 10% respectively, is itself pretty close. So according to me, there is a high level of competition in this market.

Okay, fair enough. How would you price your product?

It's a fragmented market and the firm is just entering, so I think that the firm would have to keep the prices very low and follow a cost-based approach, just to ensure that the firm clears their costs, and focus on penetrating the market. Once that is done to a favorable extent, the firm can focus on profits and growth by eventually increasing their prices.

Alright, that's fair but we want to target a very premium market only and a premium product can't be priced entirely based on cost. Because if the initial price is too low, then it gets difficult to increase it by a large margin in the future.

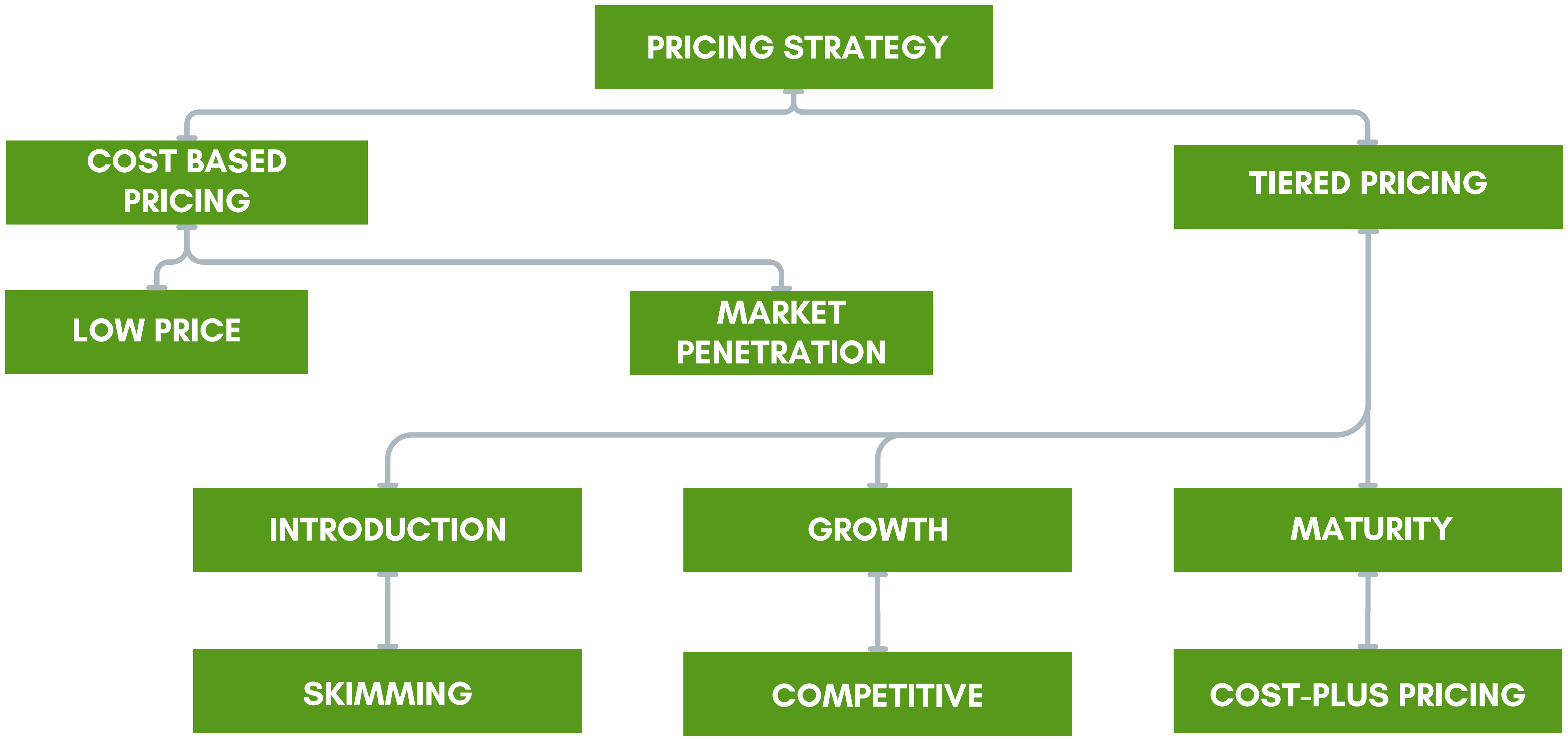
Okay, if that is the objective, then the firm should definitely start with a high pricing strategy, but must also ensure that our product justifies this price point, whether through quality, design, or other factors. Premium customers are very discerning, and they prioritise not only the product itself but also its overall presentation and experience. This includes the packaging, the bottle design, the box, the label, the colour schemes, and the materials used. Every detail matters to them. Additionally, they consider the status value attached to the product and place importance on branding—which may be achieved by having influencers and celebrities endorse the product. If we can ensure all of these factors from the outset, I believe the firm can successfully launch and capture the premium consumer market share even with a high price point. By positioning the product as premium from the start, the firm can establish it as a high-end offering in the market. Moreover, since fewer competitors may be targeting the premium segment, the firm can benefit from reduced competition. Of course, this approach is only viable if we are targeting the premium demographic. If not, the firm should follow the more traditional approach, starting with a lower price point for market penetration and gradually increasing the price as the product life cycle flows i.e., skimming for introduction stage, competitive for growth, cost-plus pricing for maturity and so on.

Good, we can conclude the case here.

PROBLEM STATEMENT: Your client is an alco-beverage firm, assuming that in the Bombay market, there are three major players- Player A with 12% market share, Player B with 10% market share, Player C with 8% market share. Additionally, there are 30 other players who together constitute 70% of the market share. In such a case, how would you price the same alco-beverage product?

CASE FACTS

- The market for alco-beverages contains 3 main players.
- Firm A holds 12% of the market share.
- Firm B holds 10% of the market share.
- Firm C holds 10% of the market share.
- The next 30 firms holds 70% of the market share.



PROBLEM STATEMENT: Your client is a company that has researched and manufactured an immortality pill. And they want you to come up with a pricing strategy, how will you approach the same?

Sure. Can I first begin with a few preliminary questions to gather more context?

Yes, go ahead.

Where would the pill be sold?

It would be sold globally.

How frequently would someone need to take the pill to remain immortal?

Once a week, over the course of a year.

Are there any competitors for this product?

None. This is a completely new product.

Understood. Based on this, I'd use three standard approaches to pricing: cost-based pricing, value-based pricing, and competitor-based pricing. Since there are no competitors, I'll eliminate competitor-based pricing and focus on cost-based pricing first.

Alright, proceed.

To begin, I would calculate the per-pill costs, which include variable costs and fixed costs. The fixed costs would include the R&D costs. Could you tell me more about the costs involved?

The R&D cost was $1 billion. The variable cost for manufacturing the pill is $10 per pill. Additionally, $200 million was spent as the cost of capital over the period of two years.

Alright, got it. Since R&D costs typically cannot be recovered immediately, I'll focus initially on the variable costs. At $10 per pill, and with 52 pills needed per year, the cost per customer annually comes to $520. But since we're selling global and don't know what sort of customer segment we're exactly targeting, I think cost-based pricing will not be very useful in this situation. May I move on to value-based pricing?

Yes, we can move on to value-based pricing now.

For value-based pricing, I'd look for a proxy product. Here, Life insurance comes to mind considering the situation. For a life insurance policy with a payout of ₹1 crore, the premium typically costs about ₹1,000 per month or around 10$ per month. Assuming a lifetime period of 50 years, this translates to ₹1,000 × 12 × 50 = ₹6,00,000, or approximately $6,000. Customers might perceive similar value in the immortality pill and could be willing to pay a comparable amount.

Alright, but can you think of anything else? It's an immortality pill and you can't just make everyone immortal, right?

Since this is an immortality pill, it's unlikely we'd want to make it universally available. We could take inspiration from scenarios like the COVID-19 pandemic, where resources like oxygen cylinders and vaccines were in limited supply and priced accordingly. While people were willing to pay huge amounts, they were just not available.

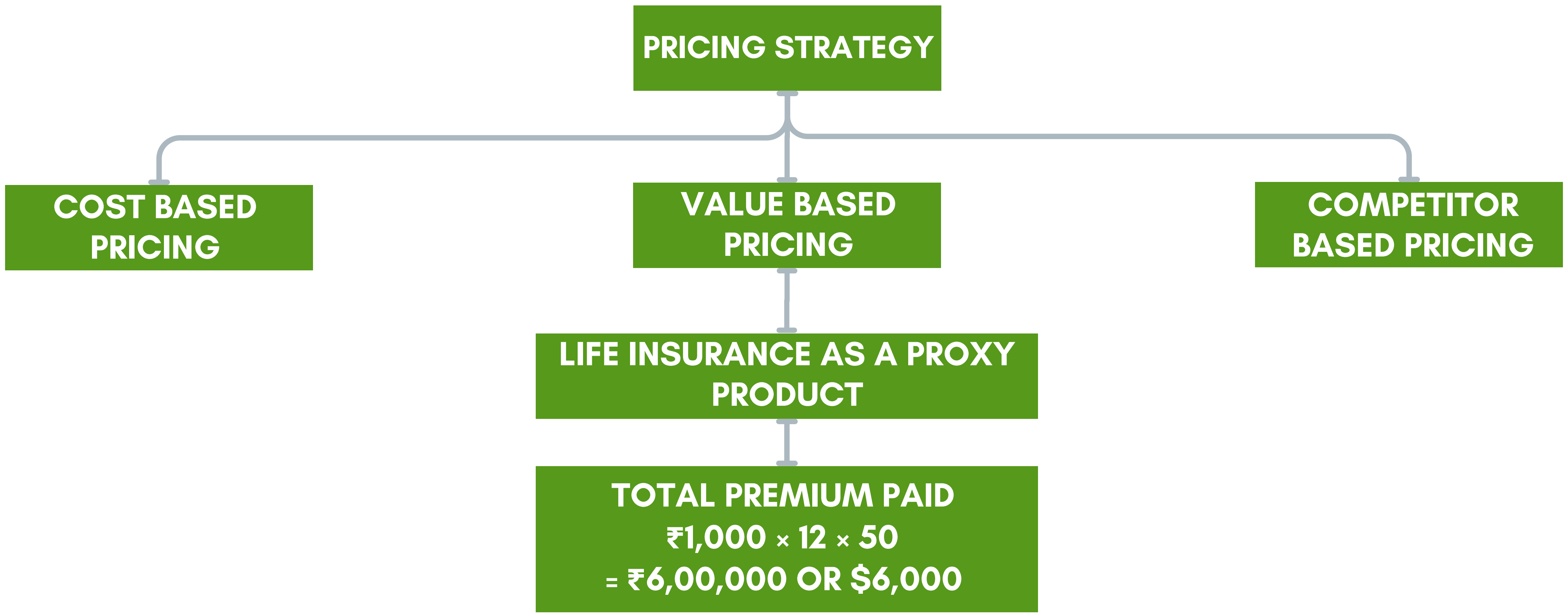
Alternatively, we could also target the ultra-wealthy, offering the pill as an exclusive product. By limiting access, we could price it at a premium, potentially recovering even billions of dollars from a select few customers, or even focusing on just two or three individuals.

Good job! I really like the COVID reference. Okay, we can wrap up the case here.

PROBLEM STATEMENT: **Your client is a company that has researched and manufactured an immortality pill. And they want you to come up with a pricing strategy, how will you approach the same?**

CASE FACTS

- The R&D cost was $1 billion. The variable cost for manufacturing the pill is $10 per pill. Additionally, $200 million was spent as the cost of capital over the period of two years.
- Life Insurance has been taken as a proxy product because customers might perceive similar value in the immortality pill and could be willing to pay a comparable amount.
- For a life insurance policy with a payout of ₹1 crore, the premium typically costs about ₹1,000 per month or around 10$ per month.
- A period of 50 years has been assumed for the life insurance policy.



PROBLEM STATEMENT: Your client is a car insurance provider looking to price the premium for their car insurance. How would you go about it?

I have a few preliminary questions.

Sure, go ahead.

What geography is the client based out of?

The client is based out of the USA.

What is premium? Is it an annual or monthly premium?

Premium is the amount an insurer charges for insuring any asset, which in this case is a car. It is an annual premium.

Does our client have any experience in the insurance sector? What is the client's objective behind this strategic decision – is it to gain a higher market share or be profitable?

They are already in the insurance sector but they now want to expand into the car insurance sector as well. Their objective is to be profitable.

Alright. I have the required background information. Give me a minute to frame an approach.

Sure.

Right, so before we delve into the pricing of the premium, we need to look into all the costs and revenues involved.

That's right. Can you list down for me all the costs that could be involved.

So we can basically categorise our costs under 4 major subheads. The first and the most obvious one is the claims that go out. Secondly, there is a no claim benefit involved, which basically means that if you do not take any claim from the insurer for an entire year, they have to pay a no claim benefit. The third cost would be the Marketing costs. And lastly, the fourth cost would be the Administrative costs which includes the surveillance costs as well as the operational costs. In motor insurance, there needs to be a surveyor assigned, so that whenever there is an accident, he needs to go at the site and confirm whether the loss is genuine or not. So we need to consider these costs as well.

That's impressive. Can you also list down the various revenue streams of a car insurance provider.

Sure. So the most substantial revenue stream would be income received from premiums. Secondly, most of the insurance companies invest their funds into stocks, mutual funds or other investments. So incomes like dividends, interest and capital gains is another revenue stream.

That seems fair. What factors should our client consider before entering the car insurance sector?

So before we enter the car insurance sector, we first need to analyse the competitive landscape of the insurance sector in the USA - whether there are many competitors or not. In case it's a competitive market, we might need to adopt a competitive pricing strategy to ensure survival. But if we do not have that many competitors, we may adopt a more liberal strategy.
Secondly, we know that the product here is specifically cars since we're only talking about motor insurance. Hence, it is imperative for us to analyse the growth trends and future prospects of the automobile industry in the USA. Moreover, the premium of any vehicle depends on the type of vehicle it is - whether its a luxury one, or a consumer vehicle. So, analysing the automobile sector would give us a more clear idea of the scope of premium that could be earned.

That's impressive. We now want you to look at a specific data point to actually determine what the actual price of the premium would look like.
So, there are 2 price points - one is $400 p.a. and the other is $450 p.a. You have to decide which of these is more feasible to price the premium.

What are the administrative costs?

It is $20 per policy per year.

What is the percentage of claims?

It is 5%. So out of every 100 policies, 5 out of them go under claims every year.

What is the cost per claim?

It is $5000.

Can you give me an idea of the total number of policies that might be out there?

That might not be required. You may assume as you wish.

Alright, so let's assume that there are 100 policies. We can calculate the revenue by multiplying the number of policies with the premium per policy. In the first case, it is going to be 100 multiplied with $400, which would give us $40,000.
As for the costs in the first case, the administrative costs would be 100 multiplied with $20 per policy, which would be $2000. The number of claims would be 5% of 100 which is 5 and the claim amount is $5000 per policy, which would amount to $25,000. Therefore, the total costs would be $27,000.Hence, in this case the profits would amount to $40,000 - $27,000, which is $13,000.

That seems right. Move ahead with the second case.

Right. To solve that, can you provide me with a figure that by how much percentage would the number of policies sold decrease due to the increase in price point from $400 to $450.

You can take the figure to be 50%.

Alright. So, the number of policies in this case would drop to 50. We can get the revenue by multiplying 50 with $450, and that would be $22,500. As for the costs, the number of the claims in this case would be 5% of 50, which is 2.5, so the amount of claims paid would be 2.5 multiplied by $5000, which is $12,500. Moreover, the administrative costs would be 50 multiplied with $20, which is $1000. Therefore, the total costs would be $13,500.

Hence, in this case the profits would amount to $22,500 - $ 13,500, which is $9,000.

To summarise both the cases, we got a profit of $13,000 when the price point was $400, but the profit dropped to $9,000 when the price was increased to $450.
Hence, the more prudent choice for our client would be to price the premium at $400 per policy.

That seems correct. We can close the case now. Good job!

HERE IS A TIP!
Break the problem down into a clear, structured approach - identify key variables, set up an equation, and use logical assumptions to estimate missing data. Always show your calculations and thought process - clarity matters as much as accuracy.

PREMIUM RUSH

PROBLEM STATEMENT: Your client is a car insurance provider looking to price the premium for their car insurance. How would you go about it?

CASE FACTS

- Our client is a car insurance provider based out of the USA.
- The client was already existing in the insurance sector but now they wish to expand to motor insurance as well.
- The objective of the client behind this expansion is to get higher profitability.

- INSURANCE SECTOR
  - REVENUE STREAMS
    - INCOME FROM PREMIUM
    - INCOME FROM DIVIDEND, INTEREST & CAPITAL GAINS
  - COSTS
    - INSURANCE CLAIMS
    - NO CLAIM BENEFIT
    - MARKETING COSTS
    - ADMINISTRATIVE COSTS

- FACTORS FOR EXPANSION
  - COMPETITIVE LANDSCAPE OF INSURANCE SECTOR IN THE USA
  - GROWTH TRENDS & FUTURE PROSPECTS OF AUTOMOBILE SECTOR IN THE USA

UNCONVENTIONAL CASES

MERGERS & ACQUISITIONS CASES

Mergers and acquisitions (M&A) are high-stakes strategic decisions where a firm(s) decides to acquire or merge with another firm.

IDENTIFY THE CASE

Company X is considering to **merge with/ acquire** Company Y. Should they make this decision?

EXAMPLE

Amazon is considering **acquiring** a company that provides an **online platform for small businesses** to sell their products. Should they make this acquisition?

PRELIMINARY QUESTIONS

1. In which industry does the client operate?
2. What are the client's key customer segments?
3. What are the market's size and growth figures?
4. What is the focus? Is it a high volume/low margin or a low volume/high margin market?
5. Are there barriers to entry?
6. Who are the key competitors in the market? What are possible threats?

FRAMEWORKS TO SOLVE M&A CASES

- McKinsey M&A Framework
- McKinsey 7S Framework
- Post-Merger Integration (PMI) Roadmap

WHY DO COMPANIES GO FOR M&A?

- *To enter new geographic markets or customer segments.*
- *To expand product offerings or acquire new capabilities.*
- *To reduce costs through economies of scale, or by eliminating redundancies.*

TYPES OF M&A CASES

COMPANY ACQUIRING/ MERGING WITH ANOTHER COMPANY

These questions take the form of a **GTM strategy**, involving an extant business unit that is looking to **expand its offerings** and or involving the launch of a brand-new business unit.

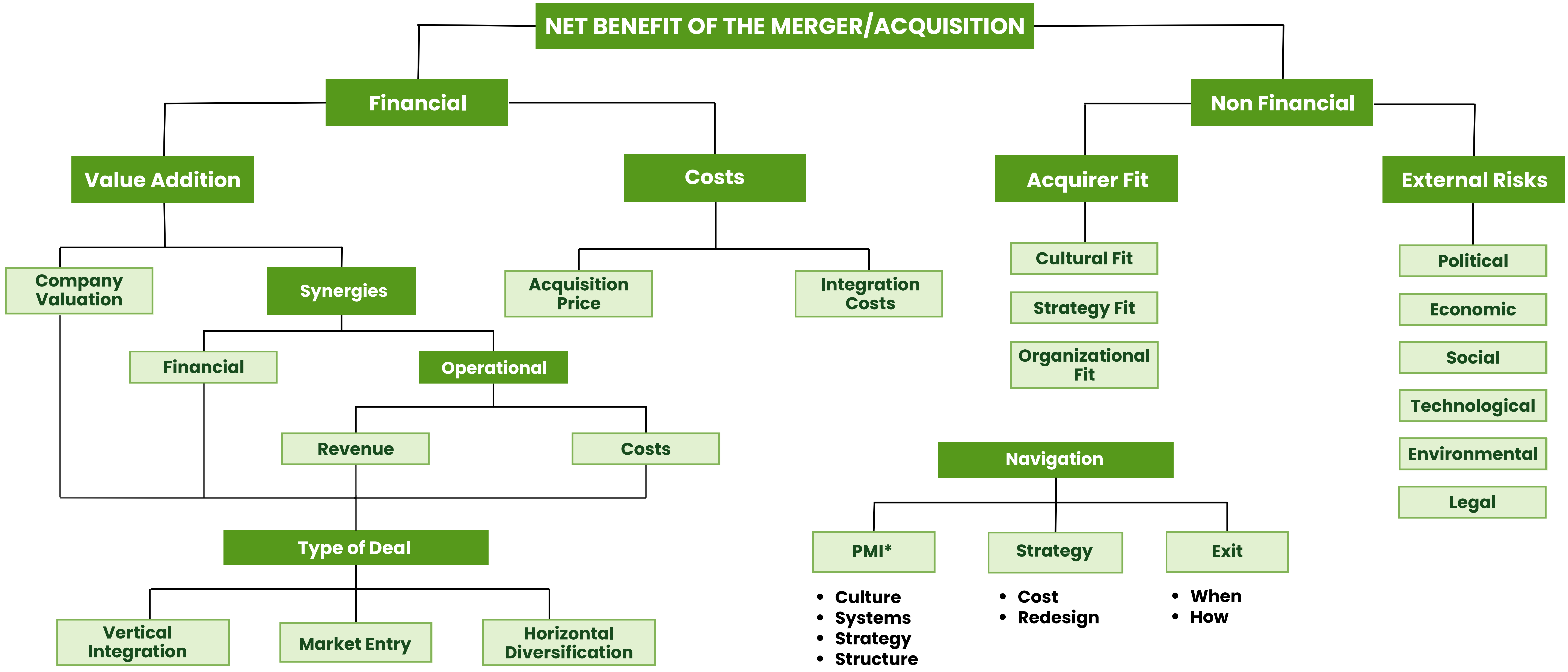
Example: *If Wow Momos is considering to merge with Bercos or Unstop is considering to acquire Internshala. Analyze if they should make this investment.*

A PRIVATE EQUITY FIRM ACQUIRING ANOTHER COMPANY

These questions are usually anchored to the goal of **either growing revenues or expanding margins** through analysis of price elasticity or price in conjunction with changes in cost.

Example: *A private equity firm is considering acquiring a national chain of bakeries. Should they make this investment?*

CHEATSHEET : MERGERS AND ACQUISITION



*Purchasing Managers Index

PROBLEM STATEMENT: Your client is a foreign investor, who is looking to invest in a quick commerce platform. You have to help them identify the parameters they should consider. How will you go about it?

Alright, I'd like to ask a few clarifying questions.

Yes, go ahead.

What was the investor's previous portfolio, and what is their aim with this investment?

Their previous portfolio has been centred around consumer-focused, internet-based companies. They have not previously invested in the quick commerce space, and their aim with this investment is growth and diversification.

Alright, I would like to divide the parameters into three buckets. First, the financials – whether it is a profitable investment or not; then, the operational parameters; and lastly, the miscellaneous risks involved in investing in the quick commerce space.

Okay, could you elaborate more on each of these?

Yes, so for the financial parameters, they should start with a general overview including market size, market share, and major players. For each major player, they should assess financial statements, revenue, profitability, and growth trends, along with whether the company is listed or unlisted.

Then, moving onto the operational parameters, they should examine the business models of different companies, the value chains they follow, and whether any of them could operate in synergy with the investor's existing portfolio – possibly enabling a merger or joint venture.

Lastly, under miscellaneous risks, there are industry-specific parameters such as customer retention rate, average order value, number of active users, and order frequency.

Okay good, now give me an overview on what parameters you would look at while investing in any industry, not just quick commerce.

So, for that, I would have a top-down approach. Starting with the current climate of the country, if the government is incentivising the industry or not. Then, moving down to the industry specific factors, I would look at the overall market size, the current growth trends, the market share of different players, and the investor sentiment in the industry. Finally, at the company level, I would look at their financial statements.

Alright, good work. We can end the case here.

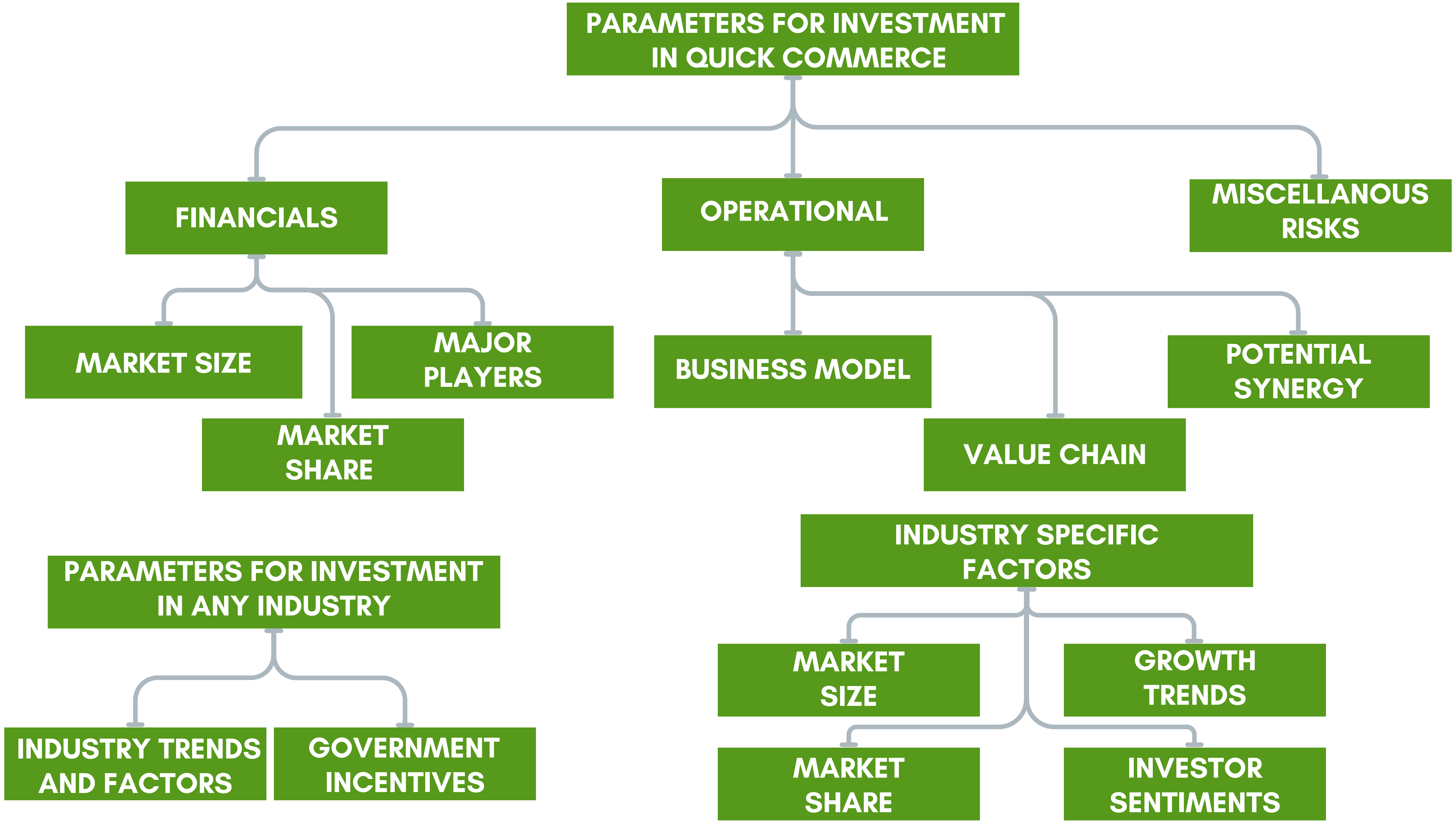
ADD TO CART

Unconventional | **Redseer Strategy**

PROBLEM STATEMENT: Your client is a foreign investor, who is looking to invest in a quick commerce platform. You have to help them identify the parameters they should consider. How will you go about it?

CASE FACTS

- The investor's previous portfolio is centered around consumer-focused, internet-based companies.
- The investor has not invested in the quick commerce industry prior to this.
- The aim of this investment is growth and diversification.
- Within major players, consider financial statements, revenue, profitability, trends followed, listed/unlisted.
- Miscellaneous risks includes industry-specific parameters such as customer retention rate, average order value, number of consumers and frequency of orders.



PROBLEM STATEMENT: Assume that you are a company that has launched an app on Play Store that is free of cost in the Indian market. The target you had set for the number of downloads was 1,000 daily, but what you are actually getting is 50 downloads per day. How would you analyze this problem? And, what are the steps that you can take to resolve this issue?

I would like to approach this from the demand side. Does that sound good?

Sure, go ahead.

Okay, so if the demand is low, there could be a problem in any of these three areas:
Awareness Issue: People are not aware of the app's existence or its utility.
Unwillingness to download the app, even though they are aware of it.
Accessibility Problem: They are aware of the app and wish to download it, but for some reason they are unable to do so.

Is there any specific category that you want me to focus on?

We can begin with awareness and then go through each of them one by one.

Alright. A lack of awareness implies a marketing issue. Can I assume that users between the ages of 18 and 25 make up the app's target market? And what is the budget of the company?

Sure. You may make that assumption and since the company is a startup, it's on a tight budget.

Okay, since it is a startup on a tight budget catering to 18-25 year olds, the channels of marketing that I will focus on are social media marketing and word-of-mouth marketing. The primary channels that a brand has for social media marketing are Instagram, Facebook, Youtube, WhatsApp, LinkedIn and Email marketing.

Alright, we can discuss the willingness part now.

Okay, so to explore willingness as a cause of low demand, I would like to draw out the customer journey. We will analyze a customer's journey from the point where they are aware of the app to the point where they can download the app. We can thereby try to figure out what the issue is in the willingness aspect. Does that seem fine?

Sounds good, you can elaborate on it.

Alright, so the journey goes like this-
A person sees marketing material, let's say a post. Then that post must have some sort of link attached to it, they click on it and get redirected to the Play Store and the app's page opens up. Then there are around 15 different things they typically see on that app's page in a particular order. Once they see those 15 things, then they make a call on whether or not they are going to download that app.

Can you list a few of the 15 things that you just mentioned?

These would be the app name, the logo, the description, the number of downloads, the company that has made the app, images, videos, reviews, and the download size of the app. This also includes competitor apps shown at the bottom of the screen, along with similar alternatives.

Alright, having identified these 15 things, how would you further assess which one of these 15 things is creating the problem?

There are multiple ways to do this - A/B testing, market surveys, or research through questionnaires. For instance, if we want to test which logo works best, we could show people four options and ask them to choose.

If the audience is being influenced by competitors, we should assess what exactly is attracting them. It could be something that the competitors have that we don't have. We can also check if there's any data showing that a decline in our app's downloads corresponds with a rise in competitor downloads. If our competitors' numbers remain unchanged, it suggests that our users are not switching to them, and we should focus on other possible causes.

That sounds good to me, let's move to the accessibility part now.

Accessibility issues can be internal or external. Internally, the app could have a problem, such as a technical glitch.
Since I am not a coder, I am unable to mention exactly what kinds of technical glitches there could be. Externally, the user's phone may not be compatible with the app, or it may not have enough storage space to download it.

Good approach, now keeping all of this in mind, if you are running such a company, what are the top three metrics that you will have to monitor daily, which will be like your indicator of whether things are going right or wrong?

Got it, so apart from the number of downloads per day, which is something we've already covered, we can look at the growth rate of the downloads per day, the number of active users, or the uninstall rate.
A few additional metrics could include the number of profiles, reviews, and technical issues reported.

These seem satisfactory but you should have also considered something on the cost side, say the customer acquisition cost. But good job, we can end the case here.

APP-OCALYPSE

Unconventional | ■■□□□ | **Accenture**

PROBLEM STATEMENT: **Assume that you are a company that has launched an app on Play Store that is free of cost in the Indian market. The target you had set for the number of downloads was 1000 daily, but what you are actually getting is 50 downloads per day. How would you analyze this problem? And, what are the steps that you can take to resolve this issue?**

CASE FACTS

- Number of downloads lesser than expected for a **startup.**
- Candidate approached the problem from the demand side.
- Interviewer asked how the candidate would gauge which one of the page listings is creating the problem.
- After the approach was stated, the candidate was asked to elaborate on the key metrices that they would monitor to assess their app's performance.

PROBLEM STATEMENT: How can you increase voter turnout in your constituency?

Which constituency are you from?

My constituency is Tilak Nagar in New Delhi.

How can we increase voter turnout in your constituency ahead of the upcoming elections?

I have a few ideas that could help encourage voting and increase turnout on election day:

- We should focus on engaging with the public through open and candid interactions. Door-to-door visits would help raise awareness about the importance of voting and address any concerns people may have.
- We can collaborate with local religious institutions to spread awareness about the electoral process. Since people have faith in religious leaders, their involvement could encourage more people to vote.
- Providing incentives for lower-income groups could motivate them to participate in the election. This could include small financial incentives or other benefits to further motivate voter participation.
- We could arrange free rickshaw services to ensure people have easy access to polling booths. This would eliminate logistical barriers and encourage higher voter turnout.

Alright, would you like to give any other solutions?

Here are some additional solutions we can implement:

- We should train volunteers on the voting process and its significance, creating a network dedicated to promoting voter participation.
- Local leaders have a strong influence in their communities. Their involvement can help motivate people to participate in the voting process.
- We should display banners on rickshaws and billboards across the constituency to inform people about key dates and election details. This will ensure that voters have the necessary information at their fingertips.
- Finally, we can partner with Non-Governmental Organizations (NGOs), as they enjoy a great deal of trust within the community. Collaborating with them can lend credibility to our campaign and make our messaging more impactful and trustworthy to the public.

These solutions seem feasible. We can end the case here.

OUT OF THE POLLS

Unconventional | Nation with Namo

180Degrees CONSULTING SRCC

PROBLEM STATEMENT: How can you increase voter turnout in your constituency?

CASE FACTS

- The candidate was asked to provide solutions to increase the voter turnout in their constituency.
- The candidate suggested seven comprehensive solutions to increase the turnout.
- The candidate suggested candid interactions, incentives, awareness programs, training volunteers about the voting process, involvement of NGOs, banners at public places and free rickshaw services on election day to increase turnout.

INCREASE VOTER TURNOUT IN YOUR CONSTITUENCY

- ENGAGING WITH THE PUBLIC THROUGH CANDID INTERACTIONS
- PROVIDING INCENTIVES FOR LOWER-INCOME GROUPS TO ENCOURAGE ELECTORAL PARTICIPATION
- OFFERING FREE RICKSHAW SERVICES TO ENSURE EASY ACCESS TO POLLING BOOTHS
- TRAINING VOLUNTEERS ABOUT THE VOTING PROCESS
- INVOLVING LOCAL LEADERS AND NGOS TO SPREAD INFORMATION
- BANNERS TO INFORM VOTERS OF IMPORTANT DETAILS
- COLLABORATE WITH RELIGIOUS PLACES TO SPREAD AWARENESS

PROBLEM STATEMENT: You are visiting a constituency in Karnataka where two major political parties hold significant influence. An NRI candidate plans to contest elections in this area, and your task is to develop a strategy to enhance his popularity and establish their presence among the voters in the constituency.

May I ask some clarifying questions?

Sure, go ahead.

What is the gender ratio and age composition in the constituency? Are there any specific problems being faced in the constituency?

The gender ratio is balanced, the age composition is young, and there are no specific problems.

In my opinion, there are three major areas to work on:

- Voter outreach
- Policy alignment
- Grassroots-level marketing

Which one should I focus on?

Start with voter outreach.

As part of voter outreach, the candidate can focus on the following strategies:

- Door-to-door campaigning: Through this, the candidate can personally connect with local people and ask for their votes in a more personalized manner.
- Organizing local and community-level events: These events can help the candidate communicate what they stand for and why they are running for election.

We can end this question here. I have a follow-up question for you.
Seeing the NRI gaining popularity, the two dominant parties have begun threatening him to withdraw from the elections, or they will have him killed. In your opinion, should the NRI withdraw from the race? And if not then how can the NRI protect himself from the two dominant parties?

He should not withdraw from the elections, and there are two main ways in which he can protect himself:

- He can seek protection from the police or the Election Commission.
- Given his rising popularity, he can join a local opposition party to gain additional support and protection.

Great! We can end the case here.

HERE IS A TIP!

Stay structured and begin with a clear framework. Also be prepared to adjust your approach as new challenges arise. In this case, identifying voter outreach strategies was crucial, but handling political threats required quick thinking alliance-based solutions.

180Degrees CONSULTING SRCC

PROBLEM STATEMENT: You are visiting a constituency in Karnataka where two major political parties hold significant influence. An NRI candidate plans to contest elections in this area, and your task is to develop a strategy to enhance his popularity and establish their presence among the voters in the constituency.

CASE FACTS

- The constituency has a balanced gender ratio, a young demographic, and no specific issues.

PROBLEM STATEMENT: Two days before the election, the MLA of your constituency asks for help expanding his campaign's reach. How can you support him in connecting with more voters, given the time and legal constraints?

Candidates are legally required to cease campaigning 48 hours before the election. In this situation, the candidate cannot engage in visible campaigning, as it could lead to being reported to the authorities and result in serious consequences.

So, what should the MLA do in this scenario? What discreet marketing tactics can he use to promote his campaign without drawing attention from the opposition or the authorities?

I have a few ideas. First, we could build a voter database for the constituency, including phone numbers, email addresses, and other contact details. Volunteers could then directly reach out to voters to share information about the candidate's manifesto.

What if the voter's phone is on Do Not Disturb (DND), and the volunteer is unable to contact them?

While it's possible that some voters may have their phones on DND, I believe the number of such cases will be minimal. Volunteers should still be able to reach the majority of voters. For those who can't be reached initially, we can try contacting them again after completing the first round of outreach.

Alright, let's move on to other solutions.

Another approach would be to print a report card highlighting the government's achievements over the past five years, including major projects, implemented policies, and fulfilled election promises. This would help showcase the credibility of our candidate. We could distribute these report cards by inserting them into local newspapers to ensure they reach the voters easily. We could collaborate with local newspaper distributors to carry out this initiative.

While this idea could be effective, it also carries significant risk. If the opposition learns about this plan, they might report it to the Election Commission, which could result in penalties and damage the candidate's image. I would instead suggest focusing on logistics. With only two days left, there are no viable promotional techniques available to increase voter awareness. Instead, we should ensure that our supporters can reach the polling stations on time.

To improve voter accessibility, we could offer free rickshaw services to help our supporters reach polling stations. This would make it easier for them to reach the polls and cast their votes.

That's a good idea. By improving accessibility, we can ensure that our supporters face no barriers to voting. We can conclude the case here.

PROBLEM STATEMENT: Two days before the election, the MLA of your constituency asks for help expanding his campaign's reach. How can you support him in connecting with more voters, given the time and legal constraints?

CASE FACTS

- The MLA of your consituency wants to increase his campaign reach two days before the elections.
- Candidates are required to stop campaigning 48 hours before the election. Hence they need to use discrete marketing tactics.
- The candidate suggested reaching out to the voters directly and sending a government report card with newspapers.
- Free rickshaw services can be provided to existing supporters to ensure accessibility for existing supporters.

INCREASE CAMPAIGN REACH 2 DAYS BEFORE ELECTIONS

- **REACH OUT TO VOTERS DIRECTLY**
  - RETRY VOTERS WHO COULDN'T BE REACHED INITLIALLY
- **REPORT CARD OF GOVERNMENT'S ACHIEVEMENTS**
  - BEWARE, OPPOSITION CAN REPORT IT TO EC, RESULTING IN PENALTIES
- **IMPROVING LOGISTICS FOR EXISTING SUPPORTERS**
  - FREE RICKSHAW SERVICES TO IMPROVE ACCESSIBILITY

DON'T BANK ON IT

Unconventional | ■■■□□ | McKinsey & Company

PROBLEM STATEMENT: Your client, a niche bank with branches in tier-1 cities, faces long queues during peak hours, risking customer loss. Suggest ways to enhance customer experience.

I have some clarifying questions. What are the different services that they're providing?

This bank primarily offers personal and business banking services, including checking and savings accounts, loans, investment options, and basic financial consulting. They're known for personalised services, which are a major draw for their customers.

What locations are they present in?

The branches are located in tier 1 cities across India, including Mumbai, Delhi, Bengaluru, and Chennai. The issue is more prominent in densely populated areas where customer inflow is high, especially during peak hours.

Do competitors face this issue as well?

Some competitors do face similar issues, but many of the larger banks have adapted and developed solutions to the problem.

Which channels are they available through – online, offline, or both?

In terms of channels, there are both online and offline modes, but only 5% of the people use the online modes.

Is the problem being faced due to a particular customer segment?

Yes, it's an issue primarily among people aged 35 to 50.

What types of issues are they approaching us for?

They're visiting the bank for simple issues and minor grievances, such as help with filling out forms.

To address this issue, we can approach it in two ways: either by reducing the number of customers visiting the banks or by redistributing their visits to other branches or shifting them from peak hours to non-peak hours.
First, to minimize the number of customers coming to the bank, we can focus on resolving their issues effectively. This can be achieved either by reducing the occurrence of these issues or by encouraging self-resolution to lower the volume of grievances reported. Self-resolution could be facilitated through measures such as promoting online services or providing telephonic support.

How would you work on the online portion of it?

I would focus on increasing awareness, accessibility, and improving the user experience to encourage a shift from offline to online modes.

Alright, please elaborate on the approach involving shifting to other times.

Shifting customer visits to non-peak hours can be approached in two ways: mandatory or voluntary.
For the mandatory approach, there are two options: a token system or segmentation. In the token system, customers are assigned specific time slots in which they must visit the bank. With segmentation, time slots are allocated based on issue type or customer category, helping distribute footfall more evenly throughout the day.
For the voluntary approach, customers can be encouraged to visit during specified times by offering them incentives. Such incentives could motivate customers to adjust their schedules voluntarily, helping manage footfall more efficiently.

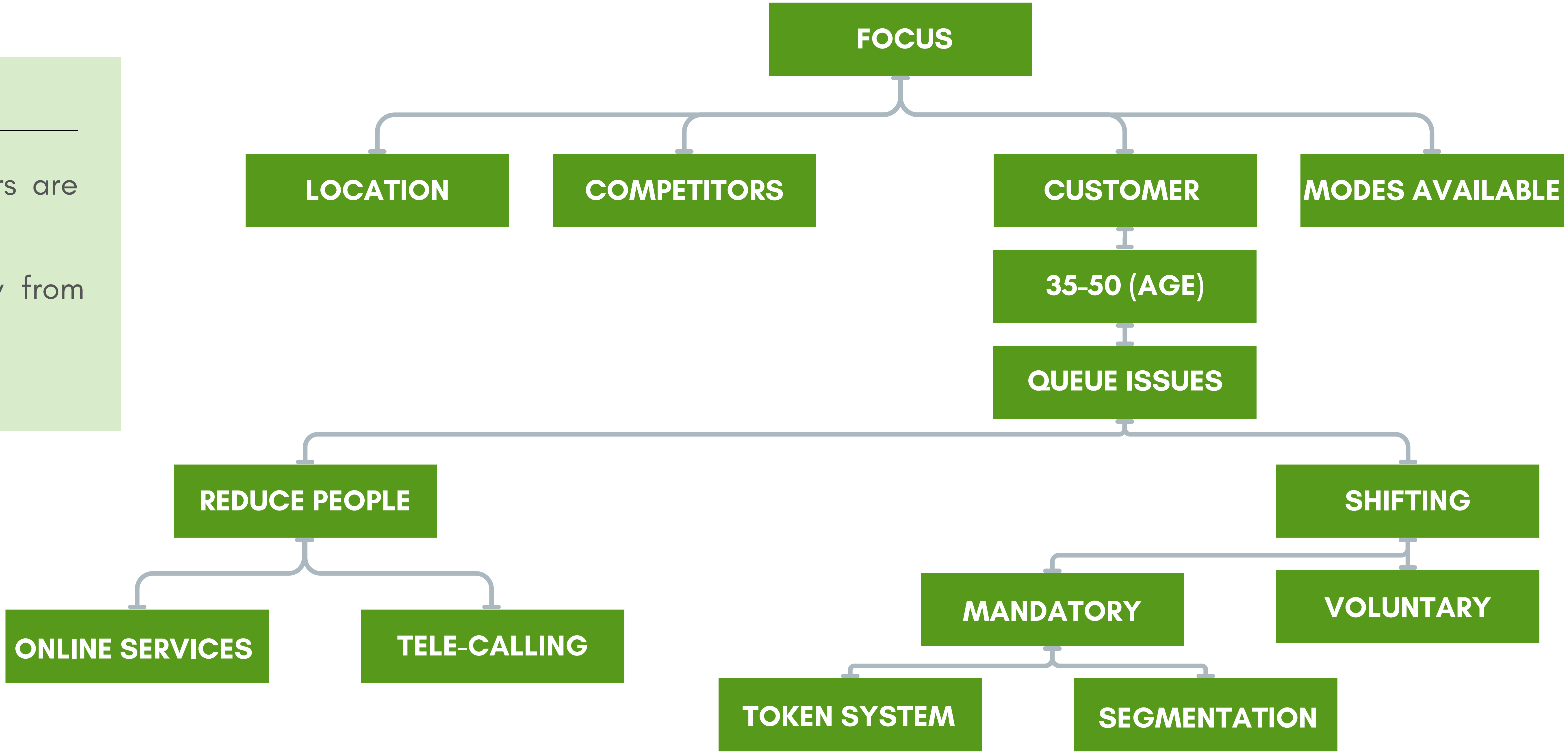
Okay, we can end the case here.

DON'T BANK ON IT

PROBLEM STATEMENT: Your client, a niche bank with branches in tier-1 cities, faces long queues during peak hours, risking customer loss. Suggest ways to enhance customer experience.

CASE FACTS

- Long queues during peak hours are risking customer loss
- The problem is arising majorly from the age group of 35-50



180Degrees CONSULTING SRCC

PROBLEM STATEMENT: Your client is an IT company that is recruiting for a backend developer role and they want to reduce their hiring time and improve their quality of hires.

I have a few preliminary questions.

Sure, go ahead.

What is the location of the company?

The company is based in Gurgaon.

What are the eligibility criteria for this role? Does the company want freshers or candidates with experience?

The company wants someone with over 2 years of experience. There is no specific degree requirement, but the candidate should be well-versed in coding.

Alright. What is the current hiring process of the company?

They are currently sourcing resumes only through their own website.

Okay, so we could divide the hiring process into three subsets: sourcing, screening, and hiring. For screening, we could use two methods: online and offline. As for online, we are already screening through our website. We could also leverage platforms like LinkedIn and Naukri.com to invite applications, thereby increasing the candidate pool and improving quality. For offline sourcing, we could consider career fairs. Additionally, since we're looking for people with at least 2 years of experience, we can't consider undergraduate institutions but we can definitely consider MBA campus hires.

That seems good to me. Let's move to the screening process.

Right. For resume screening, we should use predefined metrics to evaluate candidates for this role. Secondly, we could involve experienced HR professionals who can identify fake internships or those that are particularly competitive to secure. Thirdly, we could use ATS scanners to score resumes, and set minimum criteria to make the shortlisting process more efficient.

Also, since it is a tech role, we could look at organizing hackathons and challenges. I believe that the company itself should not get into this, rather we could outsource this process to platforms like Unstop.

Great points. You may go ahead with the hiring process.

Alright. For the hiring stage, we should define key metrics in advance to ensure uniformity and reduce bias in interviews. We should also involve more interviewers, rather than overburdening a few individuals. Thirdly, we could invite senior industry experts to conduct interviews, as their experience helps them assess a candidate's credibility more effectively. Lastly, we should establish clear policies on salary negotiations and account for the notice period of the candidate's current role.

We can close the case now. Good job!

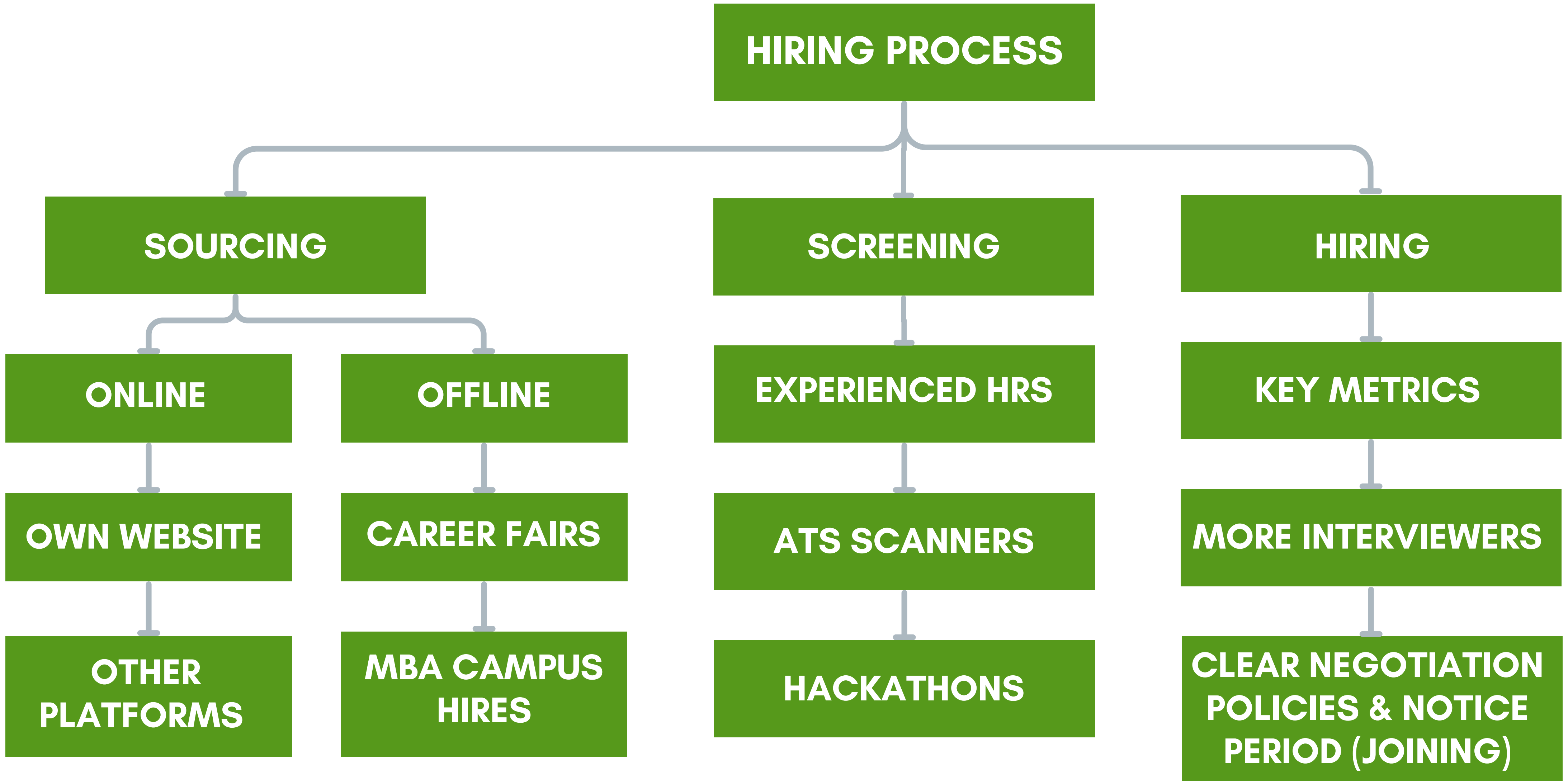
404: TALENT FOUND

Unconventional | Bain Capability Network

PROBLEM STATEMENT: Your client is an IT company that is recruiting for a backend developer role and they want to reduce their hiring time and improve their quality of hires.

CASE FACTS

- The client is an IT company that is recruiting for backend developer role.
- The company is based out of Gurgaon.
- The client's objective is to reduce hiring time and recruit more skilled personnel.
- Minimum experience requirement is 2 years. There is no specific degree requirement.



RED VS. ORANGE

PROBLEM STATEMENT: If you were to decide whether to invest in quick commerce companies, and specifically choose between Zomato and Swiggy, what factors would influence your decision? Which one would you pick and why?

I believe the quick commerce industry is a promising sector for investment. To make an informed decision, I would consider the industry's growth rate, the number of players, and their ability to generate sales. An industry can be well evaluated by assessing how its key players are performing. In this case, Zomato and Swiggy are the dominant players, and since both have demonstrated strong performance, the sector shows potential for attractive returns.

Interesting. Now, choose between investing in Zomato and Swiggy, which one would you pick and why?

Since both companies operate in the same space, i.e., food delivery; I would begin by examining their financials and key performance indicators (KPIs). This includes metrics like customer churn rate, repeat order rate, and the number of customer complaints.

Alright, are there any other company side aspects that you'd consider?

Yes. Since these companies have legal obligations toward delivery personnel, I would also analyze whether they are bound by any major commitments and how quickly they can resolve them.

Fair, so after considering all of these factors, what's your conclusion?

So, based on my analysis, I would lean toward investing in Zomato. It has a strong market presence and a proven track record. Moreover, Zomato is publicly listed while Swiggy is not, which adds a layer of transparency and reliability for investors.

That makes sense. We can end the case here.

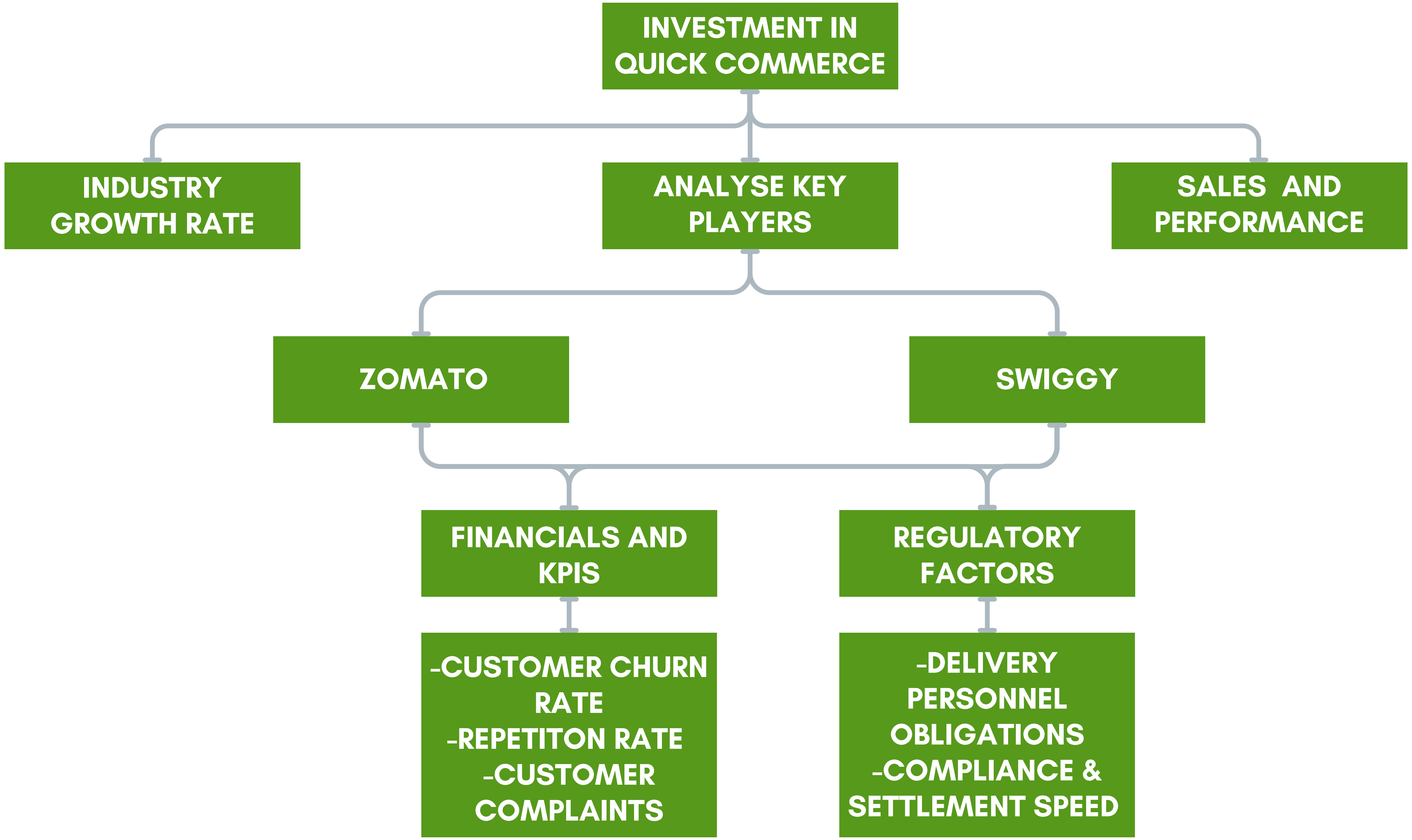
RED VS. ORANGE

Unconventional | Bain Capability Network

PROBLEM STATEMENT: **If you were to decide whether to invest in quick commerce companies, and specifically choose between Zomato and Swiggy, what factors would influence your decision? Which one would you pick and why?**

CASE FACTS

- The candidate approached the problem by analysing the key players.
- Zomato Vs Swiggy: the candidate focused on financials and KPIs and company-side aspects.
- Based on their analysis, the candidate chose to invest in Zomato, citing its established market presence, strong track record, and the fact that Swiggy was not publicly listed at the time.



180Degrees CONSULTING SRCC

PROBLEM STATEMENT: Your client, a car insurance company, is losing customers to non-partner garages after accidents. Develop strategies to drive customers to partner garages for repairs.

Can I ask a few clarifying questions?

Sure, go ahead.

What exactly is our objective behind making this move?

The client receives a discount if customers go to garages affiliated with the company. For instance, if the repair cost is Rs. 100, the client only pays Rs. 75. However, if a customer chooses an unaffiliated garage, the insurance company must reimburse the full amount.

Alright. How long has the client been facing this issue? And what does the customer segment look like?

This has been a persistent issue for the client since the beginning. The customers belong to the retail segment and do not include commercial drivers.

Got it. To begin, we should examine both positive and negative motivators, which can be better understood by mapping the user journey.

Makes sense. Let's go ahead with this approach.

So the user journey looks like:

- The customer buys a car
- They then realize the need for car insurance
- Next, they choose an insurance provider, which in this case is our client
- This leads to a purchase decision involving negotiation and deal finalisation
- After finalisation, they begin paying regular premiums
- In case of an accident, they file a claim, get the car repaired, and the insurance company reimburses the cost

Alright, let's dive in. Could you break this down further?

Sure. To achieve the given objective, we can consider interventions at several key stages in the customer journey. Starting with the purchase decision stage, the contract could make it mandatory for the customers to use these specific garages to receive a reimbursement of their claim. Alternatively, we could offer incentives, differential pricing, for instance, or other contract adjustments, to encourage customers to choose these garages.

Interesting. What other stages of the user journey would you like to focus on?

Post-accident, when the customer seeks repair and reimbursement, the decision can hinge on three main factors: availability, affordability, and experience. Would you like me to elaborate on any one of them?

Yes, please elaborate on availability.

Of course. Availability could be looked at through three main areas:

- Location: If the accident happens somewhere remote, say a highway, and our garage isn't nearby, the customer has no way to use our service.
- Vacancy: If a garage serves a large area, it may frequently be at full capacity, limiting its availability.
- Servicing all vehicle types: For instance, if a garage doesn't service electric vehicles (EVs) and the accident involves an EV, that limits its relevance.

Good points. And what about affordability?

Yes, affordability factors in as well. Although basic claims are typically covered by the insurance company, there could be additional expenses that the customer would need to pay out-of-pocket, which may influence their choice of garage.

Understood. Now, could you touch on how experience factors in?

Definitely. The experience aspect involves four elements:

- Quality of service: Ensuring high standards so that repairs are thorough.
- Timing: Customers will prefer garages that offer quick turnaround times.
- Relapse: If the repair is a temporary fix and the issue occurs again, the insurance company may not cover it. So, reducing relapse cases is crucial.
- Authenticity of materials: Using original, authentic materials rather than cheaper parts.

Good insights. Outside of the user journey, do you have any other recommendations?

Yes, we could also explore collaborations with car manufacturers. For example, they could promote our affiliated garages by highlighting better service quality or exclusive access to spare parts. Additionally, partnering directly with official service centres could prove effective. We could even make insurance claims valid only for repairs done at our approved garages.

Alright great. We can end the case here.

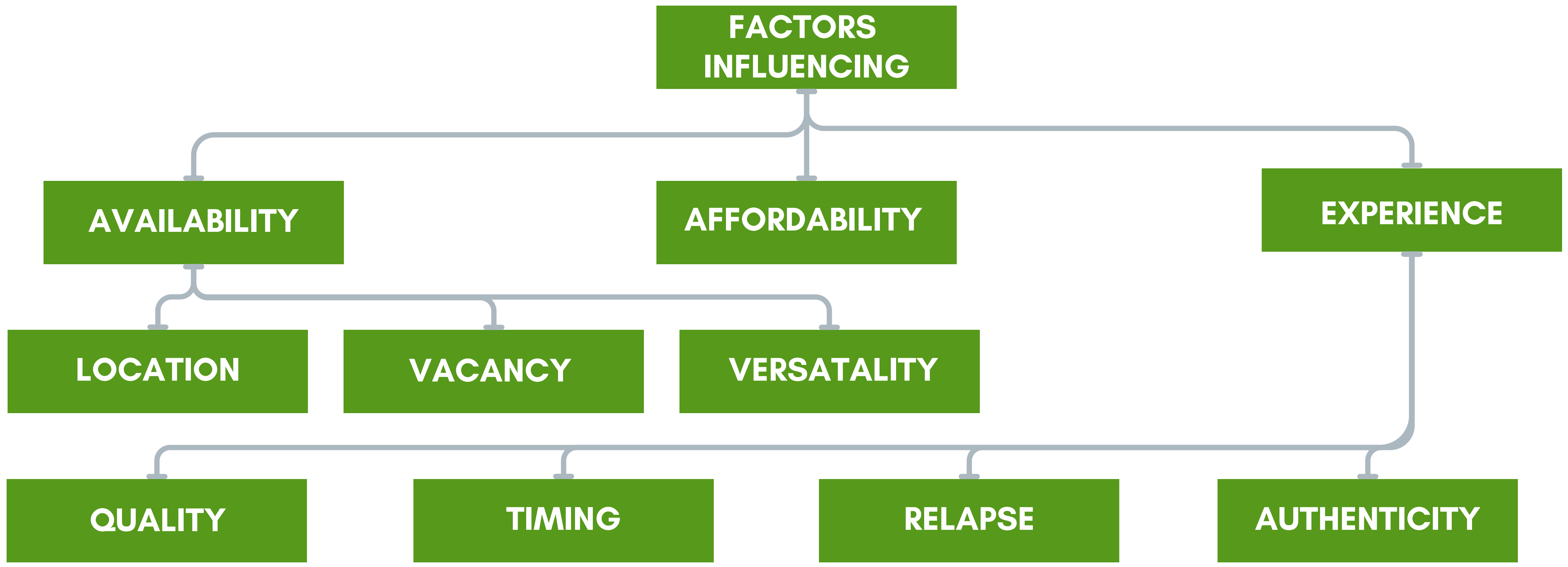
TERMS & CONDITIONS

Unconventional | ■■■□□ | McKinsey & Company

PROBLEM STATEMENT: **Your client, a car insurance company, is losing customers to non-partner garages after accidents. Develop strategies to drive customers to partner garages for repairs.**

CASE FACTS

- It has been an issue since the beginning.
- Customers prefer local garages over partner garages.
- User Journey: Purchase car, Realize need for insurance, Choose insurance company (client), Negotiate and finalize deal, Pay regular premiums, Accident occurs, File claim, Get car repaired, Claim reimbursement.



PROBLEM STATEMENT: Your best friend owns a coffee shop in a tier-3 city in the USA. Her family has run it for 50 years. She's getting married and plans to settle outside the USA. She offers you the opportunity to buy the shop for $1 million. ou are a US citizen. The coffee shop is the only one in the city, with no existing competition. There are no branded chains or local competitors. Should you go ahead and buy the shop at the offered price?

Okay. Could I ask some clarifying questions?

Sure, go ahead.

Is the shop a mom-and-pop store?

Yes, it is.

Does the store have any pre-existing debt?

No, it does not. It operates entirely on the family's savings and earnings from the shop.

Okay. And is there any other financial data available?

Since there are no other competitors, there's no available data for comparison. So, how would you estimate the store's value?

I'd suggest calculating the Net Present Value (NPV) of the shop. For this, we need the discount rate, which includes both the cost of equity and cost of debt. Since there's no debt, we only need to calculate the cost of equity.

Alright, and how would you calculate the cost of equity?

I would use the Capital Asset Pricing Model (CAPM), given by the formula:
Risk-free rate + (Beta x Market Risk Premium).

Okay, and how would you estimate the Beta for a mom-and-pop store?

Since Beta reflects the volatility of returns relative to the market, and this is a private business, we would analyze the shop's historical cash flows and compare them to those of similar mom-and-pop stores in other tier-3 cities to estimate a relative Beta.

Okay, that seems like a decent approach. Could you now analyze the non-financial aspect of this question?

Yes, of course. We would need to focus on the synergies and the qualitative aspect. To understand the synergies, we need to look at the key drivers that keep a mom-and-pop store running.

- The first is the family aspect – this shop is deeply community-driven and attracts loyal customers due to long-standing relationships.
- The second is management – whether I have the skills to run the shop post-acquisition and keep revenues stable, if not grow them.
- Third is employee behavior – how staff respond to a change in management, and whether the transition is taken positively or not.
- Fourth is the cultural essence of the shop – whether I can preserve the vibe and values that have kept it popular.
- Lastly, I'd need to maintain supplier relationships, coffee quality, and recipe consistency to ensure uniform production.

Okay, that is a very comprehensive answer. Let's say that you're able to recover $1 million over a period of 5 years. Would you go ahead with the deal?

If I'm able to recover the $1 million within five years, I would proceed with the deal.

Great, that would be the ideal choice.

SIP OR SKIP?

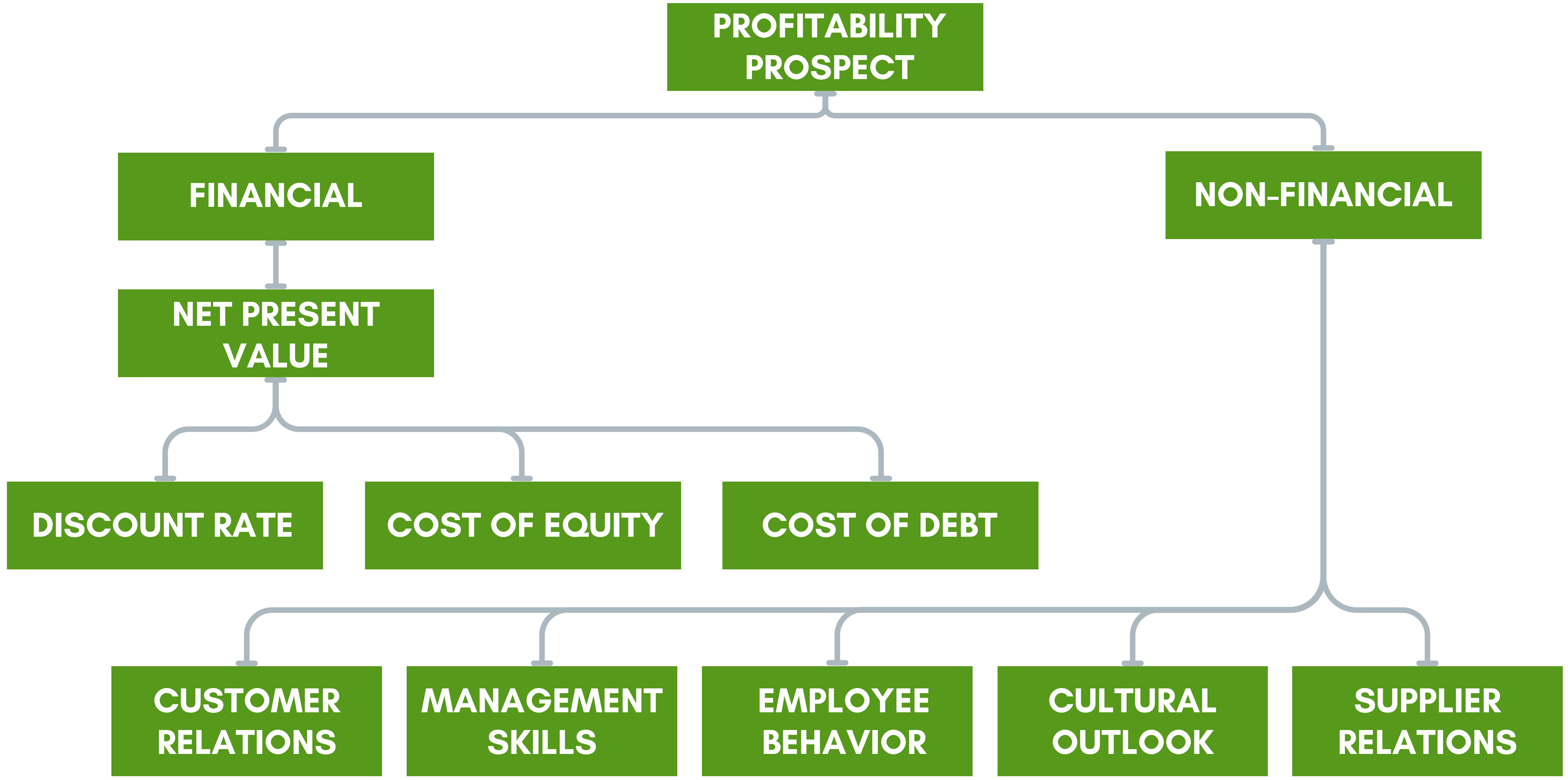
Unconventional | ■■■□□ | Accenture

180Degrees CONSULTING SRCC

PROBLEM STATEMENT: Your best friend owns a coffee shop in a tier-3 city in the USA. best friend owns a coffee shop in a tier-3 city in the USA. Her family has run it for 50 years. She's getting married and plans to settle outside the USA. She offers you the opportunity to buy the shop for $1 million. ou are a US citizen. The coffee shop is the only one in the city, with no existing competition. There are no branded chains or local competitors. Should you go ahead and buy the shop at the offered price?

CASE FACTS

- The shop is mom-and-pop store.
- The store does not have any pre-existing debt. It functions on the family's savings and retail earnings.
- Store's value is estimated by calculating its Net Present Value (NPV). To do this, the discount rate, the cost of equity, and the cost of debt is needed.
- Cost of equity is calculated by using the Capital Asset Pricing Model (CAPM), given by the formula: Risk-free rate + (Beta * Market Risk Premium).
- The candidate decides to go ahead with the deal.



FORMULA FOR CAPM:

RISK-FREE RATE+ (BETA*MARKET RISK PREMIUM)

SUMMER CAMP

Unconventional | ■■■□□ | Accenture

180Degrees Consulting SRCC

PROBLEM STATEMENT: Your client is a private school in Delhi, that runs a flagship program focused on teaching underprivileged children after school hours. They want to take these children to a summer camp during their summer break next year. Plan how you would go about it. Also mention and elaborate on the factors considered while consulting.

I have some clarifying questions. What is the age group and the number of children that we're looking at?

We're considering children in the 7th and 8th grades and taking 100 students from each grade. That gives us 200 students in total.

Okay. Around what time of the year is the school coming to consult us?

The timing is around October and November. You have 7 to 8 months to prepare until you implement your project.

Alright, what location do they want for the summer camp? Would it be within the premises?

No, they want to take it somewhere outstation.

Okay, I will divide my factors into two major brackets. One would be the school's perspective, which would involve the arrangements the school needs to make to ensure the summer break moves as planned. The second aspect is the parents' and the students' perspectives, whether they want to send their kids to that camp or not.

Alright, you can begin with the school's perspective.

Firstly, commute plans must be made to take 200 kids from Delhi to the desired place. Second, accommodation plans are required. Is there any location preference? If a location near an adventure site, like Uttarakhand, could be chosen, that would allow more activities for the children while being relatively cheaper than a hotel location.

Yes, you can restrict the location to a camping site, say somewhere in Uttarakhand or Himachal Pradesh.

Okay. Moving on to activities, there could be some relating to culture, some sporting activities, and some skill-building. To carry out these activities, partnering with a camping agent or anyone who could provide these services would be necessary. So, does the school have enough budgetary allocations for these particular activities? And what activities does the school wish to focus on?

The school wants a mixed blend of these activities. They will try to get a single vendor easily available with any event management company nearby, that can provide these services.

Alright, next, we could look at the personnel the school would require. If they want to put their teachers on duty, they will have to make additional budgetary allocations of their salary and make provisions for them to commute from one place to another. The easier option could be to outsource personnel through the event management partner.

That makes sense. Let's move on to the parents' and the students' perspectives.

Yes, the interests of the children should also be considered - whether they want to go or not. Interest forms should be launched with an ample amount of time to respond. And then, if time permits, around January, some beta or impact testing can be done on a small group of students with a limited number of parents to test whether the project will work.

Okay, and what about the parents?

We need to consider whether the parents would be willing to send them to this camp. The interest form circulated would be the major parameter through which their interest can be gauged. They might be slightly hesitant as these are lower-income families and lack exposure to such activities.

So, what are the factors that you would take into consideration to convince them?

First, the safety of the children must be assured through the provision of several safety arrangements mentioned in the interest forms. Secondly, although it's a private school for the underprivileged, giving a mid-day meal, as the government does, matters a lot. The school has to incorporate the dietary and nutritional needs of the kids by partnering with a caterer who will provide them with regular hygienic meals, three times a day. This must be communicated to the parents in time to enable them to decide. So, these are the factors that need to be taken into consideration to convince the parents.

Okay, we can end the case here.

HERE IS A TIP!

Remember to be conservative in the approach you take, and be mindful of your interviewer's reactions – make sure that you keep them interested!

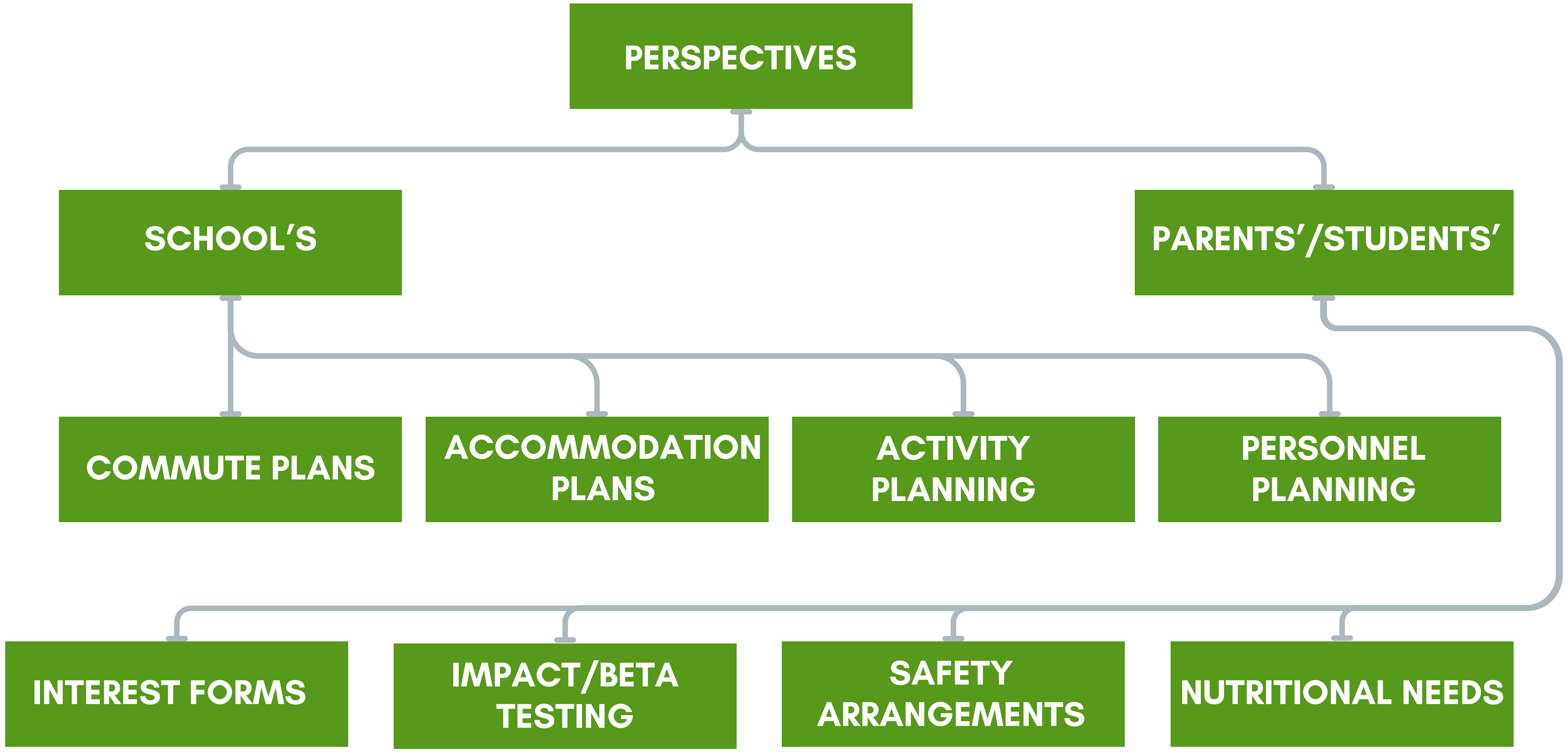
SUMMER CAMP

Unconventional | ■■■□□ | Accenture

PROBLEM STATEMENT: **Your client is a private school in Delhi, that runs a flagship program focused on teaching underprivileged children after school hours. They want to take these children to a summer camp during their summer break next year. Plan how you would go about it. Also mention and elaborate on the factors considered while consulting.**

CASE FACTS

- 200 students in total, 100 each from grades 7 and 8.
- 7-8 months to implement project.
- The client wishes the summer camp to be outstation.



PROBLEM STATEMENT: The average order value of a customer is Rs. 200, and at no discount, a customer orders 5 units. With a 10 % increase in discount, a customer orders 2 units more. We get 5% of what the customer pays. Find the optimum discount level.

To find this, we can create various cases with different discount structures and calculate the revenue and profit for each case. The percentage discount that maximizes the revenue and profit is the optimum discount level.

Yes, go ahead.

I will create a table to analyze the situation. From this table I can observe that the revenue starts declining as we go from 40% to 50%. At 45%, the order quantity will be 14, the selling price per unit will be Rs. 110, and revenue will be equal to Rs. 1540. Therefore, the seller should offer a discount between 40-45%.

Discount	Order Quantity	Selling price per unit (In Rs.)	Revenue (in Rs.)	Profit (5% of Revenue)
0%	5	200	1000	50
10%	7	180	1260	63
20%	9	160	1440	72
30%	11	140	1540	77

40%	13	120	1560	78
50%	15	100	1500	75

Great, we can end the case here.

HERE IS A TIP!

A basic knowledge of demand and supply and market functioning will help solve cases like these.

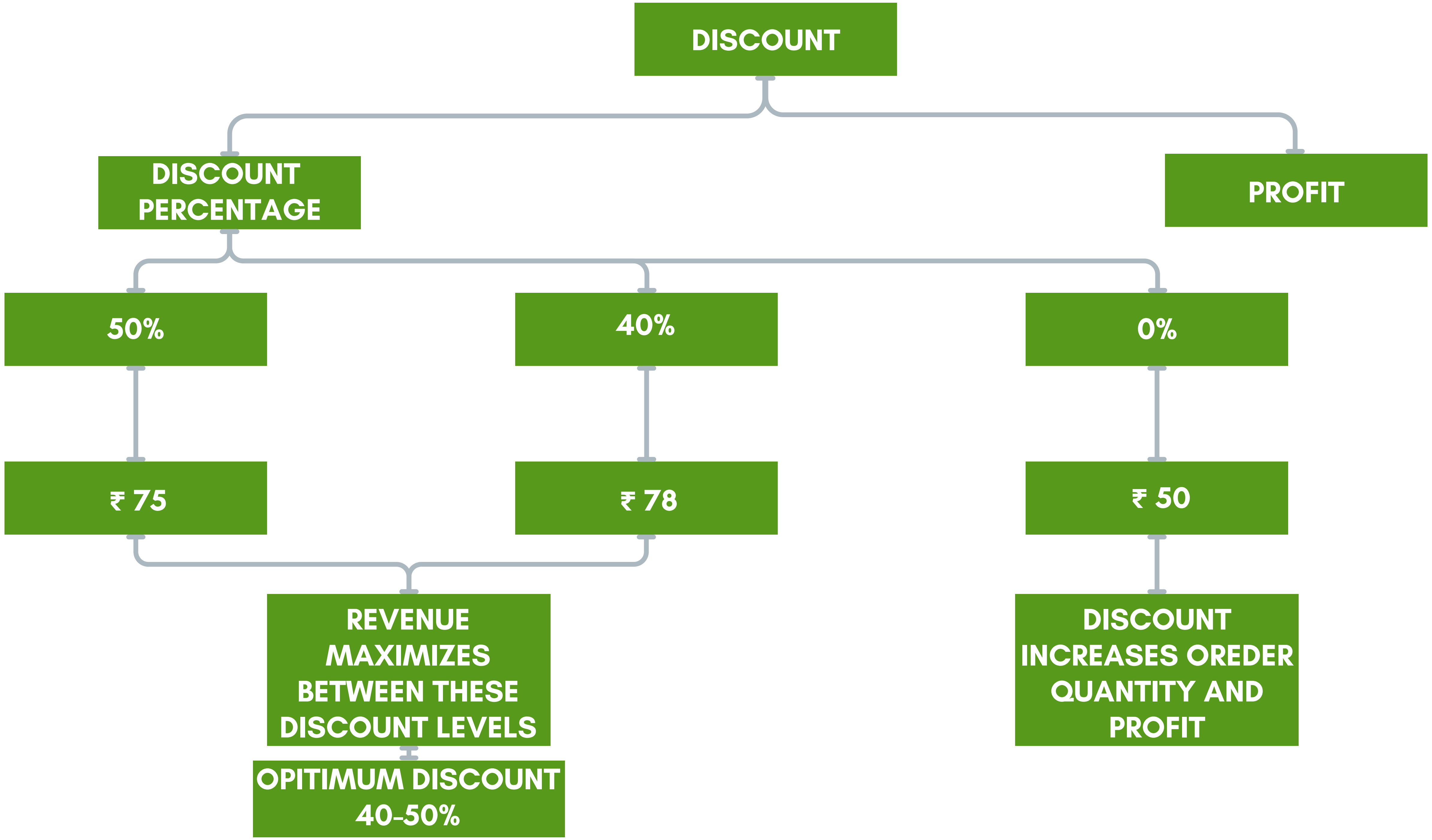
DISCOUNT DEBATE

Unconventional | Bain Capability Network

PROBLEM STATEMENT: The average order value of a customer is Rs. 200, and at no discount, a customer orders 5 units. With a 10 % increase in discount, a customer orders 2 units more. We get 5% of what the customer pays. Find the optimum discount level.

CASE FACTS

- Average order value = ₹200
- Additional 10% discount increases sales by 2 units.
- Revenue = Oder Quantity * Average order value
- Profit = Revenue * Margin (5%)
- Profit will first increase, then reach a maximum and after that start falling.



PROBLEM STATEMENT: **Your client is an eco-friendly packaging company which is facing a decline in sales. In recent years, a lot of competitors entered the market and they were selling at a very lower price due to their lower cost of production. You are supposed to analyse the situation and assist the client with their analysis.**

Before I start with my approach, I have a few preliminary questions.

Sure, go ahead.

What is the geography in which the company is operating?

The client is a US based company.

Since how many years has this declining sales been an issue? What is the magnitude of this decline?

The sales have been declining for 3 years. The magnitude of this decline is 7%.

Is this decline in sales a company specific issue or an industry wide one?

It is specific to our company. Our competitors are growing by 6% every year while we are witnessing a 7% decline.

Is there any other information on the products of the company? Additionally, do we have any information on the customer segments?

The products are all packaging materials which can act as alternatives to plastics, be it jute, aluminium, cloth etc. The customers will be regular households only.

Okay makes sense. Now since we know that our cost of production is much higher than our competitors, I think we could focus on the Cost aspect of this case. To begin with, I'd first like to draw out the entire value chain to analyse the various cost heads involved.

Alright. Go ahead.

So first would be the **research & development costs**. Then would be the **sourcing of raw materials**, followed by **informed logistics**, which is basically the delivery of raw materials from supplier to the manufacturing place. Then there would be **manufacturing & processing costs**. There would be **storage & packaging costs**, followed by **transportation to third-party distributors**. And lastly would be the **after-sales services** to the customers.

Okay fair enough. I have a few data pointers for our client company and two competitor companies. It is as follows:

	Client Company	Competitor A	Competitor B
Year 1	50	35	60
Year 2	45	50	65
Year 3	42	55	70

Can you calculate the sales growth for each of the 3 companies between Year 2 and 3.

Alright. So for sales growth, we can use the formula of Year 3 sales minus Year 2 sales, divided by Year 2's sales, multiplied by 100 to get the percentage. For the client company it would be 42 minus 45, divided by 45 into 100, which would be a decline of 6.67%.
For Competitor A, it would be 55 minus 50, that is 5 divided by 50, multiplied with 100, which gives us 10%. And for Competitor B, we could get 70-65 divided by 65 into 100, which gives us 7.6% approximately.

That is correct. Now assuming the 7% decline in sales for client company and a 6% rise in sales for the competitors, as stated earlier, can you calculate the fourth year's sales figures?

Okay. So we would simply multiply the previous year's sales figure with the growth rate.
For the client company, 7% of 42 is 2.94, so the sales figure would be approximately 39 lakhs in Year 4. For competitor A, it shall be 106% of 50, which is Rs. 53 lakhs. And for Competitor B, it would be 106% of 65, which is approximately Rs. 69 lakhs.

Good job. Can you now calculate the market share of our company on the basis of the fourth year's figures?

Right. So for the market share, can I take the assumption that there are only these 3 players in the market?

Sure, do that.

Alright. So, we'll get the market share by dividing the sales of our company, divided by the sales of all three companies in the market, which would come out to be 39 divided by 39 plus 53 plus 69, multiplied by 100, which would come out to be approximately 24%.

That is correct. We have more data regarding the average cost of production and prices for these three companies. It is as follows:

		Client Company	Competitor A	Competitor B
Cost of Production (per unit)		Rs. 300	Rs.250	Rs.450
Price (per unit)	Year 1	Rs.500	Rs.400	Rs.600
	Year 2	Rs.550	Rs.450	Rs.650
	Year 3	Rs.600	Rs.500	Rs.750

From this data, give me some insights about the situation.

Alright. Since Competitor B is dealing in very high-end products, and is not a very close competitor to us, I think we can rule this competitor out, since eventually our aim is to reduce our cost of production, and their cost of production is already way higher than ours.

Now for Competitor A, the basic insight which I can draw is that if we compare the cost of production and the final year price, we see that the profit margins are the same for both our client company and Competitor A, in the sense that we have a cost of Rs.300 and are selling at Rs.600, while they have cost of Rs.250, and are selling at Rs.500, so essentially there is a profit margin of 100% in both the cases.

Yeah this is all we can do. Now assume this hypothetical situation. If the company reduces its price by 5%, then their sales volume will increase by 10%. Should we do this or not?

Okay so let's take the 3rd year sales data, which is Rs.42 lakhs. And we have the price per unit in year 3 which is Rs.600. So the sales volume in year 3 would have been 42 lakhs divided by 600, which comes out to be 7,000 units.

Now since there would be a 10% increase in the sales volume, the new sales volume would be 110% of 7000, which would be 7,700 units. Moreover, since this premise is based on the assumption of a 5% decrease in price, the new price would be 600 minus 30, which would be Rs.570. So, our sales figure in this case, after accounting for the 5% decrease in price and 10% increase in sales volume, would come out to be Rs.570 multiplied by 7,700 units, which would be Rs.43,89,000.

Therefore, since the sales figure is increasing from 42 lakhs to 43.89 lakhs after this change, the company should definitely go for this.

We can close the case now. Good job!

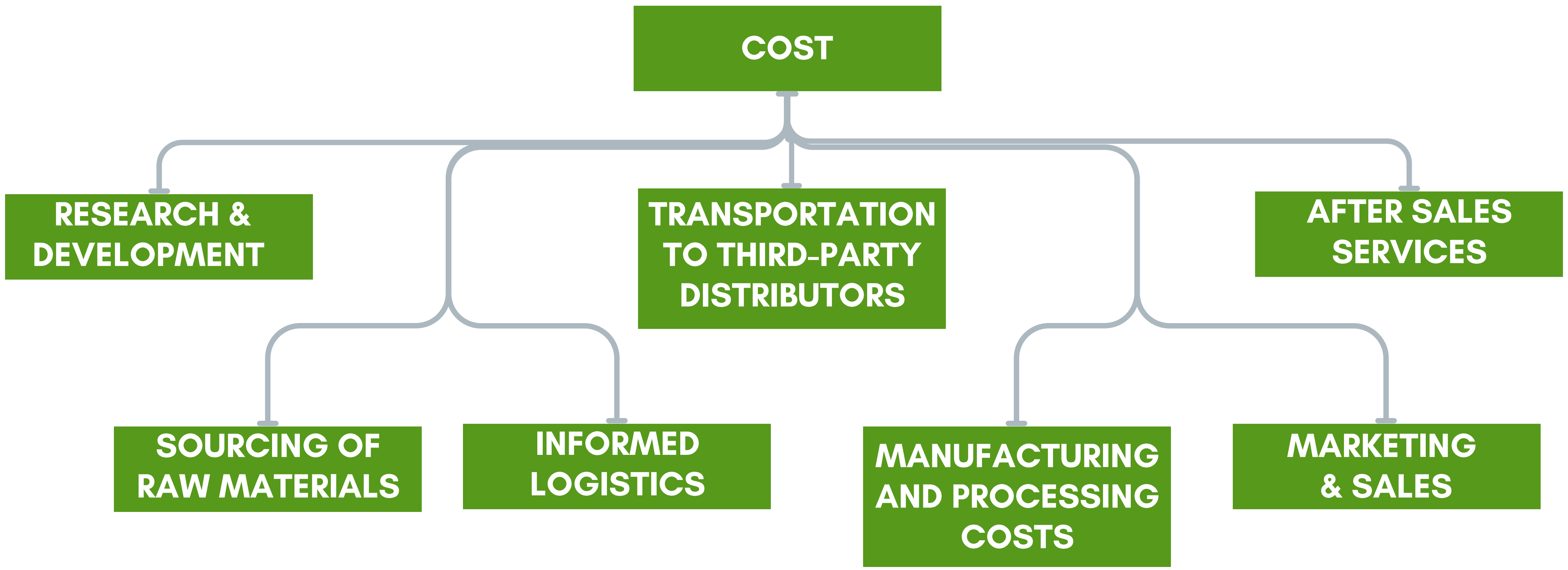
HERE IS A TIP!

Segment and prioritize, since sometimes, large datasets can be overwhelming, so break the case into distinct segments or variables and analyze them separately before aggregating results.

PROBLEM STATEMENT: Your client is an eco-friendly packaging company which is facing a decline in sales. In recent years, a lot of competitors entered the market and they were selling at a very lower price due to their lower cost of production. You are supposed to analyse the situation and assist the client with their analysis.

CASE FACTS

- Our client is a US based company.
- The product line includes packaging materials which can act as alternatives to plastics, be it jute, aluminium, cloth etc. The customers will be regular households only.
- Our sales have been declining for 3 years. The magnitude of this decline is 7%.



PROBLEM STATEMENT: StarSports has approached you as a client. They're bidding for the broadcasting rights for The 100, a tournament similar to a mini-IPL. It has 100 deliveries instead of 120, and the rights need to be secured from the BCCI. So how would you structure your approach?

Sure. Can I first begin with a few preliminary questions to gather more context?

Yes, go ahead.

First, is this league limited to Indian players, or will overseas players also participate?

It will feature players from all over the world.

Understood. Are these current players, retired players, or those who are currently not in the playing eleven?

These are players who are currently part of the playing eleven.

Got it. Is the broadcast limited to India, or is it intended for a global audience?

It's for a global audience.

Lastly, what is the expected duration of the series?

It would run for about two to three months, similar to the IPL.

Thank you for clarifying. Based on this information, I'll start by dividing my approach to the bidding strategy into three main aspects: financial viability, operational viability, and risks. Would you like me to begin with financial viability?

Yes, let's start there.

For financial viability, we'd look at three areas: potential market size and the profits we can gain from them along with the revenue and costs. So market size is essentially what we can get, revenue is what we're getting and costs are what we would be incurring including both fixed and variable expenses.

Can you elaborate on the revenue streams?

Certainly. Our revenue streams can be broken into three main categories: advertisements, sponsorships, and incremental revenue where incremental revenue refers to the per-user revenue generated from broadcasting. Advertising can be further divided into two types: during the match and during breaks. During the match advertisements would include the monetised in-stadium hoardings and standees. And during breaks, we would be having advertisements aired so whatever advertisements you see will be included here. Sponsorships would include title sponsors and other promotional partnerships.

Alright, that makes sense. How would you analyse the costs?

I would divide costs into fixed costs and variable costs. Fixed costs include production setup, commentary, pre-event promotions, post-match highlights, real-time updates, and any other production expenses. Variable costs include the per-match cost of acquiring the broadcasting rights as well as opportunity costs.

Can you clarify what you mean by opportunity cost here?

Opportunity cost refers to the revenue we might forego by not broadcasting alternative content during these time slots. Since this would involve live broadcasts, we need to assess what revenue other content or other matches would have generated in the same slots.

Okay, fair enough. Can you come up with a formula to calculate advertising revenue?

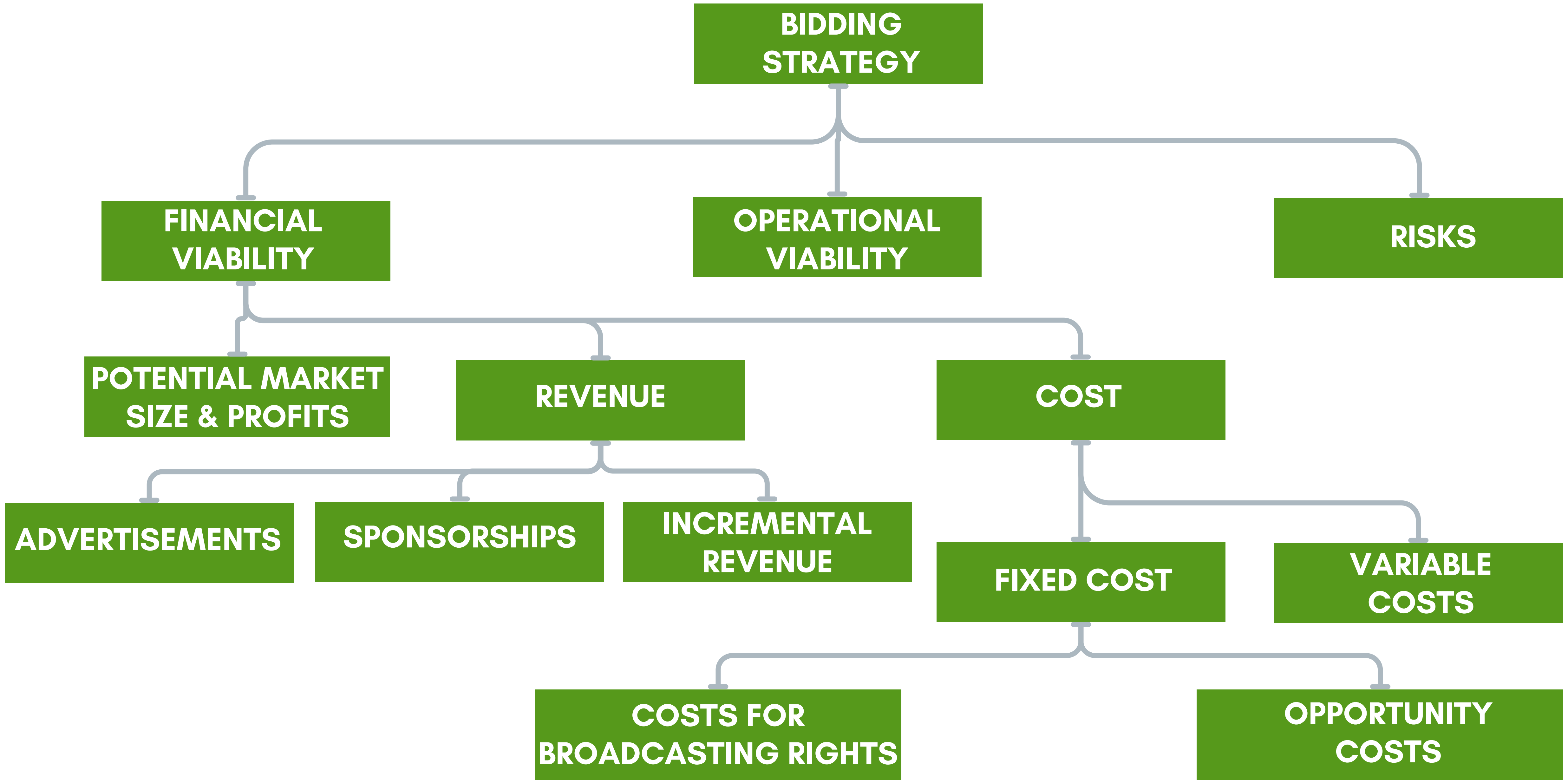
Yes, we can calculate advertising revenue as:
Advertisement Revenue = Number of broadcasting hours × Number of advertisements per hour × Cost per advertisement.

Alright, I think we can wrap up the case here.

PROBLEM STATEMENT: StarSports has approached you as a client. They're bidding for the broadcasting rights for The 100, a tournament similar to a mini-IPL. It has 100 deliveries instead of 120, and the rights need to be secured from the BCCI. So how would you structure your approach?

CASE FACTS

- The League is not limited to Indian Players & will feature Overseas Players as well.
- Includes players who are currently part of the playing 11.
- Fixed costs include production setup, commentary, pre-event promotions, post-match highlights, real-time updates, and any other production expenses.
- Variable costs include the per-match cost of acquiring the broadcasting rights as well as opportunity costs.
- Opportunity cost refers to revenue we forego in this case.



PROBLEM STATEMENT: Your client is Star Sports, a major broadcast player in the sports industry. BCCI has recently announced the launch of Women's IPL and will soon be auctioning the television and OTT rights for the same. Star Sports wishes to bid for the same and hence approaches you to recommend strategies and perform a quantitative cost-benefit analysis for the auction.

Right. I have a few preliminary questions.

Sure, go ahead.

What synergies motivated the client to bid? Are there any other constraints?

They have other cricket tournaments. And no, they don't have any constraints.

Are there any other bidders?

Let's assume none.

Alright, and what is the team structure for the tournament?

There are 6 teams. They include both Indian and Foreign players.

Alright. So we would start by dividing our approach in three aspects - financial attractiveness, operational feasibility and risks.
Under financial attractiveness, we look at benchmarking revenues and bridging them with the required ROI to find the bid price.

We are looking at an ROI of 15% stream length in 45 days. You can ignore quantitative benchmark.

Alright we can first divide revenues into streaming (Online, TV), Marketing and Merchandising.

Could you elaborate what factors would come under Online?

Under Online, we look at additional subscribers generated, pay per view revenue and cross selling.

Alright the other heads are explanatory, move to the costs.

We have Financing costs, Marketing Costs, Operational Costs and Opportunity Costs.

What are these Operational Costs?

Platform Development, TRP costs, CAC

What would the bid price equation be?

Bid = (No. of streams * Average revenue per stream) – (Total Cost) / 15%

Alright we can close the case.

HERE IS A TIP!

In bidding strategies, balance financial attractiveness with operational feasibility. Focus on key revenue streams like subscriptions and pay per view, while keeping costs in check. Always ensure that the ROI target aligns with the investment and the potential revenue.

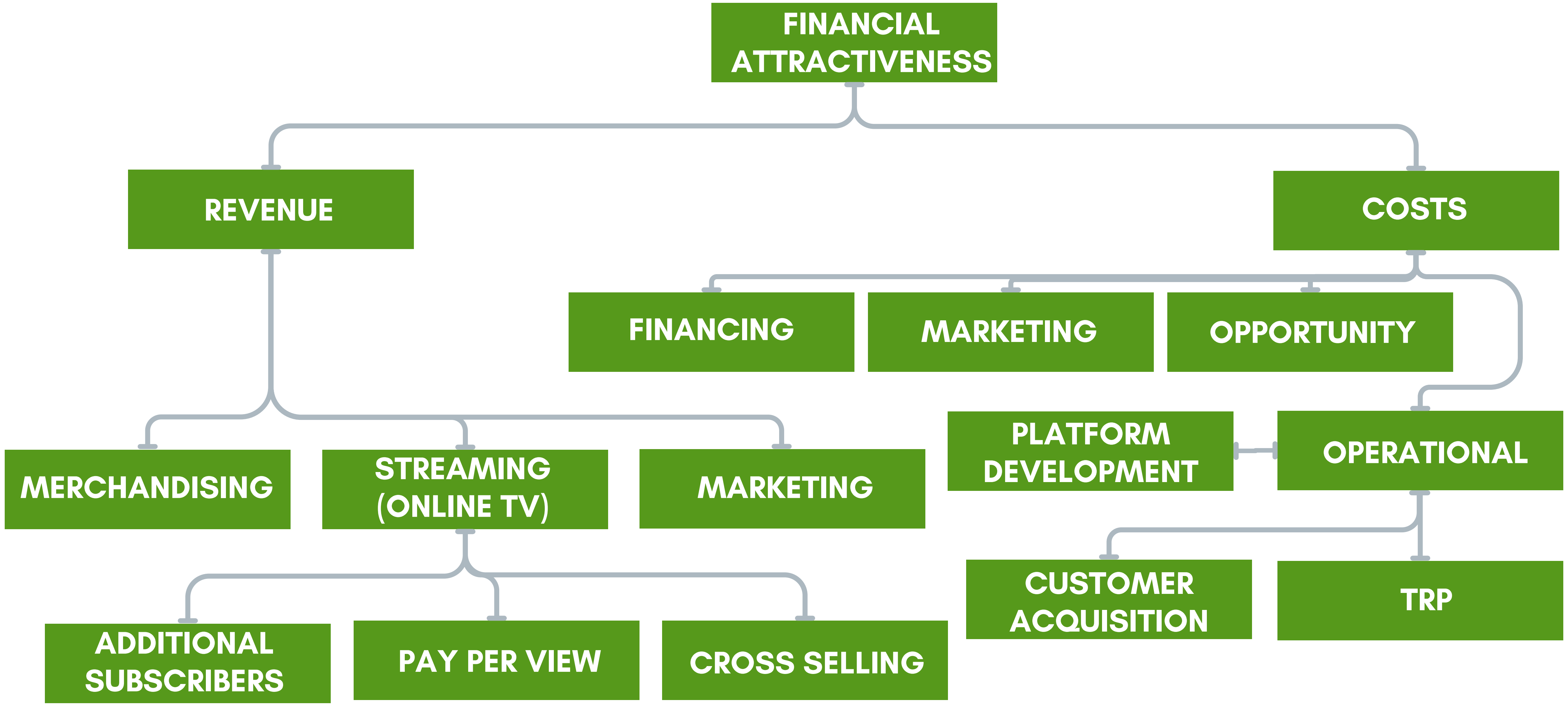
BIDDING GAME

Unconventional | ■■■■□ | Boston Consulting Group

PROBLEM STATEMENT: Your client is Star Sports, a major broadcast player in the sports industry. BCCI has recently announced the launch of Women's IPL and will soon be auctioning the television and OTT rights for the same. Star Sports wishes to bid for the same and hence approaches you to recommend strategies and perform a quantitative cost-benefit analysis for the auction.

CASE FACTS

- The client has experience organizing other cricket tournaments, which motivates them to bid for this opportunity.
- There are no other bidders for the tournament.
- The tournament consists of 6 teams comprising both Indian and foreign players
- We are looking at an ROI of 15% stream length in 45 days.



PROBLEM STATEMENT: The client, a BnB, is a platform similar to Airbnb, operating in Indonesia. The main revenue source is commissions with a current commission rate of 4% per 1000 bookings but increasing the commissions by 1% would reduce bookings by 100/day. With a solid market presence, the client aims to focus on profitability. Suggest how it can do so.

May I ask some clarifying questions?

Sure, go ahead.

Is the company doing well?

Yes, BnB has established a solid market presence in Indonesia and is performing well in its current operations.

Alright, Are there any competitors in the market?

Yes, Indonesia's short-term rental and accommodation space is competitive, with players such as Airbnb and local platforms also operating in the same market.

Okay, and how are the competitors performing?

Competitors like Airbnb have a strong global brand and a loyal customer base, while local platforms may leverage cultural knowledge and regional connections to capture niche segments posing challenges to BnB uniquely.

Does the company want to increase its revenue or profitability through existing channels of operation only, or does it want to explore new opportunities?

The client's main aim is growth, which could include increasing revenue and profitability through current channels or exploring new opportunities. We need your strategic direction on this.

Sure! Let's use the data provided to provide an optimal solution. Firstly we will calculate current daily revenue:
Revenue = Commission Rate x Average Booking Value x Bookings per day
Assuming that the average booking value is Rs. 2000 and Bookings per day is 1000.
Revenue at 4% commission = 0.04 x 2000 x 1000 = Rs. 80,000

Okay, how will you proceed ahead?

Now let's assume a commission rate of 5%, so bookings will go down to 900 bookings/day.
Revenue at 5% commission = 0.05 x 2000 x 900 = Rs. 90,000. Increasing the commission to 5% increases daily revenue by Rs. 10,000 compared to the current rate. If we apply the same formula to 6%, 7% and 8% commission with 100 bookings falling with every percentage increase in commission, we will observe that the commission increases until it is 7% and falls as soon as it changes to 8%.

So, what are your final suggestions?

The client should consider increasing the commission rate to 7% to maximize revenue while managing a reasonable decline in bookings.

Amazing! You got this right. Let's end the case here.

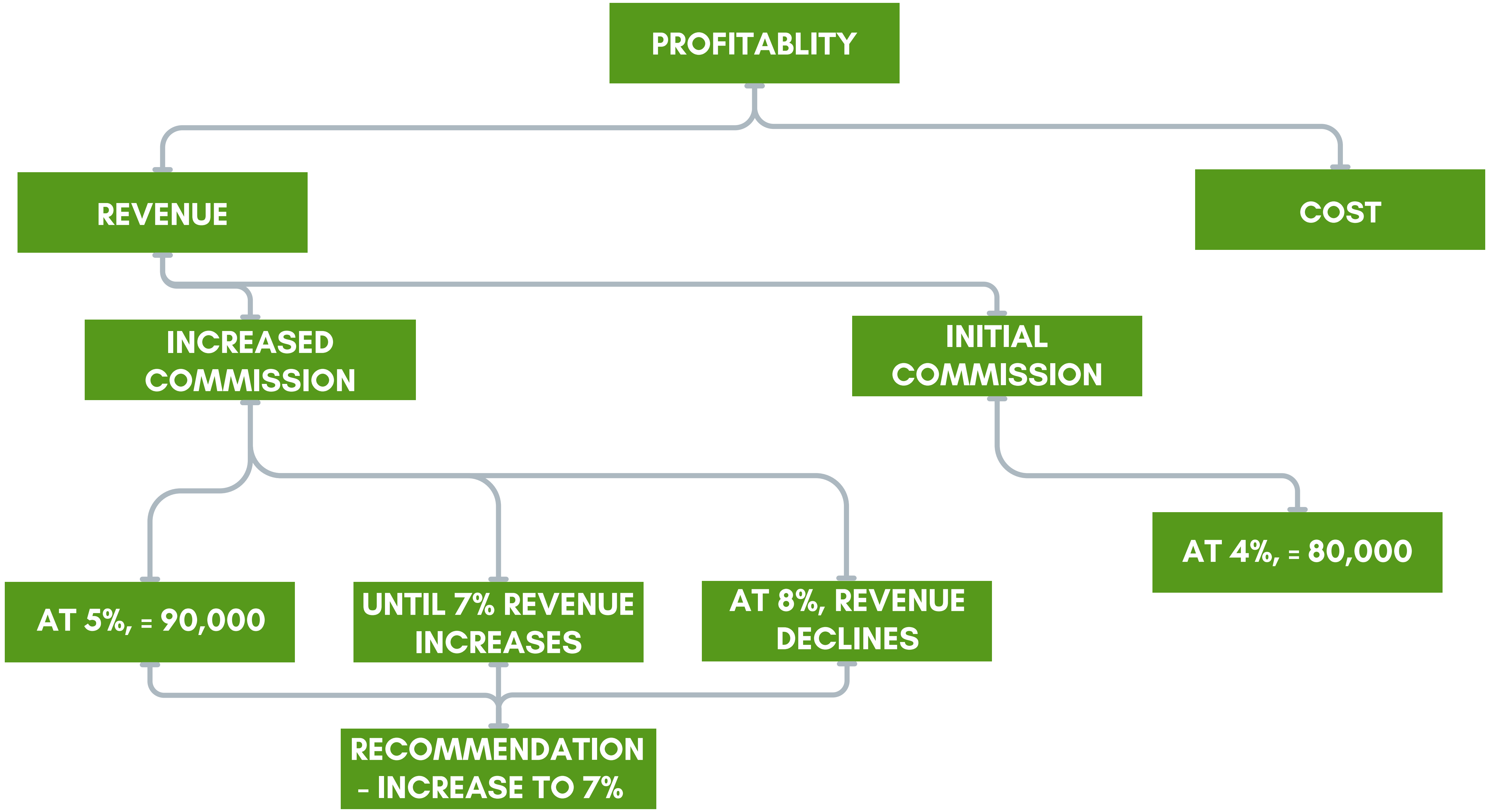
HERE IS A TIP!

Starting preparation early helps develop confidence and structure in your answers. Practicing in groups and in the proper interview format gives you an edge!

PROBLEM STATEMENT: The client, a BnB, is a platform similar to Airbnb, operating in Indonesia. The main revenue source is commissions with a current commission rate of 4% per 1000 bookings but increasing the commissions by 1% would reduce bookings by 100/day. With a solid market presence, the client aims to focus on profitability. Suggest how it can do so.

CASE FACTS

- The client is BnB, is a platform similar to Airbnb in Indonesia.
- The company has a strong market presence, but competitors are also present.
- The current commission rate is 4% per 1000 bookings, which on increasing by 1% will reduce bookings by 100/day.



STRINGS ATTACHED

Unconventional | ■■■□□ | L.E.K. Consulting

PROBLEM STATEMENT: Your client is a mid-sized clothing agency/retailer and currently has a 5% market share in the market size of $500 million USD.

The market is expected to grow at the rate of 6% next year. The client is planning to expand into a new geography. If it does expand, the market share would increase to 7% for the next year itself.

The following costs are estimated in case the client expands into the new geography:

- Setup Cost - 1.2 million USD
- Production Cost - 600k USD
- Marketing Cost - 800k USD
- Distribution Cost - 400k USD

Out of all these costs, the variable costs have been overestimated by 100%

The net profit for last year was 8%.

You are required to calculate the next profit for the next year after expanding into the new geography.

Understood. I would like to ask some preliminary questions before proceeding with my approach.

Sure, go ahead.

Are the net profits calculated as a percentage of revenue or costs.

They are a percentage of the total revenue in this case.

What are the variable costs involved?

Production and Distribution are the variable costs in this case. The rest of the costs can be taken as the fixed costs.

Alright. To break down this problem statement, I'd like to begin with calculating the last year's revenue. So for that we could just multiply the market share of our client with the market size, which would be 5% of $500 million USD, and that would come out to be 25 million USD.

That's right, carry on.

Now, since the net profit was 8%, the profit figure would come out to be $2 million USD. And now that we have the revenues as $25 million and profits as $2 million, we can find the costs of last year as well, which would be 25 minus 2 i.e. $23 million.

Great. What will be next year's figures?

Right. As there is a 6% growth, the market size would increase from $500 million to $530 million. And the market share will increase from 5% to 7% after expansion, so the new revenue figure would be 7% of 530 million USD, which will come out to be 37 million USD.

That's correct. You can proceed with the cost aspect of this case.

Since the variable costs are overvalued by 100%, it means that they're 2x of their original value. So we'll halve the production and distribution costs which would come out to be $300k and $200k respectively. Apart from these, we already have the figures for the setup and marketing costs, which are $1.2 million and $800k. So, we'll sum up all of these costs and it comes out to be $2.5 million.

Now these will be the additional costs which will be incurred due to the expansion. Apart from these, we also had the cost figure of $23 million already, so the total costs the firm will incur in the next will be 23 plus 2.5, which would come out to be $25.5 million.

Fair enough, please continue.

So to calculate the profits for the next year, we've already found out the revenue figure which is $37 million and the case figure which is $25.5 million. Hence, by simply using the formula of Profits = Revenue - Costs, we can conclude that the profit figure for the next year would come out to be $11.5 million.

And as a percentage of the revenue, this would amount to 11.5 divided by 37, multiplied by 100, which would be approximately 31%.

Alright great. We can end the case here.

STRINGS ATTACHED

Unconventional | ■■■□□ | L.E.K. Consulting

PROBLEM STATEMENT: Your client is a mid-sized clothing agency/retailer and currently has a 5% market share in the market size of $500 million USD. The market is expected to grow at the rate of 6% next year. The client is planning to expand into a new geography. If it does expand, the market share would increase to 7% for the next year itself.
You are required to calculate the next profit for the next year after expanding into the new geography.

CASE FACTS

- The following costs are estimated in case the client expands into the new geography:
  - Setup Cost – 1.2 million USD
  - Production Cost – 600k USD
  - Marketing Cost – 800k USD
  - Distribution Cost – 400k USD
- Out of all these costs, the variable costs, involving production and distribution costs, have been overestimated by 100%
- The net profit for last year was 8%, calculated as a percentage of total revenue.

FIGURES FOR LAST YEAR

COSTS = REVENUE - PROFIT

REVENUE = MARKET SHARE (5%) x MARKET SIZE

PROFIT = NET PROFIT PERCENTAGE (8%) x REVENUE

FIGURES FOR NEXT YEAR

PROFIT = REVENUE - COSTS

REVENUE = MARKET SHARE (7%) x MARKET SIZE LAST YEAR + 6%

COSTS = COSTS LAST YEAR + ADDITIONAL EXPANSION COSTS

ADDITIONAL EXPANSION COSTS → VARIABLE COSTS, FIXED COSTS

x 2

PROBLEM STATEMENT: Your client is a Fast-Casual Restaurant Chain, operating in the healthy organic food segment. The food is prepared from locally sourced raw materials. It possesses a substantial market share and the customers are very loyal. Three things that the chain values the most are health, nutrition and taste.
The market is witnessing a lot of new players, with some normal restaurants entering into Fast-Casual Dining and other new entrants into the market. You are required to understand whether a threat from such competitors exists, and also give recommendations to differentiate the products from the other players in the market.

I have a few clarifying questions to better understand the client.

Sure, go ahead.

Where exactly is the restaurant chain located?

It is located on the West Coast in the USA, with 20+ stores all across.

Okay. Are there competitors already existing in the market? If yes, what scale are they operating at?

Yes, there are a few competitors operating at the similar scale as the client in question.

Okay, and what is the targeted customer segment?

The targeted segment includes people in their early 20s, particularly gym-goers, as well as those in the 30+ age category who are highly health-conscious. These groups are likely to quickly switch to the healthy food segment.

Alright, and should the income factor also be taken into consideration given the costly nature of organic food?

No, focus solely on health-consciousness as the primary factor attracting individuals to the segment, and assume that all such individuals can afford the products.

Understood. Please tell me about the product range, are pre-packaged products and snacks offered in the restaurants?

They only produced locally-sourced fresh food, including desserts, snacks and main course, with no packaged products at all.

That brings me to the end of my preliminary questions. I would like to begin by drawing out the value chain.

We want you to first analyze the market size.

Sure. To estimate the market size of the chain, we could begin with the population of the USA, which is 300 million. Then we will first apply the urban-rural divide of 80%-20%. Further we could filter them on the basis of the age groups

Alright, we get your approach. You could stop there. What formula will you use to calculate the market size?

I would calculate the market size by multiplying the number of consumers, as derived, with the number of dishes consumed per consumer and the price per dish. Price per dish can be calculated as the weighted average of the prices of different snacks, desserts and other meals consumed by different people.

Okay, and how would you calculate the number of dishes consumed per person?

For that, I will take three categories of customers. The first category includes customers ordering food frequently. I will assume this category to consume twice every week from the Restaurant Chain. The second category of customer orders food occasionally, once a week. The last category of consumers rarely orders food, assuming the frequency to be once every fortnight, i.e. twice a month.

Alright, and then you'll take a weighted average, we get it. We now want you to list down certain metrics that you will use to identify whether the customers would actually switch to other new entrants?

To determine whether customers would switch to new entrants, I will use health, nutrition, and taste as key metrics to assess their preferences and priorities.

Is there anything else?

It might be the customer experience.

How would you compare the experience?

In India, we can utilize ratings from platforms like Zomato and Swiggy. Similarly, in the USA, apps like DineOut provide star ratings and customer reviews, which can serve as valuable tools for competitive benchmarking.

Fair enough. Can you elaborate on how you would measure the aspects of health, nutrition, taste, and customer experience?

For that, I think we can look at their menu and our menu to analyze the differences and facilitate a comparison.

Okay, we can end the first part here. You may move to the recommendations now.

We can look at the Product Edge, Journey Edge and the Enterprise Edge to differentiate our products. Under the Product Edge, we could now expand to include packaged foods as well.

They maintain a strong emphasis on fresh, locally-sourced food, and they are unlikely to alter this approach.

Alright. I have other recommendations as well. Considering our target age group of early 20s and 30+, there is a high probability that many consumers are married and have children. Given that children are highly taste-sensitive and often reluctant to eat healthy food that doesn't taste good, there is significant potential in launching a Kids' Special Menu. This menu can feature healthier alternatives to popular snacks, such as sweet potato fries. Another initiative under the Product Edge could be launching drive-throughs and take-aways, catering to the convenience needs of busy families and individuals. Moving to the Journey Edge, Since many people in our target age group are inclined towards fitness and health, we could introduce the facility of in-house nutritionists in our restaurants. This would provide personalized health and nutrition advice. We could also collaborate with Health-tracking apps.

Alright, we get your approach here is to enhance customer experience. You can move to the next aspect.

Under the Enterprise edge, I feel there is a lot of potential in expanding into healthy baked goods. We could keep these items in our restaurant outlets, similar to Haldirams in India.

Okay, that's good, we can end the case here. Good job!

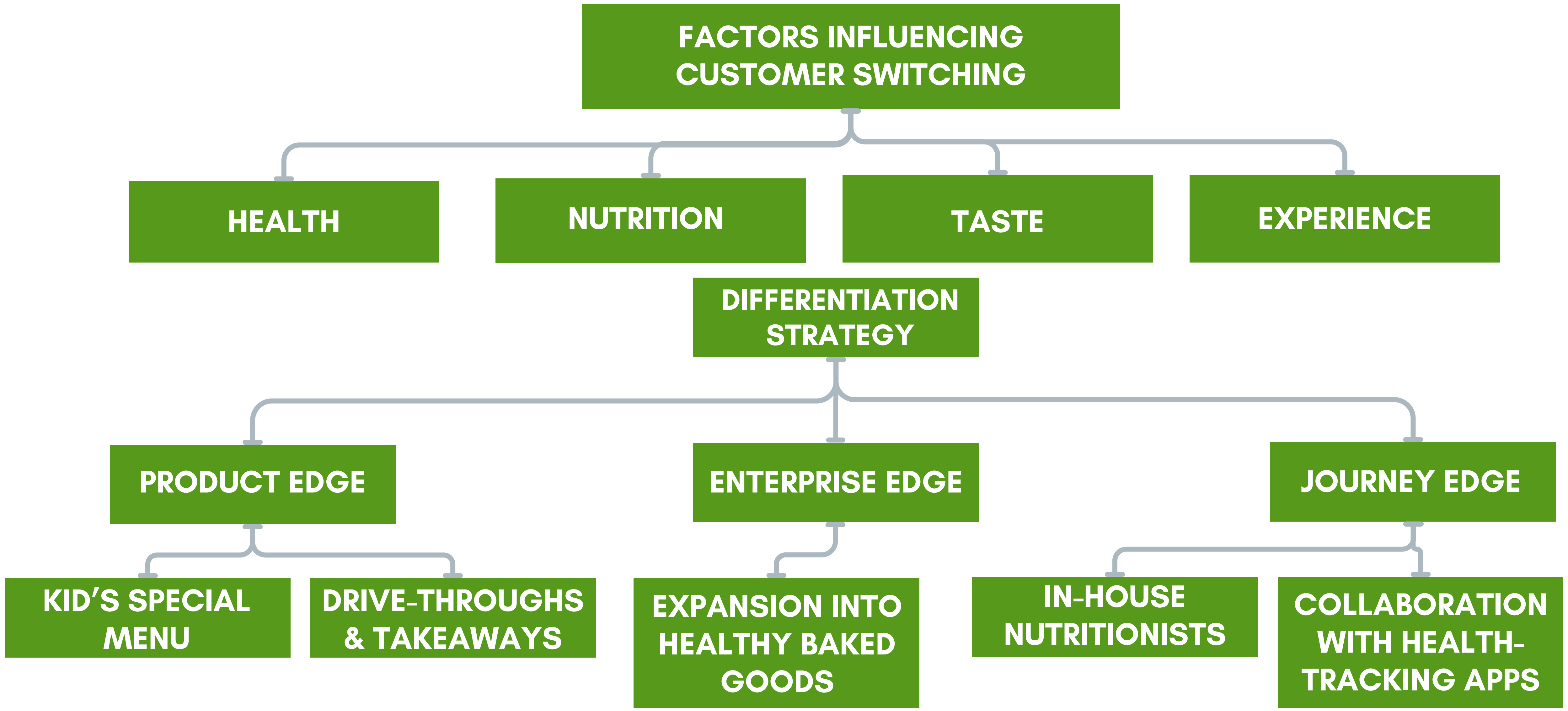
FAST AND NUTRITIOUS

Unconventional | ■■■■□ | L.E.K. Consulting

PROBLEM STATEMENT: Your client is a Fast-Casual Restaurant Chain, operating in the healthy organic food segment. The food is prepared from locally sourced raw materials. It possesses a substantial market share and the customers are very loyal. Three things that the chain values the most are health, nutrition and taste. The market is witnessing a lot of new players, with some normal restaurants entering into Fast-Casual Dining and other new entrants into the market. You are required to understand whether a threat from such competitors exists, and also give recommendations to differentiate the products from the other players in the market.

CASE FACTS

- The restaurant chain is located on the West Coast of the USA, with 20+ stores spread across the region.
- The targeted customer segment includes health-conscious individuals, specifically those in their early 20s (gym-goers) and individuals in their 30s who prioritize healthy eating.
- The restaurant offers only locally-sourced fresh food, including desserts, snacks, and main courses, with no pre-packaged products.



GPT, CONVINCE DAD

Unconventional | ■■■■□ | **Accenture**

PROBLEM STATEMENT: Your father runs a traditional business. The interviewer wants you to convince him to implement Artificial Intelligence (AI) in his business. The goal is to map the business value chain, identify areas where AI can be integrated, and justify the investment despite high initial costs and uncertain short-term returns.

Before jumping into the case, I would like to understand a bit more about the context. Can I ask some preliminary questions?

Of course, go ahead.

What kind of business does my father run?

Your father owns a mid-sized manufacturing business that produces consumer goods.

Okay. Could you describe the key processes in the business value chain?

The business value chain includes procurement, production, inventory management, marketing, and sales.

Are there specific challenges the business is currently facing?

Yes, there are inefficiencies in inventory management, fluctuating demand, and limited reach through marketing.

What is the business's current financial position? Can it bear a significant upfront investment?

The business has a moderate financial position. While it can bear upfront costs, your father is skeptical about the return on investment in the short term.

Okay. Based on the value chain you described, I would like to propose mapping key areas where AI can add value:

- Procurement: To forecast demand and help optimize inventory levels and reduce wastage.
- Inventory Management: AI-driven tools can ensure real-time tracking of inventory and automate reorder processes.
- Marketing and Sales: Use Generative AI and analyze customer data to improve targeting and increase conversion rates.
- Customer Support: AI-powered chatbots to enhance customer experience

Okay that sounds perfect to me. Could you now elaborate how you would convince your father despite the high initial investment costs but uncertain returns?

We can bifurcate the solution for this into two parts:

- First, we can identify businesses that have adopted AI in the past five to six years and have seen an increase in profitability. Conduct secondary research, review relevant case studies, and use this information to support our financial considerations.
- Secondly, this solution might not be very practical, but we can forecast the cash flow that the business will be able to earn in the near future by using techniques such as Net Present Value (NPV) and Internal Rate of Return (IRR) to evaluate investment's feasibility.

Alright, I understand! Great inputs. Let's end the case here.

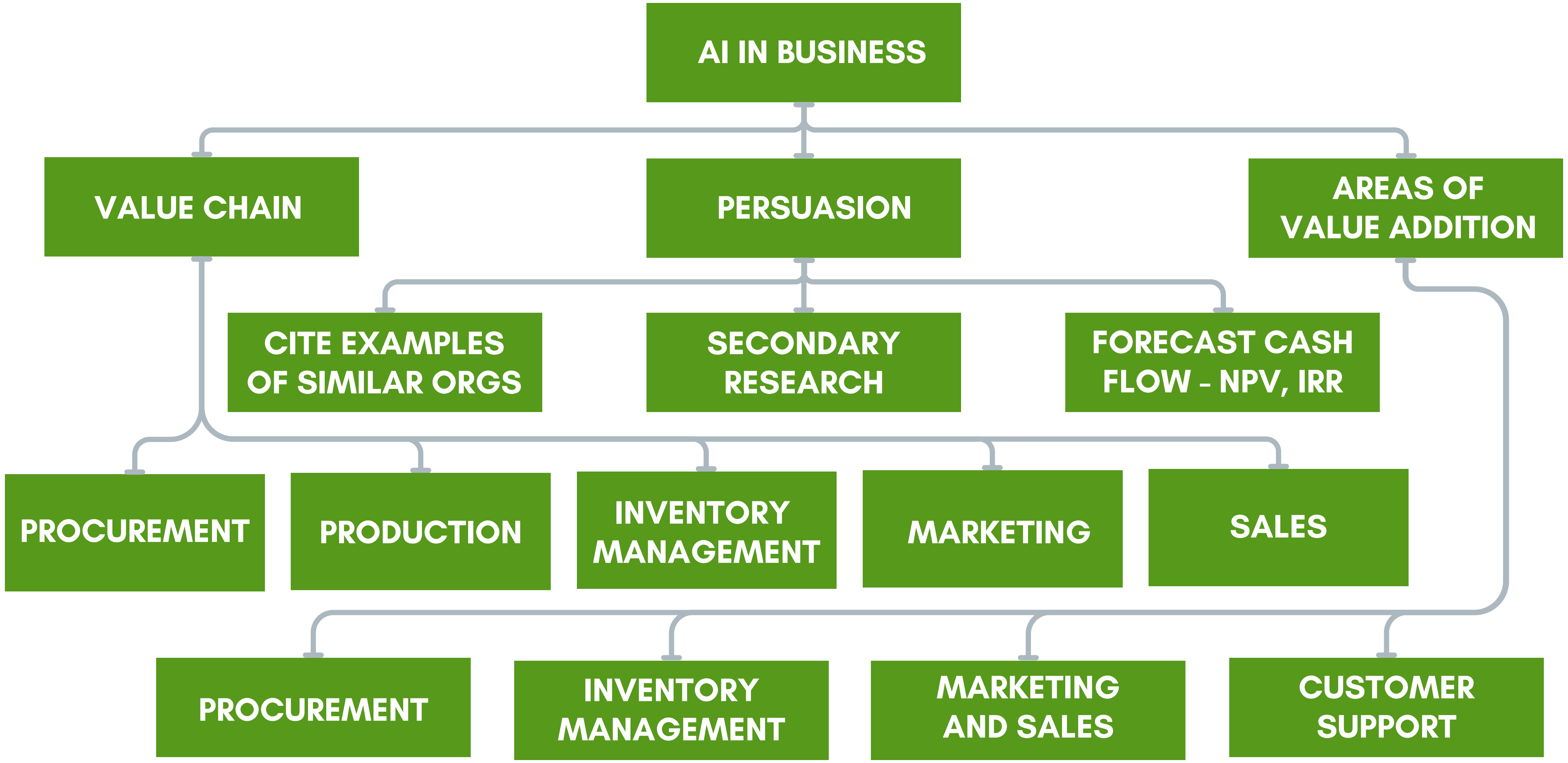
GPT, CONVINCE DAD

Unconventional | Accenture

PROBLEM STATEMENT: **Your father runs a traditional business. The interviewer wants you to convince him to implement Artificial Intelligence (AI) in his business. The goal is to map the business value chain, identify areas where AI can be integrated, and justify the investment despite high initial costs and uncertain short-term returns.**

CASE FACTS

- The firm is mid-sized manufacturing business that produces consumer goods.
- Challenges include inefficiencies in inventory management, fluctuating demand, and limited reach through marketing.
- Current financial position is moderate.



PROBLEM STATEMENT: Your client is an event management company that controls and manages all events including cricket matches in the Feroz Shah Kotla Stadium, such as corporate events, concerts, etc. However, their profit margins have been decreasing in the past few years. The footfall of their matches has also been going down. Recommend what AI tools can be implemented to help tackle this problem.

Alright, I have some clarifying questions. Can I assume this is a revenue-side problem, and cost can be ignored?

Yes, that can be assumed.

Alright, does the event management company own the ground, or does it just lease it out?

They don't own it, they just lease it out as and when required.

Okay. The first AI tool could be a buzz parameter. For instance, in a tournament like IPL, fan engagement levels can vary significantly across matches. Suppose, a team like the Delhi Capitals fails to qualify for the playoffs towards the end of the season, fan morale might drop, leading to lower attendance at their remaining matches. In such cases, charging the same amount of money for all seven matches would not be optimal.

Okay, how would the buzz parameter help with profitability?

The buzz and talk surrounding a match can be gauged through cricketing platforms like ESPN, Cricbuzz, or social media platforms. Based on this, differential pricing can be exercised across the matches. For example, the matches generating significant buzz could be charged higher ticket prices as demand would remain strong regardless of the price. That is my first solution.

Alright, let’s move on to the next one.

Secondly, a cut-off time can be established before each match, allowing an accurate prediction of attendance. For example, 24 hours before the match, ticket holders would have booked their tickets. If, by that time, certain sections of the stadium remain empty, the likelihood of those seats filling up is very low. This data would give a clear picture of stadium occupancy, both overall and of specific stands.

What would you do with this data?

With this information, you can optimise vendor and stall allocation. For instance, if one stand has only 10 people and another has 100, yet both have the same number of stalls/vendors, that would be an inefficient use of resources. The stand with a larger crowd would require more stalls, while the stand with fewer attendees could make do with a lesser number of vendors. Through this optimisation process, the distribution of resources and fan experience can be improved.

This approach would not be ideal for strategic partnerships with your vendors as it would require frequent adjustments in service based on fluctuating attendance and won't work out in the long run between vendors and the management company.

Understood. Additionally, we could also target individuals who regularly watch cricket on TV but don't attend matches in person.

Yes, that is an important aspect that you may explore.

To gather data, we can assume that the event management company has established partnerships with cricket platforms like Cricbuzz and ESPN, which attract regular cricket fans. Next, we can track how many of these fans are also visiting the event management company's partner, BookMyShow, to purchase tickets. The difference between the total number of cricket viewers on Cricbuzz and ESPN and the number of ticket buyers on BookMyShow represents the group of fans who are watching cricket but not attending the matches in person. These are the individuals we need to focus on attracting.

Okay, how would you proceed with this?

By analyzing data, including advertising strategies, from various sporting events across the country, successful patterns can be identified.

- Using algorithms like K-Means Clustering, this data can be optimised to understand the key factors influencing fan behaviour. Thus, those who may have missed certain aspects of the experience in the past or didn't feel they received value for their money can now be targeted.
- Improvements, such as upgrades to the stadium, or new perks can be highlighted. By strategically advertising these updates to this targeted audience, they can be encouraged to return to the stadium and experience the event live.

Alright, we can end the case here.

HERE IS A TIP!

Having a general understanding of diverse, especially currently relevant fields could aid in solving unconventional cases.

PROBLEM STATEMENT: Your client is an event management company that controls and manages all events including cricket matches in the Feroz Shah Kotla Stadium, such as corporate events, concerts, etc. However, their profit margins have been decreasing in the past few years. The footfall of their matches has also been going down. Recommend what AI tools can be implemented to help tackle this problem.

CASE FACTS

- Revenue side problem, cost can be ignored.
- Ground is owned, not leased.

AI TOOLS

- BUZZ PARAMETER
  - DIFFERENTIAL PRICING
- CUT-OFF TIME
  - PREDICTION OF ATTENDEES
    - STALL/VENDOR ALLOCATION
      - NOT IDEAL FOR PARTNERSHIPS
- TV VIEWERS BUT NON ATTENDEES
  - USE OF ALGORITHMS
    - HIGHLIGHT IMPROVEMENTS

PROBLEM STATEMENT: The elections are due in Delhi in November 2025. You have to strategize the core election campaigns for Bharatiya Janata Party and prepare a timeline for the same.

Right. So before I start with my approach, could you please let me know whether the candidate list has been released already or not?

No, it's not out yet.

Alright. So we can use a C2P2 framework, which is something I came up with on my own. C2 stands for Candidate and Constituency, while the P2 stands for Policy and Promotion.

Sounds very interesting.

First, as for the Candidate aspect, we'll be looking at who's the best performing and who has been the most active in the particular constituency, as well as factors like who is a popular face who could garner more votes.

Then moving forward to Constituency, we'll be identifying the most important constituencies wherein the foothold of BJP is not much, so that we could target them and look into areas where more help is needed, and where the star campaigners of the party need to focus their campaigns and promotional efforts.

Thirdly, as for Policy, we need to understand the problems which the citizens of Delhi are facing, be it with respect to the water policy, electricity safety issues and other areas that the current government is falling short of. By identifying the policy loopholes, we would know what specific pointers to target in our manifesto.

And lastly for Promotions, we need to come up with a promotion strategy. Once the other three factors have been analysed, we would know what constituencies to target, which candidate is the right fit for which constituency, and targeting the right policies to relate with the day to day problems of people, how to communicate the same to people is what will come under the promotions strategy.
We could come with a membership drive, hold frequent campaigns, as well as use whatsapp as a medium for communication. Humorous content on the social media handles of political parties is another trend which has been garnering a lot of views recently, so even that could be leveraged to communicate with the masses in an efficient manner.

Very detailed and unique indeed. You pretty much covered every aspect there was. Now hypothetically imagine that today is the final day before the elections. How will you strategize now?

Right, so one day before the interview you're not allowed to campaign. We can only do silent campaigning. I feel that in such a circumstance, social media is the strongest and most efficient method to reach out to people. Rather than posting specific content to vote for BJP, we could instead nudge people to go for voting. A positive reinforcement of this kind with the party's logo in the background or from the party's official social media handles does serve as a promotional tool.

Very interesting. Great job. We can close this case now.

BALLOTS & BHAJPA

Unconventional | ▬▬▬▬▭ | **Nation with Namo**

PROBLEM STATEMENT: **The elections are due in Delhi in November 2025. You have to strategize the core election campaigns for Bharatiya Janata Party and prepare a timeline for the same.**

CASE FACTS

- Candidate list has not been released yet.
- The strategy is based on the C2P2 framework – Candidate, Constituency, Policy and Promotion.
- On the final day before elections, silent campaigning is conducted using social media nudges.

C2P2 FRAMEWORK

- **CANDIDATE**
  - IDENTIFY ACTIVE CANDIDATES AND POPULAR FACES
- **CONSTITUENCY**
  - TARGET WEAK CONSTITUENCIES AND DEPLOY STAR CAMPAIGNERS
- **POLICY**
  - IDENTIFY GAPS AND CRAFT MANIFESTO
- **PROMOTION**
  - FREQUENT CAMPAIGNS AND LEVERAGE SOCIAL MEDIA

PROBLEM STATEMENT: The client is a real estate business owner with 100 acres of land. He has been holding the land for 5-6 years and has not been able to commercialise it even though all the land surrounding it is already commercialised.

I have a few clarifying questions.

Sure, go ahead.

What are the features of the land? Is it fertile?

It is a 100-acre fertile land.

What is the proximity of the land? What is the land surrounded by? What are the amenities provided by the land?

It is located 100 km from the Gujarat Harbour and 100 km from the city. There are different industries located around the land.

Alright. I would like to put the case into the PESTLE framework to find out where the problem is. There are different factors; they can be political, economic, social, technological, environmental and legal. Would you like me to go deeper into any specific factor?

No, let's just walk through all the factors.

Alright, so the land could be facing these problems under the respective categories:, Political - political rivalry, instability, schemes or disputes; Economic - investments or alternatives; Social - trend or public relations; Technological - Wind energy ; Legal- legal disputes; Environmental - Fertility or green land.

There are no problems in the political, economic and social aspects. The client is facing issues in forming a proper plan for land development.

Okay, I will focus on the growth trajectory for the commercialisation of the land.

Keep in mind that the land is unproductive and since the client has already invested huge sums of money, the plan shouldn't be very capital-intensive.

Got it. There are three ways in which we can leverage the land-

1. We have to make it a Special Economic Zone area to attract more investments so that we are not investing in it but are pouring in the investments.
2. Making it attractive to boost all kinds of industries. This could be done by adding amenities that can attract footfall, considering the competitive landscape because we already have different kinds of industries, and creating a value proposition according to it.
3. The land's location gives it wind energy potential. So, the land could be electrified using wind energy; this could be a USP option.

What specifications will you keep in mind when looking to set up the right industry or anything else you want to set up in the area?

I would focus on the following key pointers for this:

1. Diversification yet Simplification - We have to set up different industries in this area which could be based on the material. For instance, focus on agro-based industries or consumer-based industries. In this way, we can have the potential to diversify in different industries. But at the same time, what would actually help these businesses and lands to be lucrative is creating an ecosystem of supplementary industries. For example, if I have a piece of land and I have the option of setting up different industries in it, I would set it up in a way in which one industry would supplement the other with the right kind of material. If one industry is making some raw material or a part of an automobile, the 2nd industry would make the other part in the value chain. This would make us supplementary; a network can be made and we can benefit from that community and ecosystem-based industries.

2. The customer base can be diversified into business parks which would include malls, outlets, restaurants, etc. Also, we can make it a cyber hub, like the one in Gurgaon. A cyber hub is a place where we have different offices, but at the same time, it attracts a lot of footfall from the consumers, just for recreation or restaurants or pubs. This is also one approach that could be implemented by attracting more customer base.

The land is located 100 km away from the city. Why would someone travel so much?

Currently, we are focusing on a short-term plan for profitability. But from the long-term perspective, urbanization follows industrialization. For that reason, we can look forward to it and we can have such market hubs and business parks required in the future. While it may not be feasible in the short run, this has a lot of potential in the long run.

Alright, you can move on.

Since the land is fertile, it also has the potential for agro-based industries and organic farming at a micro level. We can also use that to our advantage.

Great, we can end the case here.

PLOT TWIST

Unconventional | Redseer Strategy

PROBLEM STATEMENT: The client is a real estate business owner with 100 acres of land. He has been holding the land for 5-6 years and has not been able to commercialise it even though all the land surrounding it is already commercialised.

CASE FACTS

- The land is fertile.
- There are different industries located around the land.
- It is located 100 km from the Gujarat Harbour and 100 km from the city.

- UNUSED LAND
  - SPECIAL ECONOMIC ZONES (SEZ)
  - PESTLE ANALYSIS
    - INVITING INDUSTRIES
      - DEVELOPING TECH PARKS
        - BUSINESS PARKS WHICH INCLUDE SOCIAL PLACES
          - i.e. GURUGRAM
      - DIVERSIFICATION YET SIMPLIFICATION
        - ECOSYSTEM OF SUPPLEMENTARY INDUSTRIES
          - SETTING INDUSTRIES PART OF SAME VALUE CHAIN
          - EASY RAW MATERIAL AVAILABILITY FOR INDUSTRIES
    - AGRICULTURE
  - SETTING UP WIND ENERGY SOURCES

THANK YOU!

To all the aspiring consultants who made it through our Case Interview Guide – **CONGRATULATIONS!**

As we reflect on the journey of creating the **Fourth Edition** of our **Case Interview Guide**, we are filled with gratitude for the incredible community that has supported us throughout. To everyone who took the time to explore our book, thank you. Your interest and engagement mean so much to us, and we're truly honored that you chose to spend your time with our guide.

From the beginning, our goal was to connect with curious, driven readers who value growth and continuous learning. We poured our passion into creating a resource designed not just to inform, but to inspire.

Your continued support motivates us to keep building tools and resources that empower your journey of personal and professional growth.

Additionally, we would be incredibly grateful if you could take a few minutes to fill out a short feedback form. We'd love to hear your thoughts on what did you find most helpful? What would you like to see more of in the future? Your insights will help us identify areas for improvement and enhance the quality of our content for future learners. Let's keep the conversation going!

Please click here to access the feedback form.

Your honest opinions and suggestions are invaluable to us. We are committed to continuously refining our resources to provide the best possible learning experience.

Thank you once again for your participation and support. We wish you the very best in your consulting journey.

TEAM 2024-25

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