summary of the idea

The product was designed to address the needs of the mobile parent on a budget. Several aspects including serving the baby's needs, the ease of accessing a baby product, the associated convenience and the commonly used baby products were considered.

We also recognized that today's parents are active and that Dad, who may be taking on a bigger parenting role, may want his own bag. We provide to aesthetically neutral family diaper bags that both parents can use, ones that can be handed from Mom to Dad without embarrassment.

The product is a complete convenience baby kit in bag format, which includes a diaper changing pad, baby bottle warmer, baby's and parent's accessories, with easy and speedy access to the same.
analysis of the opportunity

As stated, the product is a complete convenience baby kit in a bag format. Currently, it can be cumbersome to juggle the baby, diaper bag, changing pad and personal belongings (cell phone, wallet, etc.) when the time arises to address the needs of the baby.

The bag is designed to have a built-in changing pad (which can be separated), a baby bottle warmer (which can be connected in a car plug) and has pockets to store diapers and other necessary baby accessories. Internal storage capacity is adequate for accommodating all necessary items for a weekend outing. The bag currently includes Diapers (6-8), Change of clothes (2 onesies, 2 pairs baby socks), one burp cloth, baby wipes, toys (2-3), pacifiers (2-3), baby bottle with warmer and plug, some baby medicines, sanitizer and soft napkins.

The bag is designed keeping in mind the parents of a new born baby. Parents need the ease with which they can access products from the bag or keep their accessories in the bag, when the baby seeks attention. The zippers on the side allow quick access to baby diapers and pacifiers, which makes the entire process so hassle free.
overview of the competitive landscape:

The market for these bags seems to be fairly large. There are a lot of players, especially in the "Designer" bag space. Since people around the world are always having babies, the actual need for a diaper bag will always be there. The only thing that will change will be colors and designs to keep them contemporary. Diaper bags are positioned as well-pocketed bags sized in between a child's school backpack and adult pro-camping backpack. The players can be segmented based on the product and the market they serve.

Top designer baby bags

Baby bags manufactured by Kate Spade, Coach, Chanel, Louis Vitton, Skip Hop, OiOi, Kalencom, Petunia Pickle and Dooney & Bourke are the fore runners in the baby designer bag industry. Priced anywhere between $200-$400, they serve the upper segment fashion designer style bags.

Backpack diaper bag

The top brands for backpack diaper bags are Eddie Bauer, DadGear, OiOi, Bumble, Timi and Leslie and Fleurville. These bags are very advantageous for outdoor activities and traveling.

Sling tote diaper bag

The Fleurville Diaper Bag is the forerunner in sling tote diaper bags. These bags are light-weight, convenient and have plenty of room to carry accessories other than the baby essentials.

Daddy diaper bags

Most of the designer bags have feminine prints and colors which dads find embarrassing to carry around. Dads should not feel left out in this area as there are many diaper bags available that suit the needs of a doting father. The Diaper Dude diaper bag is one such diaper bag that has addresses the needs for a daddy diaper bag.
Another major concern for several parents is to have a diaper changing pad - a hygienic surface to place the baby, so as to comfortably change the baby’s diaper. The bag comes with a detachable changing pad, which is a well cushioned cotton bedding. The pad is mounted with magnetic snaps, which makes it easy to detach and re-attach the changing pad. The surface of this pad is covered with a plastic surface, which makes it easier to clean the surface with sanitizer if there is any fluid overflow or if the baby has an accident. The pad is also machine washable.

Aesthetically, the bag is designed to provide convenience by facilitating the use of the bag by both the parents. Thus the bag aesthetics are neutral, which makes it comfortable to carry around for both the father and the mother. Since the changing pad is removable, it is easy to match the pad color with the baby’s outfit or parent’s own attire.

There is also a mobile bottle warmer. This is designed specifically to be operated in the car or at a convenient plug-in kiosk. It occupies minimum space and facilitates the availability of warm baby milk, anytime, anywhere.
a five forces porter analysis to see the attractiveness of the industry:

Ease of market entry:
Given the sheer volume of different brands available in this segment, it can be concluded that the market is heavily segmented. It is a fairly easy market to get into, and does not require use of a patented product or technology.

Industry Rivalry:
The market for this seems to be extremely competitive. However, since the product is non-seasonal, the demand is generally high. Manufacturers majorly compete on quality, aesthetics, appeal and convenience of the baby bag. No single player holds majority of the market share and boutiques firms regularly introduce new bags. Thus, margins are fairly large to moderate.

Buyer Power:
The buyer power is moderate to high, since multiple players offer similar products in a defined price-range. However, quality and functionality, along with strong brand recognition reduces buyer power significantly.

Seller Power:
The seller power is low, since the raw material needed to make the bag are commonly available. Sellers have no bargain power.

Substitutes:
One could probably just use a large purse, or a messenger/duffel bag/school bag if they already have one.

Thus the industry is moderately attractive and needs to compete on product quality and brand recognition to command premium on the product.
The bag is currently designed to go to the market with existing design and structure. However, we do believe that there is some room for enhancements. These include, expanding the size of the bag to accommodate more baby accessories than the current bag.

**Secondly,** the current strap is fixed in length. This will be modified to make it adjustable to suit the needs of different body breadth, body depth and midshoulder height percentiles.

**Thirdly,** the boundary of the diaper changing pad currently is uncovered by plastic, exposing it to risk from fluid overflows and contamination. A plastic extension would be needed to cover this boundary.

**Fourth,** since the changing pad is easily removable, Moms can try and match the baby diaper bags, not only with their baby's outfit, but also to their own clothes. We plan to offer multiple pads to be sold as additions to the bag.

**Fifth,** the prototype bag uses cotton material on its outside. We would like to modify it to vinyl or plastic protective layer. This is desired, since it is very common to have spillage accidents to occur near a baby.

**Sixth,** we would like to provide an internal zip as well for the external zippered pockets. In addition, we would like to add toy loops, key clips, and bungee cords, which we believe will offer speedy access to pacifiers, toys, baby wipes, and one's keys.

**Also,** the baby bottle warmer currently used needs to be developed fully. The team has not designed an in-house baby bottle warmer and would like to further explore this opportunity. The kit currently uses a mobile bottle warmer available in the market place, but we believe that we can design a bottle warmer which would be far better than the one available.

We would also like to develop a product specification manual (PSM) for patterning and manufacturing specifics.
structure of a venture and business model

The team comprises of a design student from CIA - Jennifer Duda, and a business student from WSOM - Mayank Saraf. The firm has invested minimal capital to design the first prototype. The idea was conceived by Jennifer and the commercial aspect would now be taken care of by the two founders. The partners bring sweat equity to the table and hold equal stakes.

The firm seeks seed capital to develop the product further and manufacture and distribute across U.S and U.K. It plans to outsource the manufacturing of the bag to India / China. However, the contents of the bag for the baby kit, including the diaper, baby apparels and allied accessories would be sourced from the U.S. manufacturers. Since, the new firm does not manufacture its own in-house baby bottle warmer, it would also need to source this from existing vendors.

The business model would be structured in a way to develop and innovate new baby products in-house, manufacture it in Asia, and market and distribute in-house through baby product stores and chains.

<table>
<thead>
<tr>
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<th>Price per Kit (Bag + Accessories)</th>
<th>Price per Bag Only</th>
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<tr>
<td>Cost of Manufacturing</td>
<td>$35</td>
<td>$10</td>
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<td>Cost to Distributors / Retailers</td>
<td>$150</td>
<td>$35</td>
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<td>Cost to End Consumer</td>
<td>$199</td>
<td>$49</td>
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Assumptions
Price BreakUp
$10-bag, $25-Accessories + Bottle Warmer

Growth Rate in Perpetuity 10%
Cost of Capital 30%

Initial Investment $ 150,000
Office Rental + Setup $ 25,000
Working Capital $ 125,000

* No Salary for the Co-Founders for initial 2-3 years
### Projection for BABY BAG Only

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<tr>
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<td>Total Revenues</td>
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<tr>
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<td>$250,000</td>
<td>$500,000</td>
<td>$875,000</td>
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<tr>
<td>SG&amp;A</td>
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<td>$50,000</td>
<td>$100,000</td>
<td>$175,000</td>
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<tr>
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<td>$200,000</td>
<td>$400,000</td>
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### Projection for Complete BABY KIT

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<td>$487,500</td>
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### Net Projections

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<td>Gross Profit (EBIT)</td>
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#### Net Present Value (Over 5 yrs)

$1,828,573

#### Net Present Value (With Perpetual Growth)

$4,816,443

Internal Rate of Return

232%
marketing plan:

The firm will manufacture two different formats of the product. The first is a standalone bag, with no accessories. This is priced to be sold to retailers for $49.

The second product, a modified high end version of the bag, with all the necessary accessories is priced at $199.

segmentation, positioning, targeting and differentiation

For just the bag itself, we conducted an in-house study and we segmented the market broadly into designer high end bags, a tote bag, bag for dude's, economy bag and a value bag. We aim to cater the value bag segment with just the bag. However, we aim to cater the high end segment with our all-in-built baby kit.

We have positioned our bag as a value bag, with a price range below the similar products available in the market. The bag comes with additional convenience compared to the economy bags and is made of high quality fabric. With a detachable changing pad and multiple pockets for storing, we believe we create added value for the end consumer.

The bag was designed keeping the needs of working parents – both men and women. Since, currently bags available in the market are either available with bold female colors and flower prints or just black for men, we have designed the bag to appeal to both the genders. Thus, the bag is targeted to both the male and female parent. The baby kit bag is targeted towards mobile parents, needing minimum hassle in preparing a bag for their baby.

What differentiates our product from the one’s existing in the market place is the bag’s neutrality in terms of usage by both the parents, as well as the speedy and easy access to parents. The bag has a changing pad as well. If we look at the baby kit, which is the other high end version of the product, the bag is one of its kind to have all the necessary baby products and accessories needed to serve the baby on a weekend trip. The baby kit is pre-loaded with a bottle warmer, baby clothes, toys, wipes, sanitizer, diaper, etc…
Next Step:

- Building New Version of the Proto-type and conducting deeper market research to gauge market demand and accommodate feedbacks.
- Scout for manufacturer in China/India and setup the necessary logistics
- Appoint a PR Agency and work on design and promotion material for the bag
- Develop Business, by engaging with potential distributors and retailer stores
- Distribute the bags and advertisement material to stores
- Continue to design and develop the baby kit, which would launch post the launch of the bag
- Engage with vendors for necessary accessories and negotiate
- Repeat similar process to develop new marketing and promotional material
- Focus on operational excellence, product innovation and customer satisfaction
acknowledgements

- http://www.diaperbags.com/
- http://www.petunia.com/
- http://www.ju-ju-be.com/