

# Creating an entrepreneurial partnership. A Boots case study

## Introduction

5 Cosmetics is a huge and fast growing industry comprising fragrances, traditional cosmetics, beauty and skin-care preparations as well as many different hair care and toiletry products.

Brands play a key role within this industry. Through names, terms, signs or symbols, brands provide a product with an identity. Though brands encourage loyalty and make repeat purchasing easy, educated and progressive consumers are increasingly seeking the latest innovations.

10 This case study focuses upon the Ruby & Millie brand. The unique positioning feature of this brand is the personal profile of the two gifted entrepreneurs, Ruby and Millie. Ruby is an experienced make-up artist to supermodels. Millie Kendall is a high-powered beauty publicist and has widespread experience of the beauty industry.

## Developing the idea

15 One key feature of an entrepreneur is creativity and having good ideas. When you have a good idea and think that the goal is achievable, it is important to accept that challenge and have the confidence to follow it through.

20 Ruby and Millie have considerable creative energy and enthusiasm that complements their experience of the beauty industry. Knowing the industry well, they identified a gap in the market from which they developed an idea for a new range of personality-driven make-up products, but then they faced with the challenge of translating their creative and fashion skills into production.

25 Developing a business idea into reality requires considerable energy, planning and attention to detail. It also requires belief and commitment in all that you are doing. The husband of Ruby suggested that they approach Boots The Chemists with their idea. Neither Ruby nor Millie had previous experience of translating their creativity and fashion skills into mass production. Boots The Chemists and Boots Contract Manufacturing had no previous experience of dealing with make-up artists and beauty publicists.

30 It is unusual for large organisations to enter into entrepreneurial partnerships with enterprising individuals but, after considerable discussion, Boots The Chemists reached an agreement with 30 Gram for Boots Contract Manufacturing to develop and manufacture the makeup range and for Boots The Chemists to market and distribute it. The result was a steep learning curve for all! A business agreement had been reached between a corporate giant and two aspiring entrepreneurs.

## Creating a niche brand

35 A niche brand is one that specialises in meeting the needs of customers in a particular market position. A niche brand only succeeds if the company has in-depth knowledge of the target group so its needs can be served more precisely.

300 different products have been produced and since the Ruby & Millie brand was launched in sleek, simple, stylish and futuristic silver and Perspex packaging, customer and media interest has been intense.

40 The launch made a big impact and emphasised the mystique of the brand. At the same time, promotional materials built hype around the brand to provide it with the cult status required to support its position in the market.

### Product positioning

45 The brand's key competitors are MAC, Shu Uemura, Bobbie Brown, Nars and elements of other niche cosmetic brands such as Hard Candy. The key features of these brands are:

- in-store make-up artist consultants
- mystique/exclusivity
- make-up artist support
- innovative products/presentation in-store 50
- 50 • breadth of offer
- unique components

Though the Ruby & Millie brand succeeds in meeting the above criteria, it differentiates itself from its competitors as:

- it is a British make-up artist brand 55
- 55 • the 'human' element is projected and emphasised
- prices are matched to MAC which is more 'accessible' than any of the other brands
- there is greater availability in a less intimidating environment.

### Brand attributes

60 Key to the product positioning of the Ruby & Millie brand has been the personal profiles and specialist skills of Ruby and Millie themselves, which appeals to consumers who want more than just a set of products. This is because the brand is correctly perceived, through solid PR support, to have been developed by opinion leaders in the market.

### Conclusion

65 The British and international fashion and beauty press embraced the Ruby & Millie brand. Many elements outperformed their original sales forecast. Best sellers included lipgloss and the cream eye colour, both packed in brush-tipped pens designed by the Japanese company Mitsubishi.

The Ruby & Millie brand has given Boots The Chemists added kudos and credibility in the cosmetics market. Since the Ruby & Millie launch they have been approached by other niche brands, all of which has raised the status of the chain store as a retailer of niche cosmetics.

# Supporting new business start-ups. A Barclays case study

## The business idea

75 An obvious starting point is the business idea. Many people think that they might have spotted a business opportunity. Translating that thought into action is another matter. There are many ways of coming up with a bright idea.

80 Many people are inspired by existing businesses. Tim O'Neil runs T&T Vision, a business that sells spectacles through an online shop on eBay. Tim got the idea for his business in his first year at university. His father bought a pair of reading glasses online. This seemed a good idea for an e-commerce business.

Before setting up a new business, there are important questions to answer. This requires market research to systematically gather, record and analyse data about the market for the planned goods or services. This is an ongoing process as markets are always changing. However, some market research is essential before starting any new business.

85 The research should attempt to answer questions such as:

- What is the target market for the new business' products?
- Who else is in this market? Is the idea already in the market? Can the new business offer something that existing businesses are not providing?
- Where are the customers based? What is the best way of reaching them?
- 90 • What do they really want? Can the product be improved?
- When do they want it? How should the product be sold or distributed?
- How much are these customers prepared to pay?
- How are they reached? What is the best way of promoting the product?

95 Secondary research will answer many of these questions. Secondary research involves scanning already published materials such as reports, patents and statistical data.

# New products from market research. A Kellogg's case study

100 For Kellogg's, the order in which the information is gathered is as important as the type of information being gathered. In order to develop the new Crunchy Nut Bites, Kellogg's undertook four distinct stages of research.

*STAGE 1: DISCOVERY.* Initial research aimed to identify a set of new food ideas that would be suitable for developing a new Crunchy Nut product. Secondary research from market research  
105 publications was used to find out about innovation trends in the cereal market (new products, flavours and foods from around the world). Food developers at Kellogg's used this information to come up with a number of new food ideas.

Focus groups were used to show consumers the new food ideas in the form of a number of different (real) food prototypes, including a mini crispy product and a nutty triangle. The focus  
110 groups captured the attitudes and feelings of consumers towards the new foods. The results allowed Kellogg's to discard some ideas. Other ideas were appealing for consumers but needed refining and further development. At the end of this stage, Kellogg's had a number of new food ideas that all seemed to appeal to consumers.

*STAGE 2: SELECTING THE BEST IDEA.* This stage aimed to select the best idea arising from the stage  
115 1 research. Kellogg's put the ideas from the focus group on boards which had pictures showing product ideas and a description of what the new product would be like. These boards 120 were then shown to a large group of representative consumers in a quantitative survey, so Kellogg's could identify which product ideas consumers liked best or disliked.

*STAGE 3: CRAFTING THE IDEA INTO A COMPLETE NEW PRODUCT.* Once the best idea had been  
120 selected from stage 2, Kellogg's needed to make this idea become a real product. The Crunchy Nut Bites food prototype recipe was refined using the feedback from another qualitative and quantitative survey. Kellogg's needed to understand the 'eating experience' of the consumer before a decision could be made about how to develop the recipe in more detail. Following this stage, four product recipes were developed and tested with representative groups of consumers in a  
125 quantitative survey to see which product consumers preferred. This enabled Kellogg's to select the best one.

*STAGE 4: FORECASTING SALES FOR THE NEW CRUNCKY NUT BITES.* At Kellogg's, every product has to undergo one final test prior to a new product launch. This is called the 'In Home Usage Test'. The consumers are given the product to try for several days and this enables Kellogg's to capture  
130 how consumers interact with the product for the first time.

At the end of the trial, consumers complete a report on what they thought of the food in the form of a questionnaire. This final survey measures how appealing the new product is to consumers and how likely they would be to buy it in real life. The data collected also helped to calculate a sales forecast for the new product for the first and second year in market. The forecast was used  
135 by the finance department to set budgets, organise the supply chain and to schedule food production.

Once the data was analysed and the product concept tested, Kellogg's was able to make the strategic decision to go ahead with the new product. Production could then take place.

# Achieving growth through product development A Portakabin case study

## Generating ideas through research

### Market research

In order to develop new ideas for products and services Portakabin undertook some primary market research. This consisted of direct feedback from its customers. However, at the same time many changes were taking place in building legislation. For example, the Disability Discrimination Act 2005 required new buildings to provide improved access for people with disabilities. These changes and the primary market research helped Portakabin to create Essential Business Solutions (EBS). EBS was developed to meet customer needs for additional services which Portakabin had established there was a gap in the market for through its market research.

### Identifying what customers want

*Portakabin* commercial staff were constantly asked for extra services such as air conditioning. This is a good example of Ansoff's new product development which extended provision within its existing market. As a building supplier it soon realised that customers expected their wider customer needs to be met. Customers required more than just a building shell, they also wanted a range of services that complemented the building and produced 'ready to go' working environments.

The creation of EBS helped *Portakabin* to identify everything that its customers required in order to have a complete quality working environment. It recognised that a modern building is more than simply a structure. An environment needs to be comfortable and productive. There needs to be furniture, climate control, heating, security, access ramps as well as all of the 165 electrics and cabling.

### Developing a total solution

*Portakabin* therefore realised there was a gap in the market as there was no one single supplier that could offer a complete working environment. To meet this EBS helped to create the following range of provisions:

- Total solutions that included product management that helped customers with planning permission, ground works and service connections for a new modular building.
- Aircare to provide environmentally friendly internal climate control with low running costs.
- Access for those organisations requiring ramps and steps.
- Datakom such as cabling and networks that can be plugged into.
- Protecta such as fire and security systems.
- Interiors with furniture and space planning services.
- Optional extras to provide the finishing touches including floors and blinds.

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# Growth through ingenuity and enterprise. A 3M United Kingdom case study

## Managing and developing ideas

180 How does a company encourage people to look beyond their current goods and services to something better and/or different? The answer lies in the company's culture. For people to be creative they have to have freedom; freedom to **explore new ideas within an environment 185 that tolerates mistakes, understands and manages the risks involved.**

185 Product innovation involves prioritisation, trials, failure and risk. The key is to minimise the organisational and financial risk. This relies on effective processes to deliver consistent results by managing innovation. The challenge is to improve these processes continually without stifling people's creativity, as this would stop the flow of new ideas that are vital to success.

190 There are many ways to encourage good ideas, from brain storming to reverse thinking. Brainstorming involves asking groups of people to generate ideas, however fanciful, eg for solving a particular practical Problem. A complete list of brainstormed ideas can then be analysed to agree what is feasible.

195 3M has no particularly favourite method of generating ideas. 3M believes that the most critical thing is to be proactive. Ideas rarely just pop into people's heads; they have to be encouraged and developed. 3M's innovations have not started with one-off discoveries or 'eureka' moments. Its new products result from deliberate, rigorous commitment to the technological development of solutions to customer needs. This customer-focused approach involves finding out what existing and potential customers want through detailed market research. A customer-focused organisation starts with the consumer, and then creates the products that match consumer demand.

## Commercialising ideas

200 Commercialisation means taking an idea and then getting a product into the hands of paying customers as quickly as possible. This involves many stages, including:

- **Prioritise ideas.** Each year at 3M, thousands of ingenious ideas and technology applications emerge. It is vital to prioritise these ideas and focus on those with the greatest potential for growth and profitability.
- **Make a prototype.** There will be numerous prototypes, trials and modifications.
- 205 • **Manufacture the product.** Consistent quality for customers has to be balanced with costs, profitability and environmental concerns. Organisations like 3M are committed to continuous improvement, using sophisticated tools and techniques to reduce variation and deliver consistent results to ensure value for customers.
- 210 • **Market the product.** This involves creating the brand identity and positioning for the product.
- **Generate sales.** By creating the most effective channel to market. This involves distributing products through those channels that most suit the final consumer, eg placing Post-it® Notes with local stationers, newsagents and supermarkets.

## 215 Meeting the needs of the consumer. An IKEA case study

### Today's business idea

Today, IKEA's business idea has come some way since the earliest days of Ingvar Kamprad. IKEA sets out its business idea in the following way:

220 'To offer a wide range of home decorating articles with good form and function, at prices so low that as many people as possible will be able to afford them.'

The three key dimensions of IKEA are therefore: Good FORM and FUNCTION, at a LOW PRICE.

225 Most designers will accept the principle that the form of a product depends on its function, e.g. the shape of a chair is determined by the need for a person to sit comfortably on it. The product which the designers create often incorporates two important dimensions - good design and practical function.

230 Nevertheless, it is still possible to encounter form without any obvious function. Sometimes beauty alone provides sufficient justification for the existence of an object - it becomes art. In the same way, it is sometimes possible to encounter function without form - a product is so eminently well suited for its purpose that its appearance is of no consequence. In our homes, however, the best solution is almost invariably a combination of both form and function.

235 However, form and function in harmony are only half the story. Affordability also has an important part to play. Price is the third and most critical dimension for those who seek to make good design and practical function available to the many, not just the few. It is the combination of form, function and a low price at the same time, which makes IKEA products unique.

### Illustrating the key dimensions – The Öggla Chair

The best way to illustrate the concept of democratic design at IKEA is to take a specific example.

- 240 • Form - the Öggla Chair is inspired by Thonet's Vienna chairs. The chair was produced in wood and was light, strong and beautiful.
- Function - this was a typical example of a chair which could be easily stacked, fitted many styles, was comfortable and elegant without being extreme. Thanks to its lightness, it was easy to move and handle.
- 245 • Low price - this, however, was not enough for Ingvar Kamprad, who commented 'The chair is too expensive - we can't sell it in a flat pack'. Designer Gilles Lundgren found the solution. A supplier in the USA, together with the enthusiasts from Småland in Sweden, found new materials and production methods to make it possible. Today the chair is made in recyclable polypropylene for use indoors and out. It combines the three dimensions of IKEA: form, function and a low price.

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## Glossary

|     |  |
|-----|--|
|     | blind – persiana                       |
|     | fanciful – imaginative                 |
| 255 | feasible – viable                      |
|     | gifted – talentosos                    |
|     | high-powered – importante              |
|     | hype – despliegue publicitario         |
|     | kudos – prestigio 265                  |
| 260 | nutty – sabor a nueces                 |
|     | one-off – únicos                       |
|     | Perspex – metacrilato                  |
|     | running costs – gastos operativos 270  |
|     | sleek – liso, brillante                |
| 265 | spectacles – lentes                    |
|     | stacked - apilada 275                  |
|     | steep – empinado 260                   |
|     | to discard – desechar                  |
|     | to outperform – hacer mejor que        |
| 270 | to spot – detectar                     |
|     | toiletory – productos de aseo personal |

## Questions

- 1.- Which is a key feature of an entrepreneur?
- 2.- What is required to develop a business idea into reality?
- 275 3.- Are there any important questions that research should attempt?
- 4.- Give examples of identifying what customers want. 280
- 5.- Why is important to have freedom when trying to be creative?
- 6.- How can we consider that an idea is a good idea? Find items/questions/statements that can be used tomorrow to assess the ideas of your partners.