

BUSINESS PLAN: “REGALO” - ONLINE GIFT SOLUTIONS PLATFORM



FINAL YEAR PROJECT UG 2018

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This is to certify that the

Final Year Project Titled

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the requirements for the
undergraduate degree

in

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Regalo

DELIVERING HAPPINESS



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EXECUTIVE SUMMARY

Committed to providing a premium one-stop online solution for all gift-giving needs, the business defined in the following document is an entrepreneurial venture initiated by four NBS students. Based on a thorough primary and secondary research, Regalo identified a gap in the local market for innovative and premium gift offerings which cater to all gift-giving needs of fast-paced millennials.

Regalo's current offerings, elegantly designed baskets, chocolate bouquets and trees, and e-gift cards which are all non-contemporary forms of gifting, are also highlighted. The company operates through its website and social media pages. It stresses greatly upon quality products and excellent customer service.

We also conducted an in-depth analysis of our immediate competitors to further improve our business. All aspects of the business, ranging from operating plan to financials, are also included in the document. In addition, future forecasts, as well as limitations of the business are outlined below, to better prepare for any uncertainties.

The business plan aims to bring on board potential investors and creditors, to help Regalo expand and capitalize on the considerable chunk of giftware market which is still unsaturated. The rising purchasing power and conditions of current economy are opportunities that Regalo can exploit. In the future, Regalo also plans to explore all available avenues of gift services to grow and maximize profits through diversifying our product line.

TABLE OF CONTENTS

CHAPTER 1	1
INTRODUCTION.....	1
1.1 Literature Review.....	1
1.1.1 Global Giftware Industry.....	1
1.1.2 Pakistan’s E-Commerce & Giftware Industry.....	2
CHAPTER 2	3
COMPANY DESCRIPTION.....	3
2.1.1 Mission Statement.....	3
2.1.2 Vision Statement.....	3
2.1.3 Activity to-date	3
2.1.4 Value proposition.....	4
2.1.5 Product & Service Offering	4
2.1.5.1 Description.....	4
2.1.5.2 Benefits to customer.....	5
2.1.5.3 Differences from current offerings	6
2.1.6 Objectives.....	7
2.1.7 Keys to Success	7
CHAPTER 3	8
INDUSTRY ANALYSIS.....	8
3.1.1 Entry Barriers	8
3.1.2 Distribution	8
3.1.3 Technological Factors.....	9
3.1.4 Socio-cultural Trends	9
3.1.5 Seasonality.....	10
3.1.6 Economic Influences	10
3.1.7 Political & Regulatory Issues.....	12
CHAPTER 4	13
INTERNAL ANALYSIS.....	13
4.1.1 SWOT Analysis.....	13
4.1.2 Opportunity Recognition	13

CHAPTER 5	14
MARKET ANALYSIS	14
5.1.1 Definition of Overall Market	14
5.1.2 Market Size and Growth	15
5.1.3 Market Trends.....	16
5.1.4 Market Segments	17
5.1.5 Targeted Segments	18
5.1.6 Customer Characteristics	19
5.1.7 Purchasing Decision Process.....	20
5.1.8 Product Positioning.....	20
5.1.9 Positioning Map	21
CHAPTER 6	22
COMPETITOR ANALYSIS	22
6.1.1 Profiles of Competitors	22
6.1.2 Direct Competitors.....	23
6.1.3 Indirect Competitors	23
6.1.3.1 Product Competitors.....	23
6.1.3.2 Generic Competitors	24
6.1.3.3 Total Budget Competitors.....	24
6.1.4 Competitors’ Products/services & Market Share	24
6.1.5 Competitive Evaluation of Product.....	26
6.1.6 Future Competitors.....	27
CHAPTER 7	28
MARKETING AND SALES.....	28
7.1.1 Market Research	28
7.1.1.1 Methodology.....	28
7.1.1.2 Analysis	29
7.1.1.3 Results.....	30
7.1.2 Products Offered.....	30
7.1.2.1 Event specific Gift Baskets	30
7.1.2.2 Chocolate Bouquets and Trees	32
7.1.2.3 Regalo E-Gift Card	32

7.1.3	Pricing.....	33
7.1.3.1	Overall pricing strategy and pricing objectives:.....	33
7.1.3.2	Connection to positioning strategy.....	34
7.1.3.3	Product Specific Pricing.....	34
7.1.3.4	Price Comparison to Competition.....	35
7.1.4	Distribution	36
7.1.5	Marketing and Communication Strategy.....	36
7.1.5.1	Digital Marketing:	36
7.1.5.2	Loyalty Program	39
7.1.5.3	Partnerships	39
7.1.5.4	Discounts and Incentives	40
CHAPTER 8	.....	40
OPERATIONS	.....	40
8.1.1	Product Development.....	40
8.1.1.1	Designing of Products	41
8.1.1.2	Procurement & Sourcing.....	42
8.1.1.3	Purchasing.....	42
8.1.1.4	Quality Assurance	42
8.1.1.5	Assembling.....	43
8.1.2	Order Processing.....	43
8.1.3	Product and Service Delivery	43
8.1.3.1	Customer Service and Support	43
8.1.4	Development Team.....	44
8.1.5	Development Costs	44
8.1.6	Development Risks.....	44
8.1.7	Facilities.....	45
CHAPTER 9	.....	45
MANAGEMENT AND CAPITAL STRUCTURE	.....	45
9.1.1	Management Team.....	45
9.1.2	Open Positions	45
9.1.3	Organizational Chart	45
9.1.4	Present Equity Positions	45

9.1.5	Exit Strategy	46
CHAPTER 10	.....	47
CURRENT DEVELOPMENT AND MILESTONES	.....	47
10.1.1	Product Development Milestones	47
10.1.1.1	Prototype	47
10.1.1.2	Testing.....	47
10.1.1.3	Launch.....	47
10.1.2	Signing of Significant Contracts.....	48
10.1.3	Achievement of Break-even Performance.....	48
10.1.4	Risks and Contingencies.....	48
CHAPTER 11	.....	49
FINANCES	.....	49
11.1.1	Financial Assumptions.....	50
11.1.2	Sales Projections	51
11.1.3	Valuation	52
11.1.4	Financial Statements.....	53
11.1.5	Key Ratios.....	55
CHAPTER 12	.....	55
FUTURE OPPORTUNITES AND LIMITATIONS.....		55
12.1.1	Expansion Plans.....	55
12.1.2	Limitations.....	56
References	.....	57
APPENDIX.....		59

LIST OF FIGURES

Figure 1: Survey results indicating price comparison	59
Figure 2: Survey results comparison of quality	59
Figure 3: Popularity of competition in the market.....	60
Figure 4: Event specific gift baskets	60
Figure 5: Chocolate Trees and Bouquets	60
Figure 6: Regalo E-Gift cards	61
Figure 7: Survey results for popular categories of online stores.....	61
Figure 8: Survey results for pricing of E-gift cards	61
Figure 9: Overview of Regalo website	62
Figure 10: Regalo official Facebook page	62
Figure 11: Facebook boosts and reach	63
Figure 12: Regalo official Instagram account	64
Figure 13: Collaboration with blogger Super Sumaya and her review	64
Figure 14: Product review by blogger Guestimating	65
Figure 15: Product review and recommendation by blogger Rabail Ammar	65
Figure 16: PR package collaborations.....	65
Figure 17: Regalo business partnership proposal	66
Figure 18: Regalo discounts and incentives offered.....	66
Figure 19: Survey results showing demand for E-gift cards	67
Figure 20: LinkedIn profiles of Development team	67
Figure 21: Clients product reviews and ratings.....	67
Figure 22: Regalo organizational chart.....	68
Figure 23: Best Case Scenario.....	68
Figure 24: Average Case Scenario.....	69
Figure 25: Worst Case Scenario.....	69

LIST OF TABLES

Table 1: Calculation for Regalo's Target Market.....	15
Table 2: Regalo customer experience map	20
Table 3: Types of Competitors.....	22
Table 4: Profiles of primary competitors	23
Table 5: Strengths and weaknesses of competitors	27
Table 6: Market survey results.....	30
Table 7: Categories of e-gift cards.....	33
Table 8: Profit margins for Regalo baskets and bouquets	35
Table 9: Details of Regalo e-card partners	39
Table 10: Assumptions for sales projections	50

INTRODUCTION

1.1 Literature Review

1.1.1 Global Giftware Industry

Over the past decades, the global gift industry witnessed an impressive growth, owing to the expanded customer base along with increasing applications of innovative products at attractive prices (Narkar, 2017). According to a recent report, the total size of the worldwide gift market stood at nearly \$15 billion in 2014, and economic experts forecast a growth rate of approximately 3.34% through the year 2020. These findings indicate strong demand for novelty gifts that retailers can take advantage of in the coming years (DANG, 2017).

Online gift portals have become increasingly popular in today's day and age. Consumers are increasingly taking to the concept of finding a variety of options on one platform, buying it within minutes and getting it delivered to the desired address. With the rise in m-commerce, digital shopping is likely to intensify and the gifting industry will soon skip plastic to move towards adopting digital gift cards (Garg, 2017). The rapid penetration of smartphones in Asian Pacific regions along with the availability of cheaper data plans has led to increasing adoption of m-commerce.

The Asian-Pacific market is expected to lead the global gift card market during the forecast period and is anticipated to expand at a CAGR of 14.9% during 2016 – 2024 (Global Market Study on Gift Cards: Introduction of Lottery Retail Gift Cards is the Newest Trend in the North America Gift Card Market). For example, the gifting market in India was pegged at \$30 billion of which \$400 million could be attributed to the digital space (Singh, 2017).

1.1.2 Pakistan's E-Commerce & Giftware Industry

The South Asian region has already experienced the e-commerce boom whereas this industry has only recently gained interest in Pakistan's market. The neighbouring countries have harvested investments in billions of dollars, particularly India and China. Pakistan's e-commerce market expected size grew to USD 600 million in 2017 compared to USD 30 million in 2013. Pakistan recently increased internet accessibility by joining the 3G club which will further support e-commerce. Population with digital access is expected to increase to 56 million users in 2019 from its current 30 million user market (E-commerce in growing stage, 2018). This exceptional growth will eventually transform not only the transaction patterns but also the decision making process of consumers.

A prime obstacle inhibiting the growth of e-commerce in Pakistan is customers' lack of trust in online purchasing platforms. Less than 3% of Pakistan's internet users utilize online purchasing platforms as compared to 72% in the United States (Saeed, 2017). However, considerable marketing efforts of major online platforms in Pakistan have helped spread awareness and develop credibility with time.

Several factors directly affect the development of e-commerce in Pakistan. One major factor is the increased speed of internet itself which has allowed people to search and shop online in a matter of minutes. Even traditional retail industries have begun to enter the e-commerce sector either directly or via other marketplaces.

Currently, several online shopping platforms provide a wide variety of products in segment such as electronics, fashion, sporting goods, cosmetics and furniture. Several well established players such as Tambuk, Telemart, Daraz and Kaymu are growing at a rapid rate. Pakistan's online giftware industry in particular is under saturated with large courier companies dominating the market. A number of small scale businesses are operating via social media leaving a huge opportunity for upcoming entrants in the industry.

CHAPTER 2

COMPANY DESCRIPTION

Regalo is a comprehensive online platform that provides a one-stop solution for all gift-giving needs. As a premium online gift service that puts a modern twist on the classic trend of giving gifts, Regalo aims to appeal to the needs of a fast-paced millennial lifestyle.

Our company image exemplifies what our progressive customers are seeking; gifts that look and feel personal and high end yet are hassle free and require minimum personal effort.

What differentiates Regalo from other online gift delivery services is our innovative product line that includes a range of curated event specific gift baskets, decadent chocolate bouquets and a first of its kind E-Gift Card. Regalo E-Cards allow customers to gift store credit at our multiple partnering online businesses.

2.1.1 Mission Statement

“To build a sophisticated and hassle-free gift solutions platform that delivers happiness and brings people closer every day, through outstanding quality, matchless creativity and superior innovation.”

2.1.2 Vision Statement

“We bring happiness to your life.”

2.1.3 Activity to-date

In the time that Regalo has been active, from January 2018 to April 2018, it has maintained considerable presence on Facebook and Instagram. Orders started pouring in as soon as the social media pages went live. Regalo’s website, its primary online shop has been running since April 2018.

This one stop-gifting solution has launched several products to cater to different markets. Our products include gift-baskets, chocolate bouquets/trees, and e-gift cards. In the coming months, Regalo plans to further diversify its products, reach a greater number of customers, and increase its distribution network.

Current sales have indicated that Pakistan's online giftware industry shows great promise. Regalo, in the future, can continue to broaden its product portfolio, partner with a delivery service, bring more established businesses on board and further enhance the value added features of the website in order to strengthen its position in the market.

2.1.4 Value proposition

“Less Hassle, More Value”

One stop **e-platform** which provides high end, creative and **innovative** products enabling its customers to select the most fitting yet trendy gift for their loved ones. Providing a **complete gift search and purchase experience** in a matter of a few clicks.

2.1.5 Product & Service Offering

2.1.5.1 Description

Regalo operates mainly through its fully integrated website. Orders are placed on the website and delivered via TCS once advance payment is received.

Regalo's primary product line is a wide range of striking, event specific or themed gift baskets and each item handpicked accordingly. We promise high quality, branded items in order to fulfil our superior value proposition and justify our premium pricing. Each basket is hand crafted with care and attention to detail by our partner organization, PNWA (Pakistan Navy Women Association). Event baskets range from Valentine's Day to Graduation Baskets. Themed baskets include chocolate & coffee baskets, 'treat yourself' baskets and more. Regalo's gift baskets will help you make a lasting impression.

Several variations of Ferrero Rocher chocolate bouquets and trees are one of Regalo's most popular offering. These delicious and stunning chocolate treats are suitable for all occasions; personal and corporate. They make for a unique gift for a loved one or even serve as an edible centrepiece. A Regalo bouquet speaks volumes of the love and thought behind it rather than giving someone just a box of chocolates.

Regalo E-Gift Cards are our proudest innovation. These gift cards enable the receiver to shop at a multitude of online businesses from the convenience of their home. We offer different price and usability packages to suit everyone's budget.

Our personalized customer service and numerous value-added services such as gift registries, loyalty points and event calendar integration further set us apart from other players in the market.

2.1.5.2 Benefits to customer

Our primary aim is to provide value for our customers through superior product offerings and excellent service that exceeds expectations.

- Core Benefits
 - Convenience – Regalo makes it a lot easier to order a gift online and send it. It can be a replacement for not being there with the person. Everything from selection, payment and delivery across Pakistan is a few clicks away.
 - Effortlessness - Pre-curated event specific gift baskets for those who like to give a personalized touch to their presents without having to go through the stress of searching for the perfect gift.
 - Variety – Extensive choice of gift baskets, E-gift cards and bouquets to choose from.
- Expected Benefits
 - Quality – All items in the basket are of high quality and selected with purpose to compliment the theme of the basket. Branded items

and reliable delivery service providers are used to mitigate the risk and uncertainty of online shopping.

- Chic – Unlike most of the offerings currently available in the market, Regalo’s products stand out for their classy and elegant outlook.
- Potential Benefits
 - Emotional Connect – Regalo makes it easier to express your feelings by appreciating and acknowledging each other.

2.1.5.3 Differences from current offerings

To develop a distinctive position in the market, Regalo hopes to capitalize on the following strengths and values added features:

- Regalo offers Pakistan's first ever E-gift card which will take the worry out of finding the perfect gift. Perfect for every event, Regalo card is what you need to present as the perfect gift.
- Both our baskets and the items included are unique and tailored whereby the shape and colour of the basket along with the items compliment the overall theme.
- Regalo’s registered users are offered several perks
 - Option to integrate their event calendar (prompts and reminders for events such as birthdays, anniversaries etc.)
 - Gift registries that will allow users to record their wish lists so that their friends and family know what to buy them for birthdays, anniversaries etc.
 - Treat yourself: Gift giving is a repetitive custom so our customers will be rewarded a gift basket on achieving certain predetermined loyalty points.
- Customers spending over PKR 10000 on one basket, will be offered personalized shopping i.e. they can handpick items and curate their own gift baskets.
- Variety of greeting cards to choose from, for every occasion.

2.1.6 Objectives

- A. To create an online service that will fill the gap in gift giving industry through providing high premium quality offerings with timely delivery
 - i. Create a broad portfolio of products
 - ii. Optimize delivery channels and payment methods
- B. To increase our market, share by at least 15% at the end of year through superior performance and standards of our service.
 - i. Spot new trends ahead of competitors and introduce new products in the product mix
 - ii. Increase customer engagement to strengthen current customer base and attract new customers
 - iii. Employ tactical marketing strategies to reach and engage with maximum number of audiences
- C. Maintain sustainable cash flows
 - i. Synchronize the structure of payments Regalo receives and the bills it pays to receive more than it pays out during this specific time.
 - ii. Offer convenient modes of payment such as Easy Paisa.

2.1.7 Keys to Success

Following factors contribute in the primary keys to success of Regalo:

- Meeting high expectations of customers through providing high quality service that will also include maintaining the standards and quality of the items of the baskets.
- Providing customer service through immediate response to their queries and incorporating any useful feedback from the customers to make our service more attractive
- To attain repeat purchases and generate word of mouth marketing, providing personalized promotions on our products such as discounts or special offers.

INDUSTRY ANALYSIS

3.1.1 Entry Barriers

These factors prevent a start up from entering a market. Barriers to entry of the giftware industry are substantially low and hence make it easier for new ventures to enter the industry profitably. To capitalize on the latest trends of creating online spaces, traditional brick and mortar businesses have moved to adopting online business models whose inherent strength is being low cost. Low capital requirements along with low switching costs for end users have pulled down these barriers further.

Access to extensive distribution networks spread throughout the country has greatly reduced the need for face-to-face interactions. These novel facilities have made it convenient for businesses and individuals to carry out day-to-day transactions. 95% of transactions are still based on the cash-on-delivery model due to low penetration of financial services or usage of credit/debit cards. Pakistanis appear to be receptive to financial innovations such as the advent of mobile financial service (Easy Paisa, Mobi cash). Such solutions represent the future of online payments in the country, so it is important consumers adopt them quickly to boost the ecommerce market.

3.1.2 Distribution

Modern courier services have made it easier, convenient and hassle-free to deliver products to anyone anywhere in the country. Many large-scale international and local courier companies are currently operating in Pakistan, offering increased convenience to the consumers and businesses. Major courier players in the market include Leopards Courier, TCS, DHL, SpeedEx, FedEx and M&P Logistics.

Out of these major players, TCS and M & P Logistics are the only two courier services that offer gift delivery services namely TCS Sentiments and Expressions.

3.1.3 Technological Factors

In the highly digitalized world that we live in, technology and social media play a very influential role, according to PTA, more than twenty-two percent of the population has access to internet and the number is increasing. Number of internet users in Pakistan is currently at 35.1 million, which continues to expand at a rapid rate. Now, with e-commerce sites that directly connect consumers to the sellers/makers, consumers can learn about and access gift options much more easily. Increased use of social media, with 31 million active social media users, is making it easier for small businesses themselves to directly access their target markets.

The latest trend of online shopping especially in emerging markets has greatly increased the demand for specialized and unique products. Consumers are now more aware regarding today's most attractive offerings in the market and are equipped with the ability to make comparisons and informed decisions.

3.1.4 Socio-cultural Trends

Lifestyle refers to the way we live our lives that allows us to fulfil our needs and aspirations. There is no doubt that customer preferences and lifestyle choices are continuously changing. Consumer in today's economy is a nomad, has a proactive lifestyle and firmly believes in the concept of experiential and image marketing. Today's customer values innovation, creativity, originality, luxury, value attainment and sustainability.

They desire innovative solutions to their problems. Power of media and connectivity through telephony is altering the lifestyles of millions of households in the country. The advent of the media and social networks has made consumers more brand conscious than before, hence bringing a significant change in their choices.

The effects of globalization are evident in the buying behaviour of a Pakistani consumer. The consumer today will not accept the image of the brand but will actively create an experience to associate with the brand. A more aware customer base can prove to be of benefit for Regalo as they will be able to distinguish between premium offerings and fake or inferior offerings.

Pakistan has a literacy rate of 58% (Literacy rate in Pakistan, 2018). The increasing urbanization, gender equality in the workplace and greater disposable incomes will positively influence the sales of Regalo, as more people will be able to afford them.

Overall Pakistan's social life revolves around family and kin. Family bonding and values rank quite high in individual's priority list. The culture of gift exchange is very popular among families especially on events such as Eid or birthdays. This trend highly collaborates with Regalo; whose primary offerings are gifts.

3.1.5 Seasonality

The giftware industry experiences ebbs and flows based on several factors, but the holidays and events such as Valentine's Day and Mother's Day account for most of the sales. Gift-giving is particularly common in our society. Once wedding season rolls in, there is even more demand for elaborate gifts. Although seasonality is significant in the industry, we cannot deny that sales flow throughout the year for events such as birthdays, anniversaries, baby-showers, etc. Apart from these instances, individuals often give gifts due to deliberate reasons.

3.1.6 Economic Influences

Continuous fluctuation in inflation rates drastically affects consumers' spending power. Since 2016, Pakistan has experienced inflation rates from 2.86% in 2016 to 4.15% in 2017 and it's expected to reach 4.83% in 2018 (Pakistan: Inflation rate from 2012 to 2022 , 2018). Rising inflation rates, decreases spending power of the individual and results in less production leading to rising unemployment

rates, which was approximately 5.9% in 2017, thus a decrease in consumers' income.

These factors particularly effect purchasing of luxury items such as premium gifts. A decrease can be expected in the gift giving culture accompanied by these rising rates, as people will focus on fulfilling their basic needs rather than indulging in luxurious spending.

Based on purchasing power parity (PPP) ranking, Pakistan has become the 25Th largest economy in the world. Its GDP has been on a continuous rise since 2008, reaching approximately 283.7 billion USD in 2016. In 2017 Pakistan's GDP (PPP) annual rising rate reached 7.32% (Pakistan GDP, 2011).

E-commerce retail sector has incurred an overall rise in the recent years, with estimated market size reaching \$1 Billion by 2020 (Shaffi, 2017). Success stories of e-commerce initiatives such as daraz.pk or olx.com coupled with these stats is making e-commerce private sector more and more attractive for an entrepreneur.

Pakistan has also seen a steady rise in the average annual household income since 2005, reaching all time high of 649.97 USD in 2016 (Pakistan Household Income per Capita). 32% of Pakistani household have an average monthly income greater than PKR 50,000, indicating that more and more people can indulge in extravagant activities such as gift giving.

Pakistan's interest rates have been on a decline, reaching 5.75% in 2017 and remaining constant there (Siddiqui, 2017). The lower the interest rates, the more people are willing to borrow money and increase their purchasing power. So, more people are willing to spend more money on activities or things aside from their necessities.

Pakistan's economy is expected to improve in the coming years, due to decrease in terrorism, better security measures, better availability of electricity or gas and global growth.

3.1.7 Political & Regulatory Issues

Most of the regulatory constraints faced by small or new initiatives are stemming from weak institutional environment. The tax rate for a small company is approximately 25% as decided by Income Tax Ordinance, 2001. High tax rates decreases the profit margins of a company, which ultimately leads to higher prices of the products.

A company can be incorporated under the Companies Act 2017 by filling all the requisite documents with the Securities & Exchange Commission of Pakistan. On registration of the company, a registration fee is also charged. Business registration provides a legal cover and ensures smooth working (Doing Business in Pakistan , 2014).

Pakistan's E-marketplaces also faces the risk of double taxation. The laws are not defined in the matter as who should be paid the tax if an online store has its address in Lahore and enables customer base in Karachi to make purchases from a store based in Peshawar. The tax is to be paid to Sindh Revenue Board or Punjab Revenue?

As e-commerce industry is still in its infancy, the Finance Act 2017 has introduced some tax relief. The minimum tax to be paid on the turnover of e-commerce or online marketplace has been reduced from 1.25% to 0.5%. Tax on commission has also been set at 5% instead of 12% (Finance Act , 2017).

PayPal, which is an international payment system provider, does not operate in Pakistan, which makes it difficult for online shoppers in making purchases. Online money transfer services for domestic use are restricted by monthly transaction limit of PKR 50,000 thus making it difficult for online consumers to spend freely.

Pakistani government has started promoting e-commerce sector which will give business the opportunity to promote their products online with at a low cost.

4.1 INTERNAL ANALYSIS

4.1.1 SWOT Analysis

The following SWOT analysis has been conducted keeping in view the competitive external environment and critical internal environment to understand the factors affecting the business.

Strengths	<p>Regalo E-card being the first of its kind in Pakistan gives the company the first mover advantage</p> <p>Broad range of innovative and high-quality product offerings to target varying customer segments along with effective marketing and branding</p> <p>Fully functional website that has reduced customer order process and improved customer experience.</p> <p>Being an e-commerce business, the cost of physical infrastructure is minor and highly flexible.</p>
Opportunities	<p>Regalo seeks to exploit the increased penetration of e-commerce platforms and increased usage of online payment methods in Pakistan.</p> <p>Investment inflow from an external investor could pave the way for further expansion of the business.</p> <p>Increased trend of gift giving and popularity of international holidays</p> <p>Partnerships with larger brands such as Khaadi, Junaid Jamshaid, Lawrencepur, etc. for Regalo E-Cards and Regalo Baskets</p> <p>Through partnerships with delivery networks Regalo aims to take advantage of their already existing vast delivery networks.</p>
Weaknesses	<p>Due to its entrepreneurial start-up phase, financial limitations are evident which can hinder the growth rate of the business.</p> <p>Reliance on third party delivery services and high delivery costs has an effect on the overall pricing of the products.</p>
Threats	<p>Eminent government regulations e.g. taxation in e-commerce. Radical shifts in consumer tastes and preferences or decrease in the trend of gift giving can greatly harm profits.</p> <p>Downturn in the economy could reduce customers' purchasing power.</p> <p>Threat of new entrants (delivery companies) in the industry with their own gift delivery services.</p> <p>Popular brands such as Khaadi, Sapphire, Insignia, etc. introduce their own E-cards</p> <p>Competitors could duplicate our product offerings and Regalo might lose its unique selling point.</p>

4.1.2 Opportunity Recognition

After conducting a comprehensive external and internal analysis, we identified an exploitable gap in the giftware market. There is an evident lack of novel and premium quality online gift solutions for the middle and upper-middle class. None

of the existing players or large retailers offers E-Gift cards. A sizable opportunity also exists in the event specific gift basket arena as there exists only a single competitor that operates in the said area. We will also provide the Pakistani consumer with inventive ideas such as our decadent edible bouquets.

CHAPTER 5

5.1 MARKET ANALYSIS

5.1.1 Definition of Overall Market

Nowadays, several types of gifting including both personal and corporate exchanges are on the rise. Evolution of customers has played a major role in bringing about this increase. Customers now have both; the purchasing power and the willingness to pay for innovative and premium products. A swell in economic progress, climbing disposable incomes, growing exposure to global trends are some causes that have helped to bring about this important move. The rise in use of internet also plays an integral role in shaping the market as the trends are heavily influenced by what is witnessed online.

E-commerce is growing at an exponential rate globally and in Pakistan as well. In the traditional e-commerce platforms, suppliers drive the product supply. However, in gifting industry the gift providers themselves must be innovative and keep their customer's preferences under consideration.

Today's customer wants personalized items, which has boosted the trend of more innovative and personalized gifts. Personalised gifting is on the rise and gifting occasions include not only anniversaries and birthdays, but also global trends such as Mother's Day, Valentine's Day, bridal showers, etc. are also gaining popularity in Pakistan. As families become smaller and people live farther away from their extended families, the culture of online gift solutions has gained popularity owing to their convenience. Large logistical companies such as TCS and M&P have capitalised on these changing sociocultural factors. Additionally,

fast paced lifestyles have initiated a need for quick yet personalised gift solutions. More than 50% of Pakistan’s population comprises of youth and this segment will be the main driver for the popularity of such modern retail.

Customers are now becoming more accepting of digital gifting solutions, such as gift e-cards. Unlike gift vouchers, these can be used more than once if the gift-receiver wishes. The balance of funds can be transferred to future purchases in this case. Transactions carried out through this medium are growing in number as it lets the receiver oversee what he/she wants for themselves, and provides convenience for the one gifting.

5.1.2 Market Size and Growth

City	Population	women (aged between 15-49)	men (aged between 15-35)	women (above poverty line)	men (above poverty line)	total population that shops online once a month
Karachi	2972639	192420	143585	167212.9552	124775.2261	52557.87263
Lahore	11126285	720208	537423	625861.0599	467020.9622	196718.764
Islamabad	1014825	65690	49018	57084.59294	42596.83695	17942.65738
Rawalpindi	2098231	135819	101349	118026.9135	88072.33147	37097.8641
Total Urban Population	17,211,980.00					

Table 1: Calculation for Regalo's Target Market

Among the total population of 207.7 million people of Pakistan, 44.6 million people constitute as digital consumers. Currently approximately 38% of total population of Pakistan shop online at least once a year and 18% shops once a month (Arsalan S. Khan, 2014).

Regalo will target middle and upper-middle class which mostly resides in the urban areas of Pakistan. Total urban count in the cities of Karachi, Islamabad, Lahore, and Rawalpindi is 17 million. Within this number, we will target women aged 15-49, and men aged 15-35. According to a World Bank report, up to 13 % people living in urban areas live below the national poverty line, so we will target the remaining percentage of urban citizens. This brings our target market to an aggregate of 304,317 people.

Pakistan's e-commerce market is expected to grow till \$1 Billion by 2020. With an increase in the number of online users, and rising incomes, Regalo expects a surge in the size of its current target market.

5.1.3 Market Trends

The past decade has witnessed a tremendous increase in internet usage. More than 44 million people within Pakistan have access to internet. Pakistan stands at the second largest in terms of e-commerce industry in South Asia with about \$75 to \$100 million currently (Naz, 2018). This has encouraged online shopping for both personal and gifting items. Growing gifting culture and increasing demand for seasonal products also contribute to growth in this market. The trends in the market are very dynamic and greatly influenced by digitalization. Although initially, rate of diffusion of e-commerce in Pakistan has been slow but now the industry is expected to grow faster. The e-commerce market is not only doing well in urban centres but has progressed swiftly in the rural areas too. As a result, larger players such as TCS deliver across the country.

Pakistan remains a largely underserved market in terms of digital payment but cash on delivery model has been adopted by several e-retailers to combat this constraint. Mobile payments such as JazzCash and EasyPaisa have also helped in this regard, particularly in the rural areas.

Rising literacy rates, globalisation and emerging young population of Pakistan have played a major role in the adoption of technology, internet and social media. This has helped in the growth of online businesses and increased effectiveness of digital marketing.

Consumers are increasingly going online for product and information search. Even customers planning to purchase something at a brick and mortar outlet do prior research online. Online referrals, reviews and ratings play an important role in customer decision making process.

Millennials not only want value for money but also convenience and fast gift solutions. This has increased the trend of readymade and bundled gift solutions

with some retailers reporting about 70% of their sales coming from pre designed gift baskets (30 captivating gift basket industry trends, 2016). Additionally, bundled offerings such as gift baskets appear more valuable to these consumers.

5.1.4 Market Segments

There are two distinct groups of customers in the market; individual and corporate segments. They can be further classified based on lifestyle and behavioural aspects.

- Individuals - There is one segment of individuals who want gifts as a gesture of goodwill. They primarily want a gift that fits their budget, saves them time, and most importantly makes the receiver happy. This segment includes people who gift often but are short on time to make the effort for a perfect gift. Majority of gift givers are women.

Another segment of individuals wants the recipient to be more in control of their gift. This gives rise to the demand for gift cards. It is for individuals who have a slight informality in their relationship and therefore would not mind receiving gift cards of a fixed monetary value and getting the gift themselves. It is a convenience for both parties. The one gifting is saved the hassle, and the one receiving is more in charge of his/her gift.

- Corporate Clients - They want to buy an appropriate gift for a colleague, boss or professional acquaintance. Sales from corporate customers are independent of any seasonality. Besides gifting to someone within the organization, it may also be the case that the corporate customer buys for a customer, vendor, partner, etc. This trend for the corporate customers to purchase gifts is not a common trend and therefore would appear to be a promising market segment if pursued.

5.1.5 Targeted Segments

Initially, Regalo has targeted individual customers due to limited resources and capabilities. We aim to fully serve the individual gifting segment and establish our brand image before expanding to serve corporate clients.

Regalo has adopted a multi-segmented approach in order to serve a wide proportion of the market in accordance with our available resources.

Our primary customers are women, aged 15-49 who buy gifts for their friends and family as women are primarily tasked with gift giving in order to maintain social ties. They are tech savvy, use social media frequently and are aware of the latest retail trends. These conscious shoppers survey and weigh several options before making a final decision. This segment responds favourably to digital marketing. These women are educated and primarily reside in urban areas. Their household income bracket is greater than PKR 60,000.

Our secondary customers are men aged 15-35. Men are less likely to purchase gifts or spend extensive time on gift search for the ideal gift. They have the purchasing power but gift giving is not an activity that is of importance. Men often lean towards buying traditional gifts such as jewellery, perfumes, accessories, etc. for close relations. They prefer visiting a familiar physical store rather than spending time online or searching and comparing before making a final purchase decision.

As Regalo serves different products for different segments, it allows access to a diverse market. In an increasingly competitive market, Regalo will differentiate itself by making the effort on its customers' behalf and by maintaining healthy, long-lasting customer relationships.

5.1.6 Customer Characteristics

Below are the personas of Regalo's primary customers.



I don't like the terms Housewife and Homemaker. I prefer to be called Domestic Goddess!

Age: 22-34
 Work: Housewives/working women
 Family: Married, kids
 Location: Islamabad, Karachi, Lahore

Affectionate Young Wives

- Learning
- Caring
- Decision Maker
- Simple

Goals

- Make her husband's birthday special
- Be the best version of herself everyday
- Manage all her house affairs as efficiently as possible

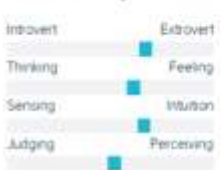
Frustrations

- Unable to manage all the work within the given time
- Husband not giving enough time at home
- Can't find time for one's own self

Bio

Newly wedded and in love. These women want to be the best at everything that they do. They want to manage their careers, keeping their families happy as well. They are constantly working to make sure that each member of their family from their husbands to children are pleased with her. At times doing so they do not get time for themselves and hence need a break.

Personality



Motivation



Brands & Influencers



Preferred Channels



Age: 18-23
 Work: Students
 Location: Islamabad, Karachi, Lahore

Tech Savvy Generation Z

- Trendy
- Technology Dependent
- Dynamic
- Reacts
- Hardworking
- Multi-tasking

Goals

- To find success in a career that matches their personality
- Balance career and social obligations effectively
- Utilize their time effectively to achieve as full of their dreams

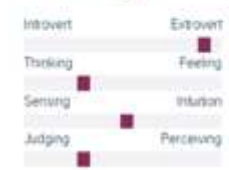
Frustrations

- Not being able to realize their career goals
- Not getting immediate gratification

Bio

Generation Z individuals self-identify as being loyal, compassionate, thoughtful, open-minded, responsible, and determined. They have been exposed to an unprecedented amount of technology in their upbringing and is a major chunk of their day to day activities. They might not be very expressive about their feelings but want to register their affections towards loved ones by sending gifts.

Personality



Preferred Channels



Brands & Influencers



5.1.7 Purchasing Decision Process

The experience map below illustrates the five-step purchase-decision process of a customer. Starting from need identification, information search and evaluation of alternatives to purchase decision and post-purchase behaviour, the

experience map developed for Regalo highlights the important touchpoints and customer feelings throughout the process.

Regalo will identify the pain points in the customers experience with the company and remove those to encourage purchase behaviour and customer conversion rate through the website.

Touchpoints	Awareness	Desire	Research	Choosing	Purchase	Delivery	Post-purchase
CHANNELS	Facebook Instagram Phone and Email Friends	Facebook Instagram Website	Facebook Website Word-of-mouth	Website	Website	TCS	Facebook Reviews Ratings on website
CLIENT INTERACTION	When need for gifting arises and customer goes online.	Inquires about the products offerings from the company	Visit traditional shops to compare products Online comparison of products	The customer selects the best possible option within his budget	Creates account on the website to avail loyalty points The customer places the order via the website.	Inquires about the estimated time of arrival	Rates our product on the website Gives facebook reviews
COMPANY INTERACTION	Effective advertising campaigns Push Advertising	Company responds to all the queries of the customer relating to product offerings	Provide the customer with all the relevant product information on the website	Gives multiple gift ideas	Collect relevant customer data for direct marketing purposes and repeat purchases	Inform the customer of the exact date of delivery and other order details	Ask for a review on social media pages
THEY FEEL	Curious	Intrigued	Confused	Hesitant	Satisfied	Concerned	Happy
SHOULD FEEL	Inquisitive	Excited	Convinced	Confident	Excited	Eager	Delighted
SOLUTIONS/ OPPORTUNITIES	Make short and effective advertisements that will run on the social media pages Reach the right consumer through targeted marketing efforts	Tailor our products according to the needs of the customers	Search engine optimization/ Advertising	Make the order processing easier and simpler Offer more variety to cater to various occasions More collaborations with businesses to increase the variety of products offered	Introduce more convenient modes of payment such as Easy Paisa	Introduce company specific packaging Reduce delivery time Start delivery internationally	Employ a customer relationship manager software for maintaining and strengthening customer relations

Table 2: Regalo customer experience map

5.1.8 Product Positioning

To create credibility in the market, Regalo has positioned itself in the market on the basis of premium quality. Regalo aims to differentiate itself from its competitors by using superior materials for its products and providing exceptional service.

Its creative and innovative product line constitute as one of the main factor for differentiation. It has positioned itself on the basis of bringing innovation and a

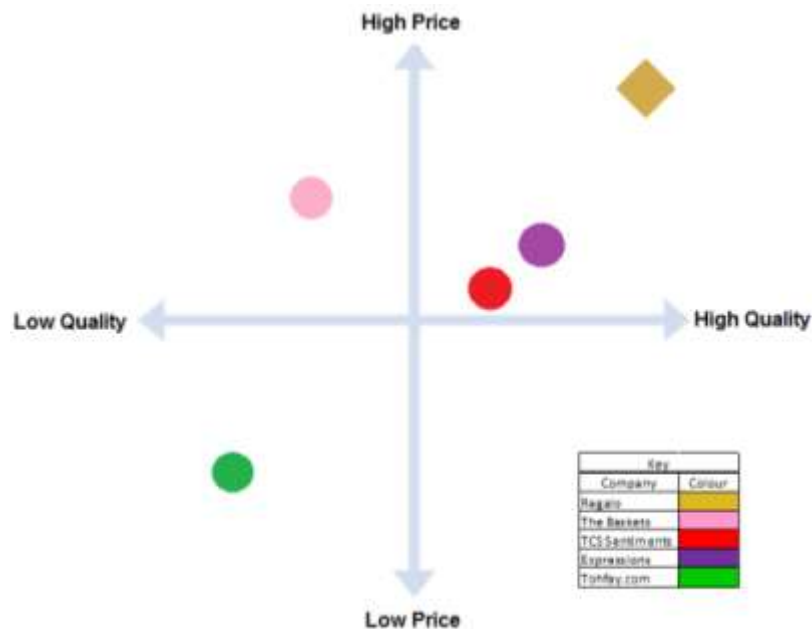
modern twist to the traditional gift giving culture, through the introduction of e-gift cards.

Superior customer service, innovative designs and high quality differentiated products, all constitute towards distinguishing Regalo from its competitors.

5.1.9 Positioning Map

Consumers use attributes of price and quality as a basis to understand differences between brands (refer to figure 1). For gifts, quality does not merely mean quality of the gift but also the delivery service, visual appeal and variety of product innovation offered by players in the market (refer to figure 2).

Regalo has positioned itself as a brand in the high price-high quality quadrant. Although price is an important attribute while choosing a brand, consumers who have sufficient purchasing power place higher emphasis on other factors such as aesthetic appeal, customer experience and the sentimental value that can be conveyed via a gift. The positioning map below is based on customer opinions.



CHAPTER 6

6.1 COMPETITOR ANALYSIS

6.1.1 Profiles of Competitors

TCS Sentiments and Expressions are our most well-known competitors (refer to figure 3), both of which offer individual products and focus primarily on perishable items like flowers and cakes. In terms of gift baskets in particular, 'The Baskets' is our primary direct competitor and other brands such as Esajeets, Illusions, Shams, Ethnic, etc. constitute as indirect competitors.

Product Category	Brand Competitor	Product Competitor	Generic Competitor	Total Budget Competitor
Regalo	The Baskets	Esajeets	Bakeries	Branded Clothing Shops e.g. Khaadi, Ethnic, etc.
	TCS Sentiments	Shams	Sweet Shops	
	Expressions		Haroons	Body Shop
	Tohfay.com		D. Watson	Restaurants
			Illusions	Accessories

Table 3: Types of Competitors

6.1.2 Direct Competitors

			
<p>TCS Sentiments Express is a high valued gift delivery service offering a wide array of gifts from gourmet cakes, floral bouquets, ethnic sweets, to various other elegantly wrapped gifts, delivered with a personalized greeting card all over Pakistan.</p> <p>Operating since 1989, TCS Sentiments Express has become Pakistan's premier gift delivery and greetings service.</p>	<p>This website specializes in sending gifts all across Pakistan from anywhere in the world. Gifts can also be sent from Pakistan to the USA, UK and UAE.</p> <p>The service claims to be Pakistan's leading gifts website of Pakistan. It primarily offers non-resident Pakistanis a chance to feel close to their loved ones back home by providing convenience in sending gifts anywhere in Pakistan.</p>	<p>The Baskets claims to be the first and only business in Pakistan where people can make customized gift baskets for all occasions. Customers can select, fill and design gift baskets as they wish.</p> <p>It is a home-based business in Lahore. Customers can 'build' their baskets online and pay in advance after which the basket is delivered</p>	<p>Expressions is a premium gift delivery service established by M&P Courier Services. It delivers all over Pakistan and also offers international deliveries.</p> <p>Expressions offers a wide array of gifts from gourmet cakes, floral bouquets & ethnic sweets to perfume, toys & leather goods, along with an exclusive greeting card carrying a personalized message.</p>

Table 4: Profiles of primary competitors

6.1.3 Indirect Competitors

6.1.3.1 Product Competitors

The main focus of our product competitors, such as Esajeels and Shams, is offering premium priced gift baskets which primarily include chocolates or imported food items. Their baskets have higher prices in comparison with Regalo in regards to the value offered.

6.1.3.2 Generic Competitors

There are various gift shops in every city that cater to customer demand, particularly those customers that want to personally deliver presents to their friends or family. Gift shops are present in every city; several different outlets lead the market in every location. However, the items available are similar in terms of quality everywhere. Gift shops offer customers a variety of products such as jewellery, handbags, decorations, crockery, wall hangings, etc. for every price range.

6.1.3.3 Total Budget Competitors

Competitors like Khaadi, Junaid Jamshaid, Body Shop, branded accessories and fine dining restaurants provide an alternative option for gift giving. The total cost of availing these options directly clash with the costs of our offerings.

6.1.4 Competitors' Products/services & Market Share

TCS Sentiments

'Sentiments' offers a range of products to be delivered across the country. In Islamabad, Lahore and Karachi specific cakes, chocolates and fresh flowers can be delivered within 3 hours! For several other items, deliveries can be made in many cities within 24 hours. The speed and quality of delivery services provided by TCS are unmatched (Sentiments Express).

TCS Sentiments offers cakes, fresh flowers, chocolates, sweets, fruits, dry fruits perfumes, printed mugs and cushions, jewellery, leather items and gift cards.

Shipping methods may vary from 3-hour delivery, 24-hour delivery or deliveries made at an exact date and time of the customer's choice.

Payments can be made through Debit Card, Credit Card or Voucher Payment or JazzCash.

TCS Sentiments Express has presence on Social Media with over 130,000 likes on Facebook and 5000 followers on Instagram.

Tohfay.com

The website lists countless items that can be sent to Pakistan from abroad or vice versa. Gift options range from edible items and fresh flowers to electronics. Customers can buy individual gifts, combos or gift baskets (Tohfay).

The baskets themselves are very plain looking and items primarily include local items. The variety of baskets is almost inexplicable, for instance, a “Spice Basket” that solely includes Shan Masalas is available along with a “Fun Snack” basket that only includes an assortment of local biscuits.

Date specific deliveries require an order to be placed at least three days in advance.

The website works seamlessly and multiple payment options are available for the convenience of customers, particularly those residing outside of Pakistan.

Its popularity is apparent from Tohfay.com’s Facebook presence with over 570,000 likes. On Instagram, the venture has 700 followers.

The Baskets

‘The Baskets’ offers four primary types of baskets; Ladies, Men, Babies and Food (The Baskets). For each basket there is a list of items and a customer can choose to include as many as they wish. Customers may upload pictures of their choice for props, printed mugs and picture frames if required. Items include jewellery, watches, fragrances, diaries, chocolates, etc. However, no description or brand is listed for items such as fragrances and accessories making it hard for customers to ascertain the quality of the items.

An online form available on the website is to be filled after which the customer must confirm the order with a representative of the company on Facebook.

Deliveries are made nationwide and charges apply. Their delivery partner is TCS and deliveries outside of Lahore are made within five days.

Payments should be made in advance and options include bank transfer, Western Union and Easy Paisa. Cash on delivery option is available for Lahore.

As the website alone is not sufficient for placing an order, customers primarily engage with the business via its social media. Currently, 'The Baskets' has over 19,000 likes on Facebook and 500 followers on Instagram.

Expressions by M&P

'Expressions' was launched by its parent company, M&P Pakistan, to step into the online gift delivery market.

They deliver all over Pakistan, Australia, Canada, Dubai, Saudi Arabia, South Africa, United Kingdom and USA (Expressions). They provide individual gift items of various categories such as fresh flowers, cakes, sweets, fragrances, leather goods and jewellery.

Customers can place their orders online via the Expressions website and deliveries are made on any date they choose within the upcoming week. Payment methods include VISA and MasterCard. Additionally, Expressions offers customers added convenience of collecting cash from their doorstep.

M&P does not have dedicated social media accounts for its Expressions service.

6.1.5 Competitive Evaluation of Product

Distinct competitive advantages and shortcomings of our primary competitors are tabulated below. Regalo can exploit these shortcomings and build upon these advantages to attract and target a favourable segment that is currently being ignored.

Competitor	Distinct Competitive Advantages	Competitive Weaknesses
TCS Sentiments	<ul style="list-style-type: none"> • A service of TCS, the leading air express courier in Pakistan. • Unmatched delivery speed 	<ul style="list-style-type: none"> • Limited variety • No gift baskets
Websites such as Tohfay, Pakistan Gift Online	<ul style="list-style-type: none"> • Numerous payment options such as PayPal & Visa making it convenient for people abroad to send gifts to Pakistan 	<ul style="list-style-type: none"> • Substandard offerings • Confusing website interface
The Baskets	<ul style="list-style-type: none"> • First gift basket delivery service in Pakistan giving them a first mover advantage • High level of customization 	<ul style="list-style-type: none"> • Non-functioning website • Tacky offerings • Similar items in baskets of all events
Expressions by M&P	<ul style="list-style-type: none"> • Logistical backing of parent company, M&P • International deliveries are offered 	<ul style="list-style-type: none"> • No event specific offerings • No gift baskets or unique products

Table 5: Strengths and weaknesses of competitors

Analysing the strengths and weaknesses of our competitors has enabled us to position Regalo in a favourable market. Regalo does not offer items such as fresh flowers, cakes and sweets, etc. as this market is well served by TCS. Instead, we focus on curating deluxe gift baskets that are occasion specific. The items in each Regalo basket are unique and relevant to the occasion in question, unlike our main competitor ‘The Baskets’, which offers its customers the same set of items to choose from for each basket and customisation is done mainly through changing basket colours, props or greeting cards.

There are currently no companies in Pakistan that offer e-gift cards that can be availed at multiple outlets. One of our main weakness of not offering items such as flowers or cakes are overcome through the use of these e-gift cards, which has provided an option to collaborate with different category shops/businesses including flower shops.

6.1.6 Future Competitors

The entry barriers in our industry are very low. Limited start up investment and experience is required to start a small-scale venture. Social Media, predominantly, has made it very easy and cheap to start a business. Nowadays, Facebook and Instagram are sufficient to operate an entire business without any brick and mortar presence.

Large scale logistics companies such as Leopards Courier Services can also step into this industry and launch a venture like TCS's Sentiments Express. This could prove to be damaging to Regalo particularly if they offer gift baskets.

An increased number of competitors will also drive down margins for all existing players in the market and Regalo might be pushed to cut back on its prices.

CHAPTER 7

7.1 MARKETING AND SALES

7.1.1 Market Research

7.1.1.1 Methodology

We conducted primary research to gauge the demand for our service and subsequently got the products tested by our potential customers.

Phase 1: Interviews and surveys prior to product development.

- Concept validation through focus group and surveys
- Surveys and informal interviews for product development and specifications
- Survey for finalization for brand logo

Phase 2: Prototype testing and feedback

- Development of several prototypes for our products
- Prototype testing to finalize product line

Secondary research was also conducted through online journals, websites, blogs and articles.

7.1.1.2 Analysis

One of the surveys was aimed at identifying the need for E-Gift Cards within the market. The respondents were most likely to buy these cards for their close friends and family, as the frequency of gift giving is high and they often run out of ideas. The range, too, of gift cards was also set while keeping the responses under consideration. The most common range was from two-thousand to three-thousand (refer to figure 8) rupees.

We also created a survey to map individual's perception about the competition that exists in Regalo's domain. The most commonly known competition came out to be TCS sentiments (refer to figure 3). Each competitor's price, quality, delivery time, personalized touch, product innovation, etc were assessed (refer to figure 1 and 2). In terms of delivering what they promise, Regalo excelled according to the survey.

Customer responses from the survey helped us to identify the lacking gap in the gift industry and how to fulfil it. It helped us to ascertain different occasions on which customers are willing to buy gifts and the amount they are willing to spend. The most popular themes, occasions or events when people exchange gifts were finalized and decided after customer responses and social listening. Specific items within the baskets are also decided according to the results from the survey.

7.1.1.3 Results

Results from several surveys have been condensed below:

<p>Type of gift items preferred</p> <ul style="list-style-type: none"> • 34.8% prefer non-branded items • 51.3% prefer branded items • 13.9% prefer personalized items 	<p>Appeal of gift baskets</p> <ul style="list-style-type: none"> • 69.4% like receiving a variety of items • 18.7% perceive it as a gesture of emotional value • 11.9% do not find gift baskets appealing
<p>Opinions about online gift shopping and delivery services</p> <ul style="list-style-type: none"> • 67.9% think it is convenient • 59% easier to send gifts long distance • 44% think it helps them with gift ideas 	<p>Online shoppers</p> <ul style="list-style-type: none"> • 88.1% have shopped online • 11.9% have not shopped online
<p>Worrying factors in online gift shopping</p> <ul style="list-style-type: none"> • 57.1% expect a delay in the delivery • 85% think that items will not match description • 68.4% believe that the items they receive are of poor quality 	<p>Willingness to try an online line service that will deliver gift baskets</p> <ul style="list-style-type: none"> • 35.7% people are highly willing to try such a service • 40.9% are moderately willing to try • 19.7% are reluctant to try such a service

Table 6: Market survey results

7.1.2 Products Offered

Blending elegance with simplicity and classic with contemporary, Regalo will offer a wide range of gift baskets and bouquets that will successfully tackle a broad range of gift giving concerns.

Regalo offers a strong product mix that has width and depth to satisfy all customer segments and caters for fluctuations in demand.

As an overview, each of the product categories will be represented as described below:

7.1.2.1 Event specific Gift Baskets

For distinctive gift giving events, our gift range will enable customers to buy baskets which imitate their personal ideas. To enable continued business development and progression, Regalo will confidently establish its product identity through a focused product variety in the first year. In the second and third

year of business, the product offering will be expanded with the new products and extension of the most profitable categories. This approach will establish a strong brand identity.

Following are the existing categories being offered at Regalo (refer to figure 4). Each item in every basket is carefully handpicked and ensured to be of the highest quality to reinforce Regalo's premium positioning.

New Year's Gift Basket	This Regalo basket appears as a more personal gift rather than diaries and calendars that are often the norm. Our New Year's gift baskets are perfect for anyone to start and end the year with a blast.
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Valentine's Day	Regalo's Valentine's Day baskets were curated to stand out from the run of the mill gaudy Valentine's offerings available in the market. Two variants were offered and both include high quality, branded items.
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Treat Yourself	Keeping up with the increasing trend of self-care amongst Pakistani women, Regalo designed its treat yourself gift baskets to reinforce the idea that gifts do not always have to be bought for someone else.
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Baby Shower Gift	Our culture places great importance on the birth of a child and it is customary to give gifts to new born babies. The Regalo baby basket incorporates various items that will be of great usability to any new mother.
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Get Well Soon	Previously, people used to visit each other when sick, but today your close friends and family are less likely to live nearby. Despite the distances, people can still show their concern and care by sending this Get Well Soon Basket over.
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Regalo also offers its customers with the option to customize their baskets for events such as Anniversaries, Bridal showers, Congratulations etc.

7.1.2.2 Chocolate Bouquets and Trees

“It’s not just chocolate its edible happiness.” Regalo’s chocolate bouquet is the most creative and delicious way to wish your loved ones the best of everything. To cater to every customer’s personal choice, Regalo with its chocolate bouquets and trees gives the option to pick any colour the customer pleases and even a combination of 2 colours as well as vary the quantity of the chocolates in accordance with the type and scale of the customer’s event (refer to figure 5).

7.1.2.3 Regalo E-Gift Card

Through Regalo Gift Card, customers will be able to gift their loved ones store credit with Regalo’s partnering businesses (refer to figure 6). Additionally, customers can utilise credit on any of Regalo’s own products as well.

Initially Regalo will partner with start-ups and then in coming years will move onto established businesses such as Khaadi and Chenone. Regalo E-Gift Card will typically be delivered within 48 hours, whereas traditional Gift Cards take between two and five business days for delivery which makes an e-Gift Card a fantastic last-minute gift idea. Additionally, customers will also save up on delivery charges required for sending traditional gifts or gift cards. Regalo E-Cards are simply sent electronically straight to the recipient’s email address.

Regalo offers three variants of E-gift cards namely Platinum, Gold and Bronze. Each category has brands of various genres such as food, clothing and accessories. These categories were selected in accordance with survey results (refer to figure 7).

Category	Platinum	Gold	Bronze
Number of Brands	8	6	4
Brands	Berries & Blossoms, Daisies, The Graphite Diary, Spatula in my Pocket, Heenz, Wired by Ifrah Khan, Salina Cosmetics, Nuts about Donuts	Nuts about Donuts, Berries & Blossoms, Salina Cosmetics, Wired by Ifrah Khan, The Graphite Diary, Box of Traditions	Mehr Jewellery, Kilucas Kookies, Box of Traditions, Wired by Ifrah Khan
Usability	4	4	2
Duration (months)	3	2	2
Price	PKR 7500	PKR 5000	PKR 2500

Table 7: Categories of e-gift cards

Regalo gives you the option to send customized greeting cards with personalized messages along with the gift basket and or chocolate bouquets/trees. With the advancement of digital technology, everything seems to be pacing towards the digital platform, be it books, paintings, maps, to name a few; greeting cards are no exception. With the Regalo E-Gift Card, customers can send an E-greeting card.

7.1.3 Pricing

7.1.3.1 Overall pricing strategy and pricing objectives:

I. Target Market Share

We aim to attain 15% share in the online gift market. Regalo's unique and diverse product portfolio and aggressive online marketing coupled with our pricing decisions will help achieve this target within two years.

II. To Achieve Quality Leadership by Pricing

Pricing is also aimed at achieving quality leadership by ensuring customers that Regalo's product is superior compared to offerings of close competitors. Premium pricing is often associated with high quality products by customers.

III. To Win Confidence of Customers

Although Regalo's pricing is premium, the superior quality and value created for customers strengthens the confidence that price charged for the product is reasonable. The pricing strategy must ensure that customers do not feel any post purchase dissonance. To guarantee this, we conduct prior customer research and factor in those results while setting our prices.

IV. Maintaining Image and Reputation in the Market

By setting rational, stable and fixed prices, Regalo aims to create a consistent and reputable image in the mind of target customers.

V. Survival and Growth

Our pricing should enable earning a reasonable rate of return on investment and make sufficient current profits in order fund current operations without threatening the company's existence. Additionally, it is imperative to earn enough profits required to fuel our growth and expansion plans.

7.1.3.2 Connection to positioning strategy

Regalo has adopted the premium pricing model for its products. Products are priced higher than most competitors because of the superior worth being offered in terms of quality and matchless customer experience. Regalo not only creates value by using the finest handcrafted baskets but also incorporates high quality local and imported items from brands such as Victoria's Secret, Bath & Body Works, Miniso, Habitt, Body Shop, Junaid Jamshaid and Khaadi. This elevates the outlook of our offerings compared to the competitors which in turn induces customers to pay a premium.

7.1.3.3 Product Specific Pricing

- Baskets – Regalo will be charging a per basket fee which will be pre-determined. A new price will be quoted if the customer decides to add or subtract selected food items from the basket or include customised items.
- Bouquets –The prices for chocolate bouquets and trees vary according to the number of chocolates a customer wants. Chocolate bouquets have

two variants with 16 or 32 chocolates. Chocolate trees may have up to 100 chocolates. The pricing is not done solely on the cost of material, rather the value that customers perceive it to have. Our bouquets and trees are one of a kind and no other competitor offers anything remotely close to them.

- Cards– Cards are priced according to the number of outlets and categories that each card offers. Three variants have been introduced in order to appeal to a wider market as indicated by our survey results (refer to figure 8).

Basket	Cost	Price	Profit	Margin
New Year's Basket	2473	3050	577	18.92%
Deluxe Valentine's Basket [for her]	6800	8300	1500	18.07%
Timeless Elegance Valentine's Basket [for her]	6282	7750	1468	18.94%
Baby Shower Gift Basket	5100	6250	1150	18.40%
Treat Yourself (For Her) 1	3296	4050	754	18.62%
Treat Yourself (For Her) 2	4248	5200	952	18.31%

Chocolate Bouquet				
Chocolates	Cost	Price	Profit	Margins
16	1010	1750	740	42.29%
32	1520	2350	830	35.32%

Table 8: Profit margins for Regalo baskets and bouquets

7.1.3.4 Price Comparison to Competition

Gift baskets offered by The Baskets have a base price of PKR 1500 and prices increase as you add more products. As items such as jewellery, watches, fragrances, etc. may be included, the maximum cost of a basket can exceed PKR 8,000.

Tohfay.com's gift baskets range from PKR 1500 to PKR 5000.

Gift baskets at premium traditional gift stores such as Shams and Esajeess start from PKR 7000.

TCS Sentiments offers a wide range of individual products that range from PKR 500 to PKR 5000. Similar products are offered by Expressions in a range of PKR 400 to PKR 6500.

7.1.4 Distribution

Regalo will sell its products online through the company's website which is a fully functional e-commerce system.

In the first year of business, Regalo will be delivering products only to the major cities of Pakistan namely Lahore, Karachi and Islamabad/Rawalpindi. As the business establishes itself in the industry, Regalo will start delivery throughout Pakistan. Distribution within Islamabad and Rawalpindi will be done by our team in the initial days. For delivering to other cities, we analysed several courier options like TCS, Leopard Courier, and Pakistan Post. Most of Regalo's products are fragile in nature and need to be handled carefully; TCS comes closest in terms of delivering with care, reasonable costs and short delivery time.

Depending on the location and the type of gift basket ordered, the minimum time of delivery is 10 business days for Gift Baskets and 5 business days for the Chocolate Bouquets. Chocolate Trees are not available for delivery outside Islamabad because of fragility.

7.1.5 Marketing and Communication Strategy

7.1.5.1 Digital Marketing:

1. Website: www.regalo.pk

A large percentage of internet users use the internet as their preferred choice to find information about goods and services. Most of Regalo's online advertising is tailored to direct consumers to the website.

Regalo's website will not only serve as an e-commerce portal but also a platform for advertising the brand through an animated advertisement running across it. Once on our website, people will see the wide range of product offerings we have

and then can contact us. The website will be especially useful for someone out of town who is in need of a gift for someone. The website for Regalo has been launched on the 3rd of April 2018 (refer to figure 9).

Regalo.pk has various other features to assist customers during their website visit, such as loyalty points on every purchase, FAQs, reviews, social media links, contact details, customer registration and account details.

Regalo's website serves as a fully functioning shop front. Customers can complete the entire information search and purchasing process via Regalo's comprehensive online portal. The customer journey for completing a transaction is illustrated below.



2. Social Media Websites

Currently Regalo has presence on Instagram and Facebook (refer to figure 10). In today's day and age, peer referrals and recommendations are increasingly taking place online. This marketing strategy is not only cost effective but also helps in increasing social visibility of Regalo. Currently, an average of PKR 550 has been spent which has generated over three thousand views on Facebook (refer to figure 11)

User traffic to Regalo's website has also been increased through Regalo's Facebook page.

A Facebook data analytics tool such as “Facebook Insights” has helped Regalo reach the right target audience. Information gathered through this tool like age, interests, location etc. has helped us customize our updates and posts specifically to them. Facebook boosts have immensely helped Regalo in reaching the right audiences and reaching greater number of people. By entering demographics and interests according to the customer personas that we have developed of our target market, these boosts have helped increase the reach of the posts immensely.

Regalo has maintained an Instagram business profile as well (refer to figure 12). Instagram allows for Regalo to be found online and get access to important consumer insights. From choosing a specific audience, setting Regalo’s budget, and choosing a time for Regalo’s ad to run, Instagram business profile has allowed Regalo to increase engagement and followers.

3. Bloggers and Influencers

To develop customer relationships, increase engagement, gauge organic rankings and credibility of Regalo, working with bloggers is a huge opportunity. As part of Regalo’s social media advertising campaign, Regalo partnered with social media influencers inside and outside Islamabad. Aligning Regalo with an influential blogger brought along with it, their audience and their audience’s network. Bloggers like Super Summaya (refer to figure 13), Guestimating (refer to figure 14), and Rabail Ammar (refer to figure 15), not only helped to drive traffic to our website, but also increased our following on social media and increased sales of our product through their review, recommendation and Instagram story of their experience.

4. PR Packages

For promotional purposes Regalo has been contacted by various bloggers across the country for PR package collaboration as well (refer to figure 16). These collaborations proved beneficial for Regalo as the business gained more experience and stable revenue streams. PR package was sent to Super Summayah. Super Summayah is an influential blogger of Pakistan with an

Instagram following of 29000 people. After our collaboration with her, Regalo gained 90 new followers on Instagram. A package worth PKR 1900, helped us attain multiple orders and following on social media pages.

7.1.5.2 Loyalty Program

Regalo intends to use sales promotion strategies such as discounts and loyalty incentive programs to engage and capture greater number of customers. Regalo’s loyalty program is enabled for registered users on Regalo’s website. For shopping of PKR 1000 customers will earn 100 loyalty points which they can redeem in the future. Through this Loyalty Program, Regalo anticipates increased amount that the customers spend each time they visit the website as they try to unlock rewards.

7.1.5.3 Partnerships

Regalo is partnering with multiple small scale online businesses which have been selected after surveying our potential customers regarding what genre of outlets they would prefer to shop at. In addition, these businesses have demographic target markets like Regalo’s.

These businesses will be our partners for the Regalo Gift card. Customers can shop on the below-mentioned businesses using Regalo’s Gift cards depending on the category of card chosen.

Code	Business	Genre	Items	Price Range
1	Kilucas Kookies	Food	Cookies	PKR 300-600
2	Heenz Confectionary	Food	Cakes & Cupcakes	PKR 600-6000
3	Nuts about Donuts	Food	Donuts (minimum order of 6)	PKR 900-1200
4	Spatula in my Pocket	Food	Cakes & Cupcakes	PKR 600-3500
5	Berries & Blossoms	Food	Cookies, Cupcakes & Cakes	PKR 500-4500
7	Daisies	Clothing	Casual Eastern Wear	PKR 2500-6000
8	The Graphite Diary	Paintings	Sketches, Oil Paintings	PKR 1500-3000
9	Box of Traditions	Wedding Favors	Jewellery, Khussas, Bidh Pouches	PKR 500-1500
10	Mehr Jewellery	Jewellery	Necklaces, Earrings, Bracelets	PKR 150-600
11	Wired by Ifrah Khan	Jewellery	Necklaces, Earrings, Bracelets	PKR 250-1000
12	Salina Cosmetics	Skin Care	Organic Skin Care Products	PKR 800-1200

Table 9: Details of Regalo e-card partners

Regalo’s business proposition for its partners is primarily increased customer traffic and advertisement. Each business that collaborates with us will have visibility of its brand on Regalo’s website. In addition, we will advertise each brand and its profile on both our Facebook and Instagram pages. Finally, the brand’s logo will also be visible on our Regalo E-card (refer to figure 17).

In return, Regalo will charge a certain commission on orders that are placed via Regalo E-Cards. These terms are for the first year and will be renegotiated later. The partner business will feature Regalo on their social media and this will give Regalo visibility to a larger audience. Partners will also be required to coordinate with us regarding back end processes after receiving an order to ensure smooth operations on both ends.

7.1.5.4 Discounts and Incentives

Since Regalo’s launch, we have given our customers multiple discounts and incentives. Our most effective competition was on International Day of Happiness. Regalo celebrated “Happiness Week” at the end of which one lucky winner was chosen. The winner could avail 50% discount on any of our chocolate bouquets. Incentives such as “New Year’s Sale” and “Free Surprise Gift” have also been a part of the marketing strategy (refer to figure 18).

CHAPTER 8

8.1 OPERATIONS

The primary activities in Regalo’s operations include:



8.1.1 Product Development

Stages in product development constitute:

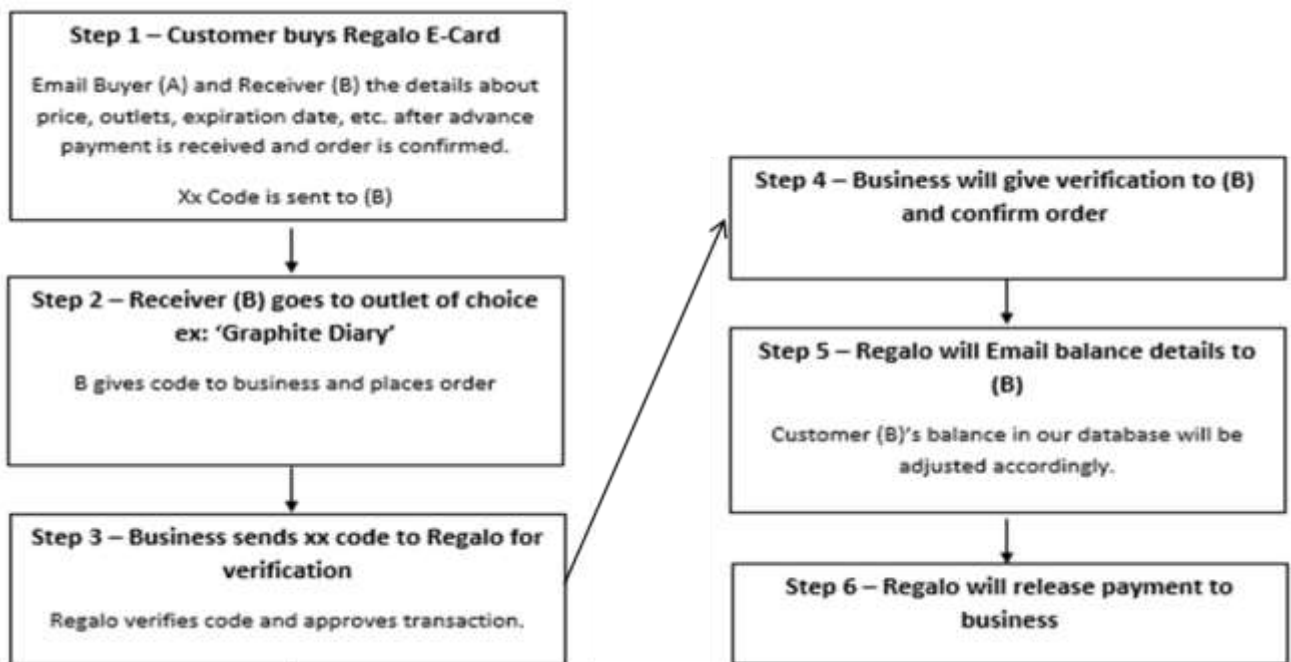


8.1.1.1 Designing of Products

Our in-house designing aims to make aesthetically appealing products.

We analysed different items included in the competitor's basket and made comparison of the most popular items that were included in almost every basket. We also checked international standard items for gift baskets. This helped us acquire a list of potential products to be included in our basket. To finalize our items, we conducted a market survey to garner the opinion and feedback of our potential customers. In the survey we listed different items to be included and based on popularity, we finalized our basket composition.

Gift Cards: Based upon the survey (refer to figure 19), Regalo introduced a new product; e-gift cards. It is a convenient replacement for a traditional gift where frequency of gift-giving is high. It gives more autonomy to the gift-receiver. We collaborated with several different small-scale businesses within the twin-cities. The need for tangible card is eliminated here and every process takes place online. The customer journey and back end operations are as follows:



8.1.1.2 Procurement & Sourcing

Procurement is a very crucial aspect of our business. Efficient and cost-effective procurement will expand our profit margins hence we dedicated considerable time and effort to our sourcing decisions.

To acquire the best quality products at low costs, we visited different markets near Islamabad and Rawalpindi. The main purpose of our visits was to make a comparison of products with differing costs and quality.

8.1.1.3 Purchasing

For the baskets, we collaborated with PNWA (Pakistan Navy Women Association). We surveyed several shops in Islamabad but ultimately collaboration with PNWA which was most cost effective. The raw materials used and quality of the final basket are miles ahead of what is being offered by our primary competitor, "The Baskets".

Raw material for bouquets such as styrofoam balls, crepe paper, etc. are bought from China Market. Food items are sourced from Metro and Al-Fatah.

Some of the items such as frames, mason jars and mugs were bought from Karachi. We capitalized on end of season sales at mega stores such as Habitt and Miniso.

8.1.1.4 Quality Assurance

As Regalo states in its mission statement, quality is one of our top priorities. Extra efforts are made to make sure that quality of our products is not compromised. High quality and branded items are used for our offerings, which makes it easy for customers to judge us.

For our chocolate bouquets, only imported original Ferrero Rocher chocolates are used, instead of local variants such as Ferry Rose. To ensure that our products reach customers in pristine condition due to products fragility, we use TCS for delivery as they are famous for safe delivery. In the end, customer feedback is encouraged to ensure customer satisfaction and improve.

8.1.1.5 Assembling

Products including gift baskets, chocolate bouquets and chocolate trees are all assembled in-house according to the specific order detail.

8.1.2 Order Processing

Orders are received via Regalo's website. Prior to the website's launch, customers were catered through Regalo's Facebook and Instagram pages. Customers must provide their required details, recipient's information, delivery address and payment method while placing an order. If payment method is advance payment, the order confirmation email is sent to the customer once the payment has been received. The order is then ready to be dispatched.

8.1.3 Product and Service Delivery

Order is delivered by our own team within the twin-cities. For other cities, we opt for TCS. TCS costs may be higher, but the reach, service quality and delivery time are a plus for Regalo. Trees and bouquets are fragile items and therefore need extra attention and care when being delivered. Regalo aims to lower its costs by having its own boxes and packing for its products. Regalo E-Gift cards are sent via Email to the recipient's inbox.

8.1.3.1 Customer Service and Support

Customers can reach and interact with us through our social media pages.

Additionally, we also have an email address and plan on having a dedicated WhatsApp number in the future. We will have a customer service portal on our website where customers will be able to log in their queries or complaints.

After service delivery, we encourage customers to leave a review online so that we may know their experience. We respond to each review personally, whether positive or negative (refer to figure 21).

8.1.4 Development Team

Regalo's marketing and operations require a high level of expertise, knowledge and creativity to be a success. Regalo's development team comprises of its four co-founders i.e. Aimen Khalid, Amna Asad, Maha Abid and Nowairah Khan. Each member is responsible for managing a specific function of the company.

8.1.5 Development Costs

Development cost is the cost incurred for research, introduction and growth of Regalo's products. We have aimed to minimise these costs due to limited capital.

There were no development costs for conducting market research as it was primarily conducted online. Overhead costs such as travel costs for procurement of materials were incurred. The main costs incurred were in the procurement and purchase of materials required to assemble the products. All these costs were self-financed by Regalo's team. After the initial pilot, the revenues incurred from the sales were reinvested for additional orders or introduction of more product categories.

8.1.6 Development Risks

The development risks evident in an entrepreneurial venture such as Regalo are as follows:

- Capability risk; Regalo would be unable to scale its capability on a timely basis and keep up with the evolving trends.
- Collaborators for e-gift cards may not be on board with the margins that they are being offered.
- Operating costs may exceed the allocated initial budget.
- Customer may refuse to collect the order after placing it or return it which will result in a loss.
- Procurement risk; procuring items from out of Islamabad may be a risk.

8.1.7 Facilities

Regalo does not have a physical outlet yet, as it is an online service. Our orders are taken online which is less costly than setting up a permanent shop. In future, with expansion in our product lines and customer base, we will require an expansive space for the storage of inventory and to assemble the final products.

CHAPTER 9

9.1 MANAGEMENT AND CAPITAL STRUCTURE

9.1.1 Management Team

Regalo is run by four individuals, each of whom brings in their own value to the table. Their expertise is critical to Regalo's success. Refer to appendix for links to the professional profiles of the management team (refer to figure 20).

9.1.2 Open Positions

Currently, Regalo is operating with the four initial members who launched this venture. With more reach we will need more staff to fulfil the orders, make the bouquets, procure items, etc. In addition to that, a dedicated delivery person will be required when more orders come in. We are managing this on our own for now, but with time and expansion we will formally open more positions to be filled.

9.1.3 Organizational Chart

Refer to the appendix for Regalo's organisational chart (refer to figure 22).

9.1.4 Present Equity Positions

The business is self-financed by all four of Regalo's co-founders. Each person holds twenty-five percent stakes in the company. Initial investment made by one partner was PKR 3500.

There were no external sources involved to set up the venture. Such an approach is one of the quickest ways to set up. It saved Regalo's co-founders from dilution of control and income.

There is a downside to self-financing. As individuals at our stage do not have large pool to invest from, the investment for Regalo is limited. This limits the size of scope and growth of our start-up. In addition to that, risk divided among the partners is also high.

9.1.5 Exit Strategy

Getting into the market is just as critical as exiting it, if not more. There are up to three choices that Regalo may evaluate when exiting. These include, a merger, selling the business, or simply closing down. Regalo may opt for mergers or acquisitions if bigger courier services that are currently not in the online gift industry want to get hold of Regalo's capabilities to enter this market. Regalo's innovative product line, brand positioning and online channels can all be attractive capabilities for potential buyers to acquire.

The second option is to sell the business. This option is most likely if the co-founders no longer get along or have the resources to sustain the business. If we are offered a valuation by any buyers that is much higher than our expectations, we might consider selling the business in that case as well.

Last option is to close it down. It may be the best option if our business is failing and there are no prospect buyers. Moreover, as Regalo cannot run without personal oversight, shutting down will do more good than operating without the right expertise.

CHAPTER 10

10.1 CURRENT DEVELOPMENT AND MILESTONES

10.1.1 Product Development Milestones

10.1.1.1 Prototype

To validate our business idea, a set of customer surveys and informal peer interviews were conducted. Initially, market research helped to ascertain the need for our idea based upon the lacking gap in the market and the upcoming gift giving culture in Pakistan.

Reflecting upon the responses of surveys and informal interviews, we got an idea of what our customers require and the price range they were willing to spend.

The first prototype assembled was the chocolate tree. After categorizing different styles, we decided to combine different design aspects to make our product more creative, appealing and better suited to our customers.

Through customer reviews acquired during survey and online research, different occasions where people enthusiastically send gifts were identified, along with most popular items to be included in Regalo gift baskets.

10.1.1.2 Testing

To establish the demand of our prototype, we collected face-to-face feedback of our peers. Our prototype was circulated throughout the NUST campus and girls hostel to ascertain its attractiveness and to gauge customer's reaction. Individuals were asked to rate our product on the scale of 1-10 of their likeliness to buy. Open criticism and advice were also welcomed.

10.1.1.3 Launch

Reflecting upon the reviews and feedback collected during the testing stage, we shaped our product according to the need of our potential customers and finally

developed it. To launch our business, online presence on various social platforms, such as Facebook and Instagram, was established and an online order form was circulated.

10.1.2 Signing of Significant Contracts

Regalo has signed contracts with twelve businesses that are so far on board for Regalo Cards. The terms of the contract give Regalo an agreed upon percentage of the sales that are made via Regalo Cards (refer to figure 17). These agreements have been made for one year and will be re-evaluated by both parties before renewal.

Regalo has also collaborated with PNWA to source quality baskets at low prices. In the future, we hope to sign a contract with a delivery service to cut down on the delivery charges that customers must pay.

10.1.3 Achievement of Break-even Performance

Break-even point was achieved during the first two month of commencing operations when Regalo sold New Year's and Valentine's Day baskets along with chocolate bouquets. The total sales revenue of these two months constitutes approximately PKR 38,050, covering the initial investment of the owners. This milestone was achieved at an early stage due to our business model that primarily operates on advance payments. This minimises our risk of unsold products.

10.1.4 Risks and Contingencies

A major risk will be increased competition. High profit margins may attract other players to the market. Limited start-up investment, increased internet usage and growth of e-commerce sector have made barriers to entry low. Competitors could also replicate Regalo's product offerings and offer them at lower prices to steal away our customers.

Regalo is a young business and comprised of only four individuals. Loss of any individual could be detrimental to the company as each member performs a

variety of crucial tasks. If any member leaves, the burden on other members will intensify. Moreover, all founding members are aware of our key back end processes, suppliers and partners so leakage of such confidential and crucial information in case an employee joins another company or starts their own is another major risk.

Change in trends of gift giving or a new disruptive technology that alters the industry could be an unforeseen risk for Regalo.

Suppliers' failure to keep up with demand and deadlines could put Regalo in a precarious position as it will slow down our customer responsiveness and tarnish our reputation. Currently, we rely on one supplier (PNWA) to manufacture our baskets. Finding an alternate supplier that can offer us the same prices would be a tough task. Whereas, our reliance on suppliers for basket items and other raw material is very low as we procure items from various places.

An increase in inflation could greatly reduce the income proportion that consumers are able to spend on buying gifts. Additionally, an escalation in exchange rates could greatly increase the prices of imported items, which are used in Regalo's chocolate bouquets and most of Regalo's gift baskets. As Regalo's business expands, we will have to pay taxes which will hurt our profit margins.

Regalo has aimed to develop a business model that is flexible and able to successfully adapt to changing market and industry dynamics to mitigate effect of risks on our revenues. It is crucial for us to keep an eye on changing trends, customer demands, competitive environment and overall market conditions.

CHAPTER 11

11.1 FINANCES

Initially Regalo was funded by its four co-founders. Initial investment was constituted at PKR 3500 per member. No loan or funding from outside source was acquired; this venture was a fully self-financed project.

As the business grew the expenses for orders were covered either through advance bank payments or through our revenues, no further funding was required. Below are the financial ratios and financial statements that depict the financial position of Regalo at the present moment. These estimates aid in indicating where Regalo needs to focus to grow its profitability.

11.1.1 Financial Assumptions

Regalo has been operational from December 2017 to April 2018. The sales projections are based on the following assumptions.

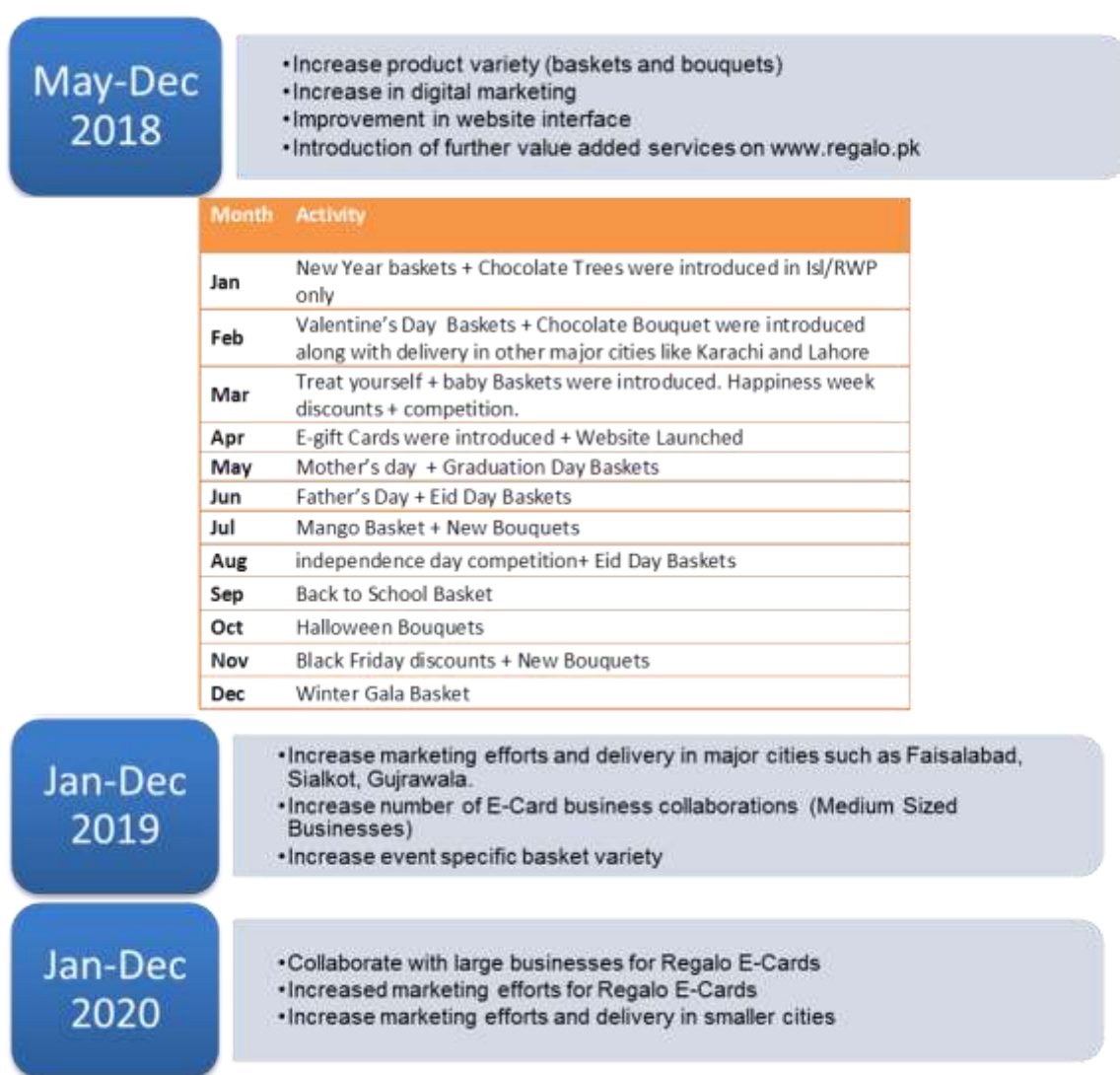


Table 10: Assumptions for sales projections

For valuation, the following financial assumptions have been made.

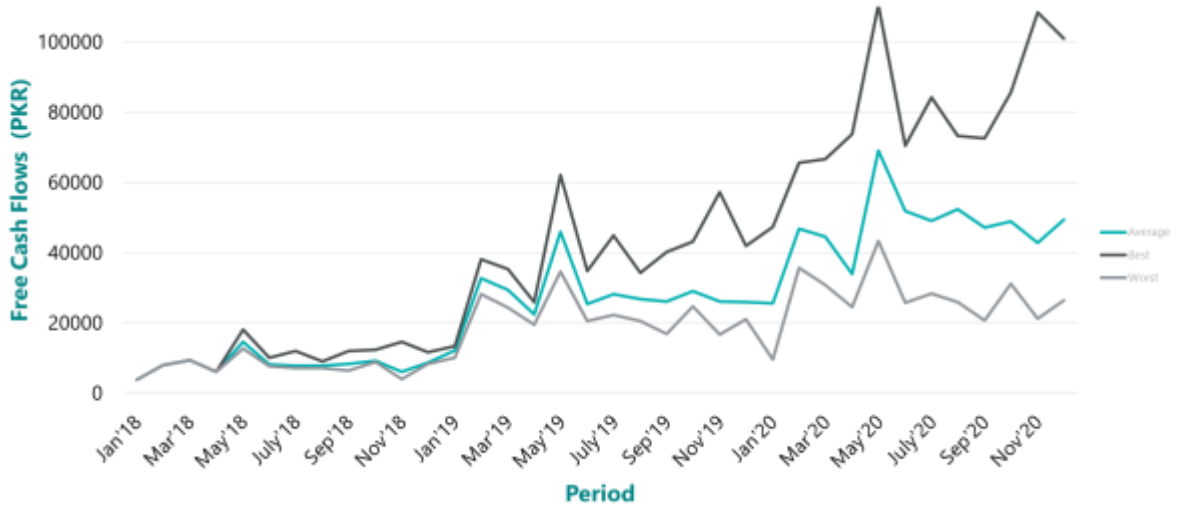
- Expenditure on goods purchased is increasing at a lower rate than sales due to bulk purchasing.
- Due to lack of available data on our industry and Regalo's limited time of operations, the discount rate is the opportunity cost of not depositing funds in a bank. Discount rate of 6% has been used.
- Major events in 2018 and resulting sales patterns listed for 2018 will be repeated in the upcoming years as well. Hence, sales volume in forthcoming years will reflect these cyclical sale increases as well as overall volume increases.
- Terminal Growth Rate is assumed to be 3% to calculate a conservative valuation. We have taken the following factors in account.
 - Pakistan's population growth rate (2016) was 2%
 - Pakistan's GDP growth rate (2016) was 5.7%
 - Exponential growth of e-commerce in Pakistan of which online giftware industry is a small subset.

11.1.2 Sales Projections

Monthly sales projections have been forecasted based on sales from January to April and our assumptions about forthcoming periods. Best case (refer to figure 23), Average case (refer to figure 24) and Worst case (refer to figure 25) were projected for three years to make a reasonable assessment of Regalo's future sales.

11.1.3 Valuation

Following graph shows monthly free cash flows starting from January 2018 to December 2020. Regalo's cash flows fluctuate because of the fact that different events occur in different months of the year.



According to our sensitivity analysis, Regalo's current valuation is at PKR 544,336. The best-case scenario is where all our sales growth assumptions hold true.

	Valuation
Best Case	828,641
Average Case	484,986
Worst Case	319,381
Average Valuation	544,336

11.1.4 Financial Statements

Income Statement					
Month End					
Revenue		Jan'18	Feb'18	Mar'18	Apr'18
Gross sales					
	Baskets	8,000	15500	24600	13300
	Bouquets	3,700	11650	4500	10400
	Cards	-	0	0	250
(Less sales returns and allowances)		(800)		(790)	(1,110)
Net Sales		10,900	27,150	28,310	22,840
Cost of Goods Sold					
Beginning inventory		-	1,254	3,122	3,256
Goods purchased or manufactured		8,066	19,005	18,402	14,846
Total Goods Available		8,066	20,259	21,524	18,102
Less ending inventory		1,254	3,122	3,256	2,627
Cost of Goods Sold		6,813	17,136	18,268	15,475
Gross Profit (Loss)		4,088	10,014	10,042	7,365
Expenses					
Advertising					
	Facebook Boost	110	220	110	220
	Instagram Boost	-	110	0	110
	Pamphlets and Brochures	-	0	0	400
	PR	-	1150	0	0
	Google Ads	-	0	0	0
Travel		200	500	300	300
Salary & Wages		-	0	0	0
Web hosting and domains		-	0	180	180
Other			100		100
Total Operating Expenses		310	2,080	590	1,310
Operating Income (Loss)		3,778	7,934	9,452	6,055
Net Income		3,778	7,934	9,452	6,055

Balance Sheet	
Date: 30th April, 2018	
Assets	2018
Current Assets	
Cash	6,512
Accounts receivable	1,814
Inventory	2,627
Prepaid expenses	-
Short-term investments	-
<i>Total current assets</i>	<u>10,953</u>
Fixed (Long-Term) Assets	
Property, plant, and equipment	-
Intangible assets	-
Website	12,100
<i>Total fixed assets</i>	<u>12,100</u>
Total Assets	<u>23,053</u>
Liabilities and Owner's Equity	
Liabilities	
Accounts payable	-
Short-term loans	-
Income taxes payable	-
Accrued salaries and wages	-
Unearned revenue	2,350
<i>Total liabilities</i>	<u>2,350</u>
Owner's Equity	
Owner's investment	14,000
Retained earnings	6,703
Other	-
<i>Total owner's equity</i>	<u>20,703</u>
Total Liabilities and Owner's Equity	<u>23,053</u>

Cash Flow Statement		
	For the Period Ending	30/04/2018
	Cash at Beginning of Year	0
Operations		
Cash receipts from		
Customers		81,700
Other Operations		-
Cash paid for		
Inventory purchases		(60,319)
General operating expenses		(4,290)
Wage expenses		-
Net Cash Flow From Operations		17,092
	Cash at End of Period	17,092

11.1.5 Key Ratios

	Jan	Feb	Mar	Apr
ROCE (Operating Profit/Capital Employed)	6.1%	8.2%	14.2%	15.1%

As **return on capital employed** is increasing over the period from Jan-Apr, this indicates that more rupees of profits are generated by each rupee of capital employed. It shows a healthy and positive financial performance of Regalo. Increasing ROCE rates specifies the effective utilization of Regalo's capital.

Current Ratio	4.66
Assets-to-Equity Ratio	1.11
ROE	0.32
ROA	0.29

Regalo's current ratio indicates that it will be able to pay off any obligations, as it has large asset value than value of liabilities. This ratio suggests that Regalo needs to capitalize on its working capital more efficiently. Low assets-to-equity ratio specifies that the business has been financed conservatively, with a large proportion of investor funding. A positive ROA shows that Regalo will have an upward profit trend.

CHAPTER 12

12.1 FUTURE OPPORTUNITES AND LIMITATIONS

12.1.1 Expansion Plans

In the future, Regalo plans to expand its operations and reach through the introduction of more product categories. We plan to introduce baskets suited for different events or themes that families value or celebrate throughout the year. We also plan to increase marketing efforts and deliveries in every geographical location of Pakistan.

We plan to expand our chocolate bouquet variety through the introduction of more creative and innovative designs. Along with new designs, bouquets

assembled through different chocolate brands instead of only Ferrero Rocher will also be introduced.

Our main expansion will be through collaboration with more businesses for Regalo e-gift cards preferably covering all product categories. For immediate expansion, we plan to collaborate with any tech shops such as mobile or mobile accessories stores. In the long term, we plan to collaborate with major brands such as Khaadi, Sapphire, Sana Safinaz, The Body Shop, etc. These collaborations will expand our customer reach and improve our brand image.

Once fully established in the individual giftware market, Regalo can utilise its capabilities to enter the corporate gifting market which is a very lucrative and underserved avenue in Pakistan.

12.1.2 Limitations

Due to the limited operational time and capacity Regalo's website does not have certain value added features that were initially planned. Regalo has not been able to achieve economies of scale because of limited opportunities for bulk purchasing.

Due to financial constraints Regalo was unable to employ mass media marketing campaigns to reach greater audiences.

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APPENDIX

Please rate the following companies based on their pricing.

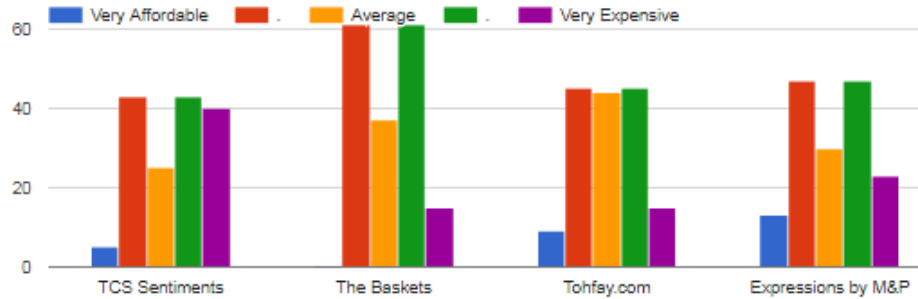
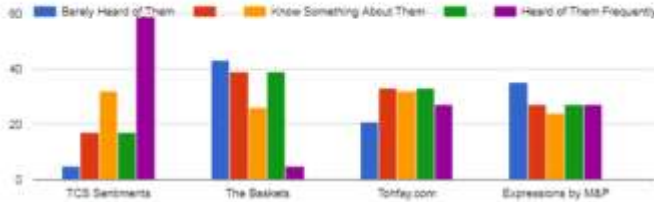
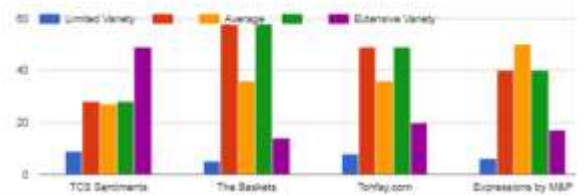


Figure 1: Survey results indicating price comparison

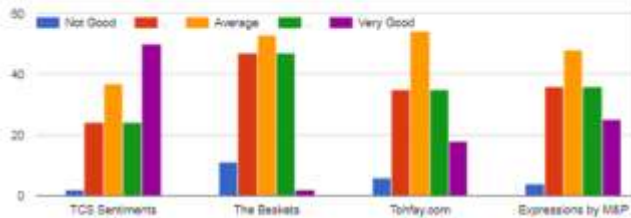
Please rate the following companies based on how much you have heard about them (brand awareness)



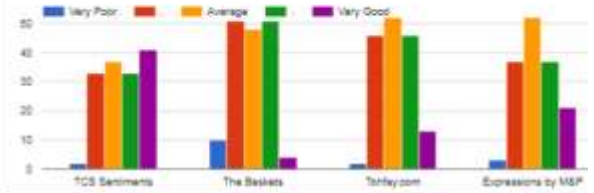
Please rate the following companies based on their variety and product innovation (they offer a broad range of items to choose from, variety is sufficient)



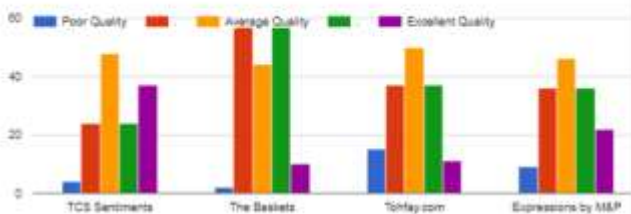
Please rate the following companies based on their delivery service (time, accuracy, no damages)



Please rate the following companies based on their ease of use (ordering process is simple to understand, process is not lengthy, good customer service)



Please rate the following companies based on their product quality. (They deliver what they promise, use high quality items)



Please rate the following companies based on their personalisation (ability to attach cards, enter custom messages in cards, get custom printed items, etc.)

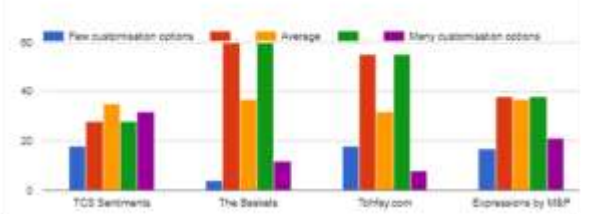


Figure 2: Survey results comparison of quality

How many of the following services are you aware of? Check all that apply.

128 responses

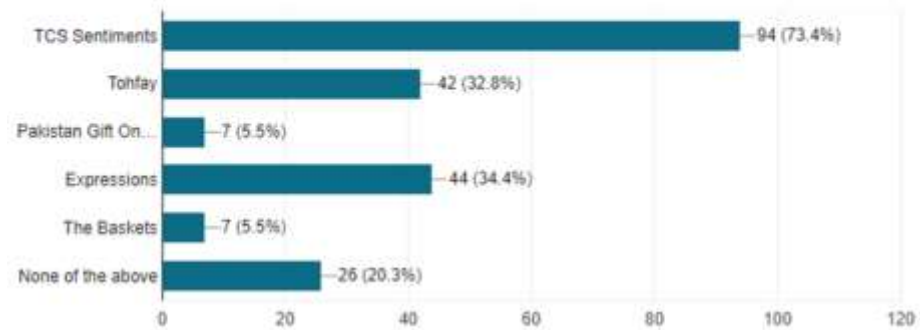


Figure 3: Popularity of competition in the market



Figure 4: Event specific gift baskets



Figure 5: Chocolate Trees and Bouquets

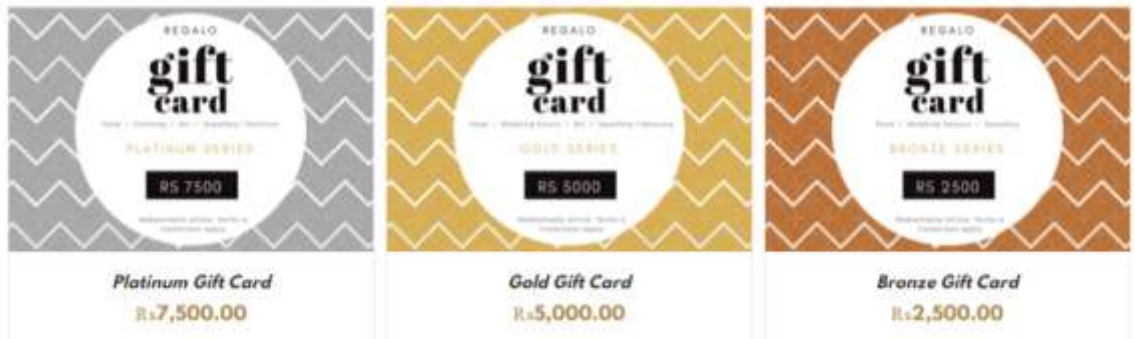


Figure 6: Regalo E-Gift cards

Which categories of Online Stores should be part of an E-gift card?
(Choose as many as you wish)

103 responses

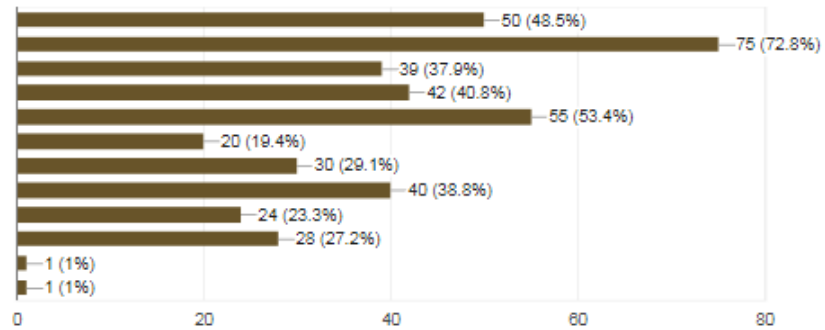


Figure 7: Survey results for popular categories of online stores

How much store credit are you willing to gift via an E-gift Card Define a range for example (Rs. 3000-6500, 2000-3000, etc.)

103 responses

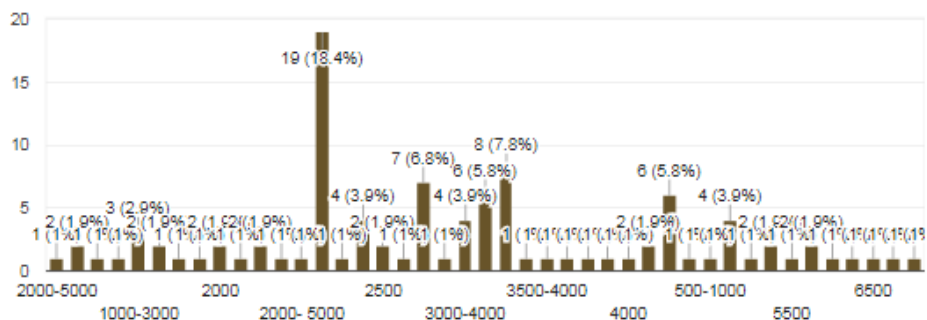


Figure 8: Survey results for pricing of E-gift cards

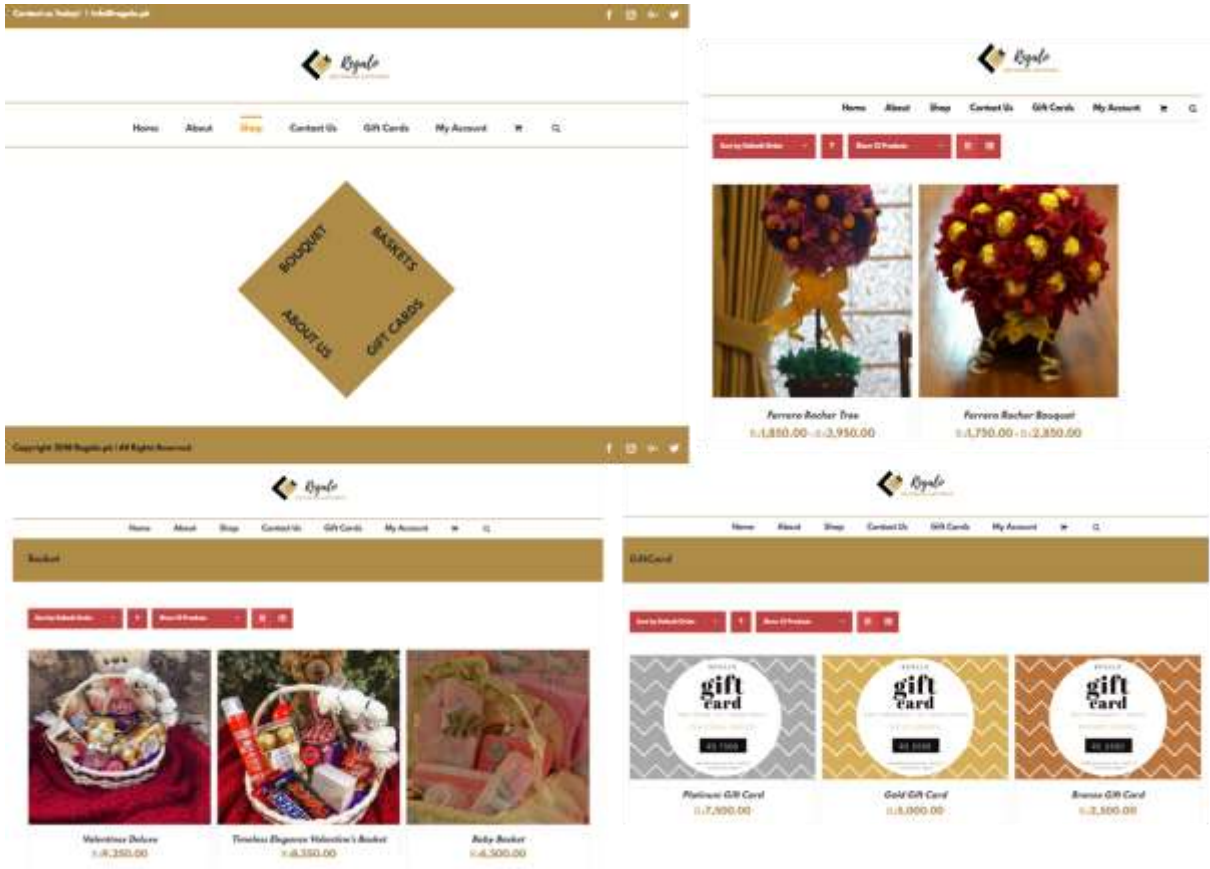


Figure 9: Overview of Regalo website



Figure 10: Regalo official Facebook page



Figure 11: Facebook boosts and reach

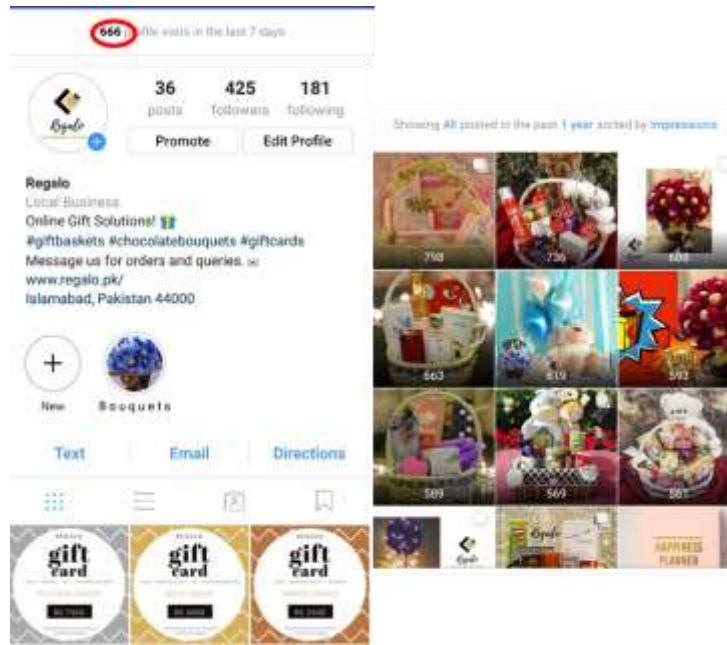


Figure 12: Regalo official Instagram account

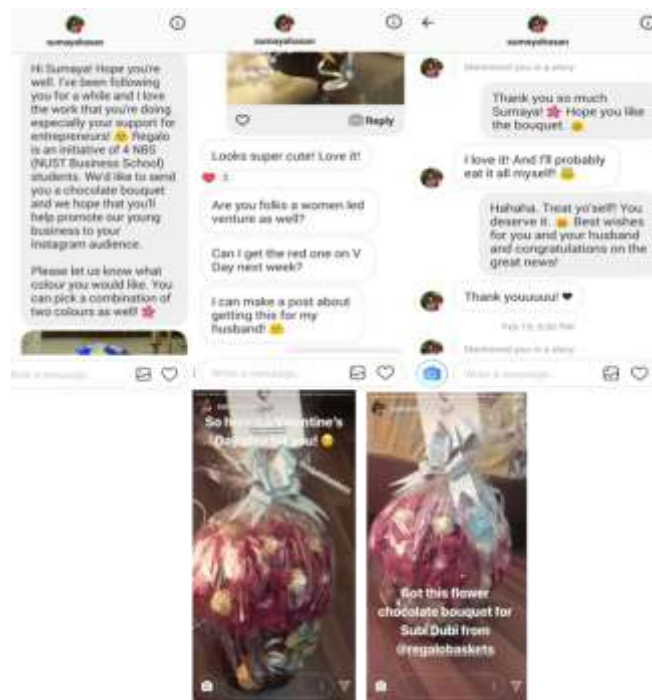


Figure 13: Collaboration with blogger Super Sumaya and her review of the product



Figure 17: Regalo business partnership proposal

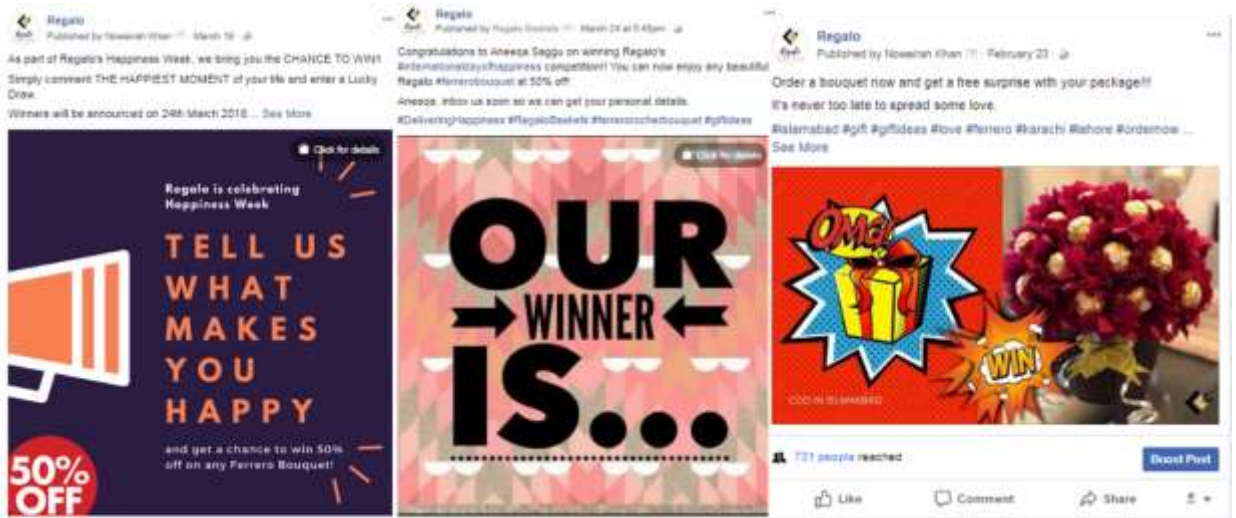


Figure 18: Regalo discounts and incentives offered

If you don't have sufficient time to buy someone a gift, which option seems most feasible? (Pick all that apply)

103 responses

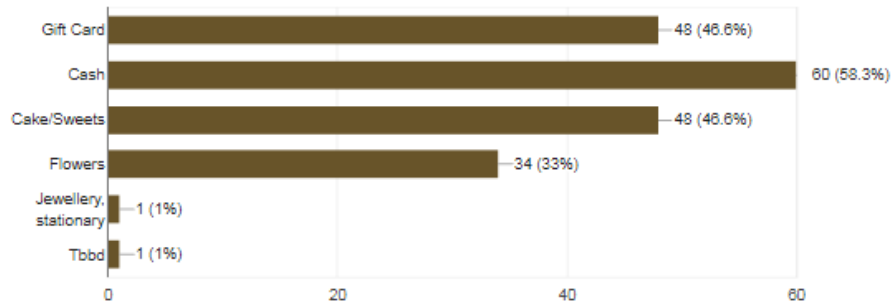


Figure 19: Survey results showing demand for E-gift cards

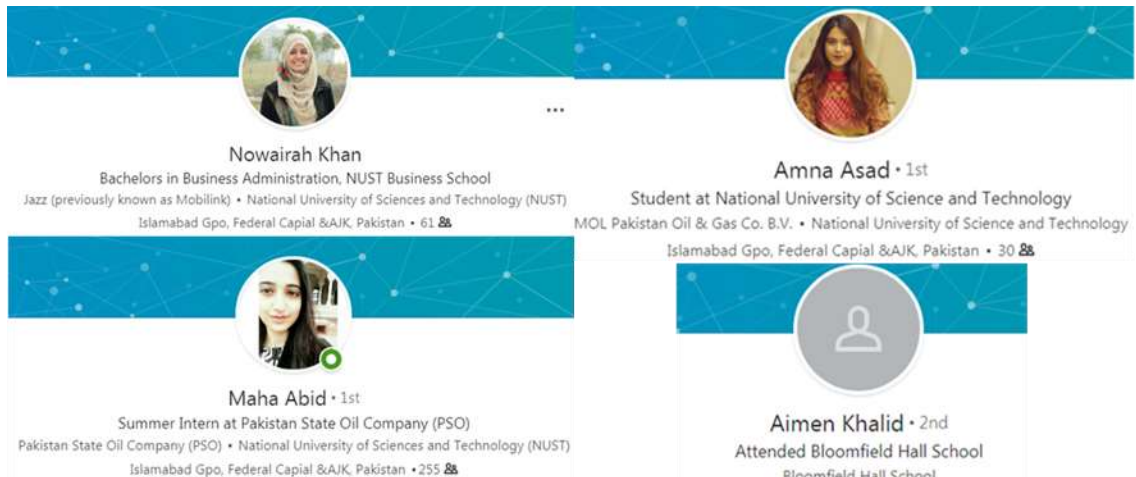


Figure 20: LinkedIn profiles of Development team

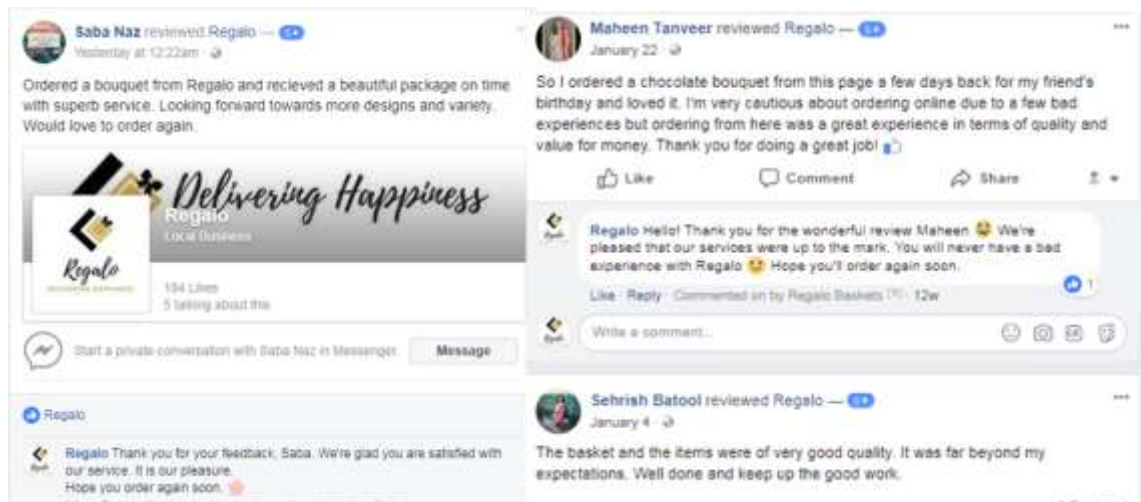


Figure 21: Clients product reviews and ratings

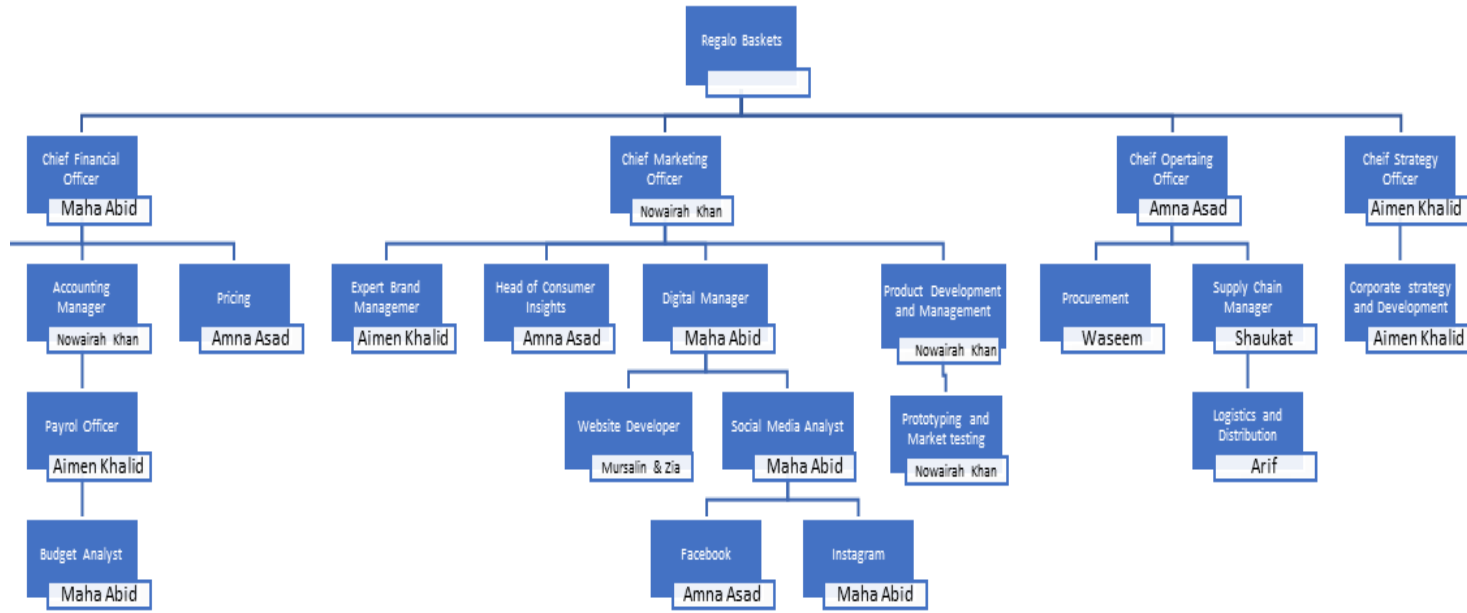


Figure 22: Regalo organizational chart

Income Statement						
Monthly Projections 2018-2020						
Revenue		Jan'18...	...Dec'18	Jan'19...	Jan'20...	...Dec'20
Gross sales						
	Baskets	8,000	21000	28,000	84,000	183,750
	Bouquets	3,700	16000	12,950	51,800	106,400
	Cards	-	1000	1,000	1,500	2,400
	(Less sales returns and allowances)	(800)	-	960	1,152	-
Net Sales		10,900	38,000	40,990	136,148	292,550
Cost of Goods Sold						
	Beginning inventory	-	5,169	4,370	15,123	34,172
	Goods purchased or manufactured	8,066	24,700	26,644	88,496	190,158
	Total Goods Available	8,066	29,869	31,014	103,619	224,329
	Less ending inventory	1,254	4,370	4,714	15,657	33,643
	Cost of Goods Sold	6,813	25,499	26,300	87,962	190,686
Gross Profit (Loss)		4,088	12,501	14,690	48,186	101,864
Expenses						
	Advertising					
	Facebook Boost	110	110	110	110	110
	Instagram Boost	-	0	110	0	0
	Pamphlets and Brochures	-	200	200	0	0
	PR	-	-	-	-	-
	Google Ads	-	0	300	200	300
	Travel	200	300	300	300	300
	Salary & Wages	-	0	0	0	0
	Web hosting and domains	-	180	180	220	220
	Other	-	40	100	40	40
	Total Operating Expenses	310	830	1,300	870	970
Operating Income (Loss)		3,778	11,671	13,390	47,316	100,894
Net Income		3,778	11,671	13,390	47,316	100,894

Figure 23: Best Case Scenario

Income Statement (Average Case)						
Monthly Projections 2018-2020						
Revenue	Jan'18...	...Dec'18	Jan'19...	...Dec'19	Jan'20...	...Dec'20
Gross sales						
Baskets	8,000	17000	24,000.00	51,000.00	60,000.00	102,000.00
Bouquets	3,700	8500	12,025.00	27,625.00	18,037.50	41,437.50
Cards	-	1000	1000	2000	1500	2400
(Less sales returns and allowances)	(800)	-	(960)	-	(1,152)	-
Net Sales	10,900	26,500	36,065	80,625	78,386	145,838
Cost of Goods Sold						
Beginning inventory	-	2,818	3,048	9,637	9,272	15,739
Goods purchased or manufactured	8,066	17,225	23,442	52,406	50,951	94,794
Total Goods Available	8,066	20,043	26,490	62,043	60,222	110,533
Less ending inventory	1,254	3,048	4,147	9,272	9,014	16,771
Cost of Goods Sold	6,813	16,995	22,342	52,771	51,208	93,762
Gross Profit (Loss)	4,088	9,505	13,723	27,854	27,177	52,076
Expenses						
Advertising						
Facebook Boost	110	110	110	110	110	110
Instagram Boost	-	0	110	110	0	0
Pamphlets and Brochures	-	200	200	0	0	0
PR	-	-	-	-	-	-
Google Ads	-	0	300	300	200	300
Travel	200	370	504	1,127	1,095	2,038
Salary & Wages	-	0	0	0	0	0
Web hosting and domains	-	180	180	180	220	220
Other	-	40	100	40	40	40
Total Operating Expenses	310	900	1,504	1,867	1,665	2,708
Operating Income (Loss)	3,778	8,605	12,219	25,987	25,512	49,367
Net Income	3,778	8,605	12,219	25,987	25,512	49,367

Figure 24: Average Case Scenario

Income Statement (Worst Case)						
Monthly Projections 2018-2020						
Revenue	Jan'18...	...Dec'18	Jan'19...	...Dec'19	Jan'20...	...Dec'20
Gross sales						
Baskets	8,000	16000	20,000.00	40,000.00	25,000.00	50,000.00
Bouquets	3,700	7500	11,100.00	22,500.00	13,875.00	28,125.00
Cards	-	1000	500	750	750	575
(Less sales returns and allowances)	(800)	-	(960)	-	(1,152)	-
Net Sales	10,900	24,500	30,640	63,250	38,473	78,700
Cost of Goods Sold						
Beginning inventory	-	2,243	2,818	6,762	7,274	8,474
Goods purchased or manufactured	8,066	15,925	19,916	41,113	25,007	51,155
Total Goods Available	8,066	18,168	22,734	47,875	32,281	59,629
Less ending inventory	1,254	2,818	3,524	7,274	4,424	9,051
Cost of Goods Sold	6,813	15,350	19,210	40,601	27,857	50,578
Gross Profit (Loss)	4,088	9,150	11,430	22,649	10,616	28,122
Expenses						
Advertising						
Facebook Boost	110	110	110	110	110	110
Instagram Boost	-	0	110	110	0	0
Pamphlets and Brochures	-	200	200	0	0	0
PR	-	-	-	-	-	-
Google Ads	-	0	300	300	200	300
Travel	200	342	428	884	538	1,100
Salary & Wages	-	0	0	0	0	0
Web hosting and domains	-	180	180	180	220	220
Other	-	40	100	40	40	40
Total Operating Expenses	310	872	1,428	1,624	1,108	1,770
Operating Income (Loss)	3,778	8,278	10,002	21,025	9,509	26,352
Net Income	3,778	8,278	10,002	21,025	9,509	26,352

Figure 25: Worst Case Scenario