

BLOSSOM

Business Plan

2019

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Executive Summary

Blossom: aims to provide comfortable, safe, and reliable tampons while remaining eco-friendly

Blossom offers tampons with a classic design that consumers are familiar with. However, our tampons are equipped with a biodegradable cover and a reusable push base. Blossom runs on a subscription-based service. Customers receive a Blossom box each month in which they can choose how many tampons they would like to receive. For the smallest box, which contains 15 tampons and a burlap sack, customers will receive a free first-month subscription with the purchase of a push base. The push base costs \$9.99. The monthly subscription proceeding this is \$16.99. Customers can pay an extra fee for extra tampons.

Company and Product

In today's market, Female hygiene products are a necessity, however, they produce an astonishing amount of waste as they are mostly made of plastic. Every year, female hygiene products generate over 200,000 tonnes of waste. An average woman throws away 125kg - 150kg of tampons and pads in their lifetime.¹

Due to this huge amount of waste, Blossom aims to create a tampon that is eco-friendly, reliable, and comfortable. Blossom tampons use a new, innovative design that is environmentally friendly while also maintaining the same classic tampon design. Our product is a subscription-based tampon delivery system where customers can commit to a three month, six months, or year-long plan. Additionally, customers can cancel their subscription at any time and all first-time customers will receive one free month beforehand. With each subscription plan, Blossom sends out 15 tampons to each customer every month, however, the customer will be able to change the amount after the first shipment. The trial box will contain tampons, a burlap sack and a reusable push base applicator. The tampon covers are made of our biodegradable material: Hemp. All preceding boxes will contain tampons and their push-base compatible covers. Blossom values being eco-friendly, discreet, safe, reliable, and most importantly, comfortable. Blossom tampons will re-invent an invaluable item for women at an affordable price while respecting the environment. Empower Our Earth, Empower our People.

Problem Identification and Market Research

Plastic tampons are comfortable and reusable. Cardboard tampons are biodegradable but very uncomfortable. Women need an option that values comfort while remaining user-friendly. This is why the DivaCup² has not taken over the tampon. Customers do not want a lifestyle change because they are mostly satisfied with their current products. Blossom Tampons will be both biodegradable, reusable and easy to use. There is an eco-friendly trend that is creating a need for better products, and Blossom is

¹ <https://www.organiccup.com/blog/powerful-environmental-reasons-to-switch-to-a-menstrual-cup>

² Menstrual cup company; <https://divacup.com/>

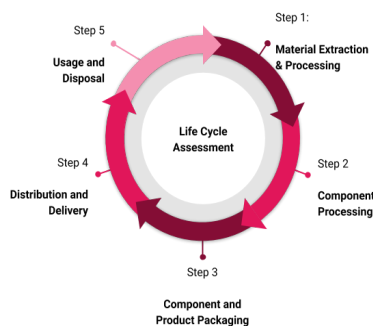
stepping up and filling this current need. In today's market, women are pushing for eco-friendly female hygiene products, however, all the products either require a change in lifestyle, such as the DivaCup, or can be uncomfortable, such as cardboard tampon applicators. Women need an option that they are used to, that is comfortable and biodegradable. Blossom gives women this experience -- a biodegradable tampon cover, with a reusable push base.

Market Analysis

Blossom Tampons strives to touch all current and future tampon users with our product. Specifically, Blossom's primary demographics are young or first-time tampon users of all financial situations. Blossom recognizes that sanitary products are essential and it is understandable that many users may not want to switch products or brands. This is why Blossom maintains the comfort of the familiar tampon while offering much more than any other competitors at an inexpensive price. As a result, customers will not need to step out of their comfort zone. Instead, Blossom only intends to offer more than the classic tampon. Blossom provides a reliable subscription service to our customers and a reusable applicator. This applicator is not only easy to use, but it is also reusable and derived from eco-friendly materials. Currently, our subscription service only extends to Canada, however, Blossom hopes to expand its services to all around the world in the future.

Although Blossom Tampons has many competitors, we offer something different. Playtex³, O.B.⁴, Tampax⁵, etc. all provide suitable well-known tampons. However, all of these companies produce an enormous amount of waste each year. Their tampons come with non-biodegradable plastic and non-recyclable packagings. There are a few exceptions, such as Dame⁶, who have created reusable applicators similar to Blossom but are very expensive. In addition, most of these companies sell their products to consumers through retail stores such as Walmart, Shoppers Drugmart, Pharmacies, Lawton's, etc or one time online purchases. This is inconvenient for customers. This is why Blossom consistently delivers tampons straight to our customer's doors through a reliable subscription service.

Distribution & Operations



Blossom has various goals set to ensure the reliable distribution of our products while still maintaining a sustainable business model. To keep our promise of waste reduction, we try to incorporate sustainability in each step from cradle to grave. The life-cycle⁷ of Blossom tampons begin with the extraction of our raw materials. The tampons are made of biodegradable cotton and rayon, while the biodegradable applicator cover is made of naturally sourced hemp. The applicator base plastic is made of strong ABS plastic combined

³ <http://www.playtexplayon.com/>

⁴ <http://www.ob-tampons.com/>

⁵ <https://tampax.com/en-us/shop-products>

⁶ <https://wearedame.co/>

⁷ https://cpb-us-w2.wpmucdn.com/portfolio.newschool.edu/dist/2/15193/files/2017/05/Roybier_Margot_24-innovations-190uago.pdf

with Saniconcentrates™ to create a long-lasting reusable antibacterial base which will last users a lifetime. These materials are then processed, the cotton and rayon are threaded into fibres and strung into the shape of the tampon whilst plastics will be pigmented and molded into the components of the Blossom tampon respectively. The next stage involves the packaging of our tampons and creation of the kits. The tampons and covers are packaged into a paper packet which along with the base will all be put into a cardboard box. Finally, Blossom delivers these kits directly to our customers' homes through common delivery companies (UPS, FedEx, Canada Post).

As an online business, distribution is one of our essential elements. The convenience of our product comes from the monthly home delivery. We will deliver around Canada from our main office which is also located in Canada. Blossom's business model is a monthly subscription and delivery service containing applicator covers and tampons. Consumers will get their first month subscription free with the purchase of their applicator base. After that, they can pay the monthly fee to purchase more than 15 Blossom Tampons.

Sales and Marketing

Blossom plans on advertising Blossom Tampons through targeted YouTube, Instagram, and television ads. Our target audience would be the younger generation. Social media is the ideal method of reaching this type of audience. Blossom's Youtube advertisements will use the shock effect to grab people's attention, and create interest in our innovative idea. Instead of the typical tampon ad, where the product is barely mentioned, Blossom's ads will visualize our tampon. It will show how the reusable tampon works, as well as the statistics of the environmental and waste impact. Blossom's advertisements will not beat around the bush but help to work towards the normalization of periods. Most advertisements will provide Blossom's phone numbers, website, and Instagram. In addition to this, we will also use printed or billboard ads. If anyone has problems operating the product they are free to contact the company and ask any questions. Blossom would sell a free trial starter pack online and use a monthly subscription service to deliver the products to the consumer's address. The first package will be a 4 x 4 x 3 box. This starter will include the push base, a burlap sack, 15 covers and tampons. The product is delivered to the customer's door, which means there is no wasted time spent at a store and they can still get their supplies when they are busy. This ensures that it is more convenient for the customer as they do not need to drive to the nearest pharmacy or corner store to pick up tampons.

Finances

To ensure a sustainable business plan, while still keeping prices affordable for our consumers, Blossom employs a variety of strategies to reach economies of scale in order to keep costs low. Listed below are the products/service Blossom offers and the cost & quantity to manufacture/purchase each item:

Organic Cotton Tampons - Includes Shipping Cost
100000 unit at \$0.18 CAD/Tampon = \$18000 CAD

Cover Piece - Includes Shipping Cost
Tooling Cost: \$6,001.58 CAD
100000 units at \$.37 CAD/Cover = \$37000 CAD

Push Base - Includes Shipping Cost
Tooling Cost: \$4104.77 CAD
5000 units at \$2.52 CAD per base = \$12900 CAD

Burlap Sacks
5000 units at \$.38 CAD per sack = \$1900 CAD

Shipping Box size: (4' x 4' x 3') - Includes Shipping
5000 units at \$0.34 CAD per box = \$1700 CAD

Shipping - FedEx
\$2.91 CAD - \$3.63 CAD / Package

One of our largest costs are the fixed tooling costs to produce the molds for the goods we want to manufacture via injection molding. Although costly at first, once we produce more of these goods, the cost per cover/base manufactured will be much lower than manufacturing the product via another method such as 3D printing. Both the cover and the base molds in total costs us \$10,106.35, but as we produce more, we can achieve economies of scale and the cost of the mold per unit good produced will be less than a cent; therefore allowing Blossom to purchase each manufactured good at a fraction of the price of 3D printing our items. Similarly, by purchasing raw materials in bulk, although the starting cost of the company will be \$71,800, we are able to buy the products and a much lower unitary cost, therefore saving ourselves and our consumers' money.

Our business plan revolves around our first time promotion of purchasing an applicator base for a free first-month subscription and a free burlap sack. While we will lose money on this promotion, we will start to profit as consumers continue to return to purchase the monthly subscription. Each regular subscription contains 15 tampons and 15 cover pieces with the option to buy extra tampons + covers, push bases, and burlap sacks for an additional cost. If the customer requires another push base or burlap sack right away, our company will ship the requested item(s), charging the customer the cost of the good and the cost of shipping. Our costs and pricing are listed below

Our Costs:	Pricing
First Month Starter Pack - \$15.12	First Month Starter Pack - \$10.00
Subscription (Normal) - \$12.22	Subscription (Normal) - \$17.00
Extra Tampon + Cover - \$0.55	Extra Tampon + Cover - \$0.60
Extra Burlap Sack - \$0.34	Extra Burlap Sack - \$5.00
Extra Push Base - \$2.52	Extra Push Base - \$2.52

Assuming the consumer doesn't purchase any extra items, by the third month our company would have already covered the losses caused by the first month promotion, plus have earned an addition \$4.44. According to our research, our advertising reached 142 people in three days, and over 60% of those surveyed wanted to switch to our product. If this trend continues, our company will get approximately

256 new customers each month. Assuming this figure is constant, the table below describes our revenues and losses in the first 6 months which includes the fixed tooling cost during the first month.

Month	1st	2nd	3rd	4th	5th	6th	Total
Revenue	\$2,560	\$6,912	\$11,264	\$15,616	\$19,968	\$24,320	\$80,640
Losses	\$13,977.07	\$6,999.04	\$10,127.36	\$13,255.68	\$16,384.00	\$19,512.32	\$80,255.47
Profits	-\$11,417	-\$87	\$1,137	\$2,360	\$3,584	\$4,808	\$385

To conclude, our company will be financially sustainable assuming Blossom gets around 256 new customers each month. Our company will breakeven and start profiting at the end of the 6th month. By the end of the third year, we will have 9216 customers and make \$154 880 of revenue per month. At this point, our production costs may be lower due to the mass production, in which we will be making approximately \$41,518.08 of profit per month.

Risks

Traditionally, customers tend to stick with a brand or product unless something new and revolutionary comes along. It is extremely hard to overcome a bigger branding because it is their identities that companies place in the consumer's mind. It is often in forms of advertisements, logos, and slogans, that have been exposed to customers for a number of years. Since brands are carefully designed to appeal to particular market audiences, customers may have been buying from a specific brand for a long time. It would not matter to them if a similar product is later offered. Branding is a huge obstacle for Blossom as a new start-up. Our solution to this market preference problem is to provide a free month of subscription which can attract a mass number of customers to try our product. Free products will always appeal to consumers. This one month period is the opportunity for Blossom to prove our concept.

One of the defining factors of our service is having our tampons shipped directly to the consumer. This way customers do not have to worry about not having enough tampons every month. This is done through a subscription service. However, consumers may be hesitant to subscribe to a service that they have never used before, especially in addition to a new product. In order to solve this issue, we will make it clear to all our consumers that they can cancel their subscription at any time free of charge. Consumers will also be able to contact us at any time if they are having any issues with the product or any concerns in general.

One of the biggest reasons why certain tampons are popular among women is because they share less responsibility after using tampons. They are easily be discarded and women no longer have to worry about them afterwards. The push base of our product is reusable which requires women to keep it and sanitize it after every use. Concurrently, this extra step/effort can hugely change the way we recycle tampons. In the status quo, women are generally unsatisfied with the way they discard plastic tampon base. With that in mind, reusable and biodegradable tampons can dramatically reduce plastic environmental impact and can potentially start the tampon eco-trend.

The difference between hemp and marijuana is a subject that is often improperly explained and misunderstood in society. While hemp and marijuana are referred to as species of cannabis, they need to be considered separately.⁸

The defining characteristic between hemp and marijuana is the chemical composition. Hemp is a term used to classify species of Cannabis that contains 0.3% or less THC content while marijuana can contain up to 30% of THC. Hemp and Marijuana are regulated differently under the law because of their difference in THC. Hemp was recently removed from the illegal substance list under the *Agricultural Improvement Act of 2018*, which federally legalized hemp and hemp-derived products that contain no more than 0.3% THC. In addition, Hemp is harvested to produce a variety of products, including industrial products such as clothing, biodegradable plastic or food products such as cooking oil, hemp flour or medicinal product such as CBD oil tinctures. There are misconceptions in North America about Hemp and Marijuana. Whether it is their difference in composition, legality or usage, it is important to understand what they mean, how they are different.

Future Plans

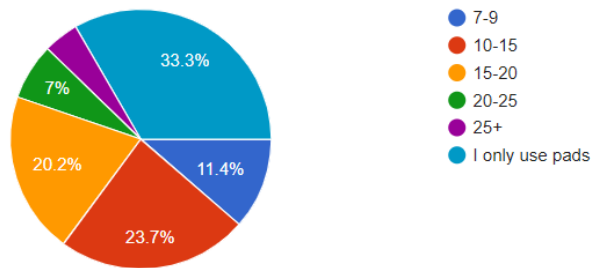
In the future, Blossom will be expanding. Blossom plans to extend from tampons to a diverse range of sanitary products. This will include new products, such as eco-friendly pads, panty liners, etc, and a variety of sizes in our existing tampons. The tampon boxes currently include exclusively tampons. In the future, these boxes will include more products that will appeal to our customers. This will include items such as face masks, chocolates, etc. The purpose of these additional items will be to increase the appeal of the box, and they can be customizable so the customer can decide what is in their box. Additionally, future Blossom Tampons will be 100% produced by our own manufactures. Blossom values the environment, this is why our future plans include converting our tampon applicators to an entirely different material. Cactus plastic is a water-soluble material. This material would allow Blossom to create flushable tampon applicators. Currently, this plastic is still being researched and it is not FDA approved yet. In terms of packaging, we aim to improve our packaging itself by converting from cardboard boxes to durable light wooden boxes. Another one of Blossom's goals is to expand nationally as well as globally. Essentially Blossom's ultimate future goal is expansion within our products and within our community. Furthermore, Blossom would donate a percentage of our sales to tampon users that do not have enough money to access these necessities. This would allow them to go to school and live their daily lives without being held back by their periods.

⁸ <https://medium.com/cbd-origin/hemp-vs-marijuana-the-difference-explained-a837c51aa8f7>

Appendix A : Survey Results

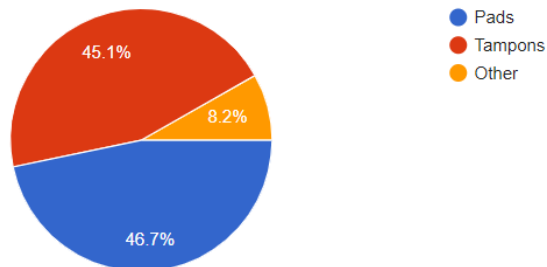
If you use tampons more often, how many do you usually go through in one cycle of your period?

114 responses



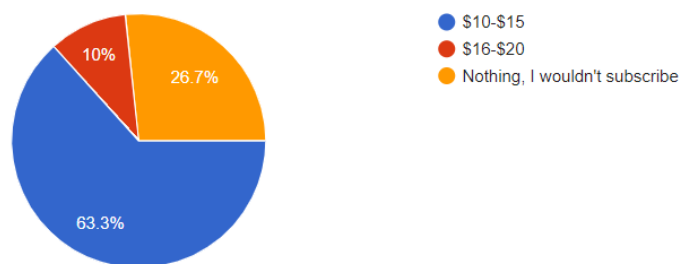
Do you more commonly use tampons or pads?

122 responses



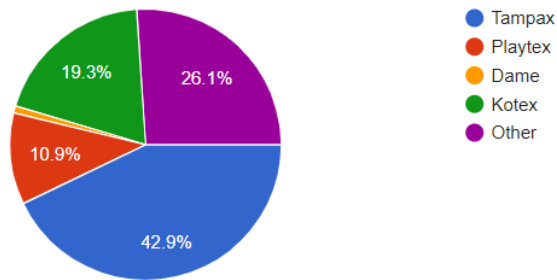
What is the most you'd pay for this service each month?

120 responses



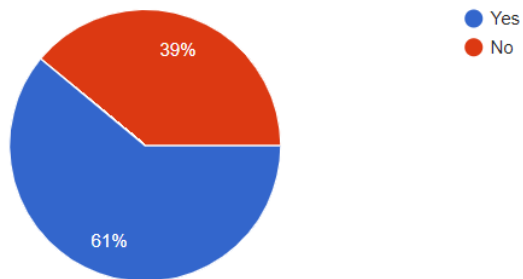
Which brand do you usually buy from?

119 responses



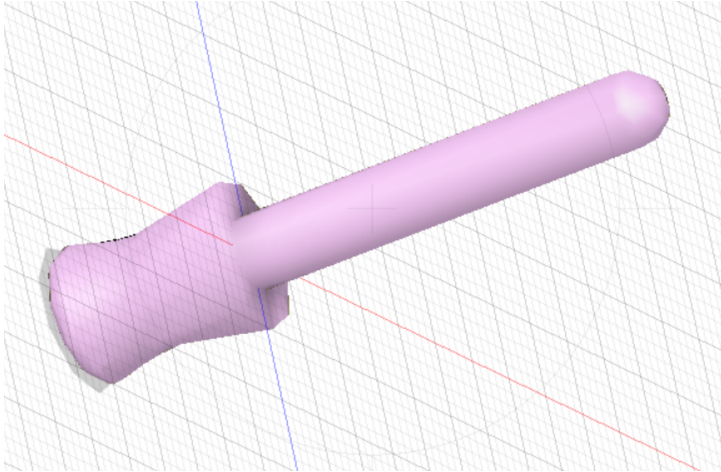
Would you ever consider switching over to Blossom?

118 responses



Appendix B: Design

The Push Base



The Cover

