



# FINAL PROJECT REPORT

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DECEMBER 10, 2019  
HONORS INTRO TO MARKETING  
SECTION: H1  
PROFESSOR ALEXANDRA KUNISH

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## Executive Summary

The following is our proposal for Icelandic Glacial's venture into the skincare industry, with our skincare line: Glacial Glow. Our goal is to offer a premium and all-natural skincare line, targeting the health-conscious consumer who desires a luxury skincare routine. Our product line is focused on providing a hydrating and all-natural product to its users. Since we will be entering a highly saturated and competitive market, our overarching goal is to take 0.3% of the skincare sector market share by 2022. We feel this is achievable through our expansion into the Indian and Chinese developing markets, due to their historical emphasis on all-natural products and mineral healing. We will also launch in the United States as it already has a market for luxury products.

We will specifically be targeting the younger populations (millennials and Gen Z) due to the importance they place on eco-friendly and all-natural products. Due to Icelandic Glacial's history as a carbon-neutral firm and our sourcing from Ölfus Spring, an extremely pristine water source, we feel we will be successful in reaching our target market. Our pure water is sourced from the Ölfus Spring, which has been filtered for 5,000 years via a wall of impenetrable lava rock, with zero additions or extractions. Customers sense our water's luxuriousness immediately through our uniquely sculpted bottle, inspired by Iceland's natural glaciers. Additionally, in order to capture the consumer searching for a luxury skincare experience, we will continue our branding as an indulgent product by carrying over our artfully designed packaging into our skincare line.

If Icelandic Glacial decides to undertake this venture, we will experience competitors on two fronts. We will continue to compete with our fellow bottled-water brands which include Fiji Waters, Evian, and Voss. Additionally, we will now be facing competition from skincare companies such as L'Oréal, Neutrogena, Clinique, Estée Lauder, and Evian (who has ventured into the skincare world with their popular Facial Spray). Differentiating our product from the competition, in addition to being naturally sourced in the utmost pristine fashion, our Glacial Glow will work to prevent acne, eczema, and other skin issues due to its all-natural ingredients. We plan to charge \$29.99 for one bottle of 150 mL across the product line, which is slightly elevated compared to competitors in the skincare space. We prepare for this skimming strategy to help cover our R&D costs as we enter this market sector. In order to give back to society, Icelandic Glacial will commit to donating 5% and 15% of the profits from Glacial Glow sales to clean water initiatives in the United States and internationally, respectively. In addition, we plan on donating 1 case of bottled water for every 5 cases of our new product that is purchased.

We will publicize our line with an upscale launch party with prominent beauty influencers in attendance. Additionally, we will conduct a comprehensive online marketing campaign, partner with influencers on YouTube and Instagram, open pop-up shops to increase our brand recognition, and sponsor high-end events, as we have in the past when sponsoring the Golden Globes.

## Background

### Current Brand Overview

Section citations: (*Icelandic Glacial is from a certifiably sustainable source*, 2009; Icelandic Glacial: Our Origins, 2019; Icelandic Glacial: FAQ, 2019)

#### Company Description

Icelandic Glacial is a premium bottled spring-water company, owned by Icelandic Water Holdings (IWH) headquartered in Hlidarendi, Ölfus, Iceland. IWH has exported Icelandic Glacial around the world since 2005 and has grown to distribute to Australia, the United States, the United Kingdom, Russia, Canada, France, Singapore, China, South Korea, and Ireland.

#### Our Water

Our spring-water is drawn from the legendary and pristine Ölfus Spring, which was formed over 5,000 years ago in Iceland where it is protected from pollution via an untraversable lava rock barrier. Thus, our water continually provides a low mineral content. Specifically, water from the Ölfus Spring vastly surpasses the World Health Organization (WHO) drinking water standard of a Total Dissolved Solids (TDS) level of 300 ppm by only having 62 ppm. Additionally, our lava rock barrier and pristine conditions allow for a natural pH level of 8.4, making Icelandic Glacial a naturally alkaline water.

Icelandic Glacial water is recognizable at first glance due to our luxury, signature-sculpted bottles. Our bottle design pays homage to our water's source with its glacier-inspired packaging. Beyond its elegant design, our bottles are high-grade and BPA-free, in addition to being 100% recyclable—from the label, to caps, to even our cardboard packaging.

#### Differentiation

Beyond the premium quality of our water and luxury design, Icelandic Glacial continues to differentiate itself from our competition through our commitment to the environment. Icelandic Glacial is the world's first bottled water to have received a Carbon Neutral certificate for our product as well as our operation. We run a 100% sustainable operation with the use of renewable energy sources such as hydroelectric power and geothermal energy to maintain a net-zero carbon footprint. We have been recognized for these efforts internationally, and have received the Bottled Water World Design Awards for Best Sustainability Initiative in 2007.

Icelandic Glacial is best represented by our premium quality, luxury design, and continuous dedication to operating with the utmost respect for our environment.

### Vision and Mission Statements

Section citation: (Icelandic Glacial: FAQ, 2019)

#### Product Line

**Mission:** Icelandic Glacial's new Glacial Glow line provides a refreshing and all-natural skincare routine to those who seek a premium and sustainable skincare experience.

**Vision:** Icelandic Glacial's new Glacial Glow aims to share our luxury skincare experience globally, serving as the most prominent and respected all-natural and eco-friendly skincare product line around the world.

## Overall Company

**Mission:** Icelandic Glacial water is exceptional in terms of quality taste and purity.

**Vision:** At Icelandic Glacial, we believe in sharing our premium water with the world and doing so with environmentally sound practices.

## SMART Goals

Section citations: (*Skin care products market size, share & trends analysis report, by product (face cream, body lotion), by region (North America, Central & South America, Europe, APAC, MEA), and segment forecasts, 2019 - 2025, 2019; Natural and organic cosmetics 2019 global market expected to grow at CAGR 9.4 % and forecast to 2025, 2019; Icelandic Glacial™ announces \$66 million of new financing, 2019*)

Icelandic Glacial's goals for the next five years are set to be challenging yet within the company's capabilities. Here are a few of our goals:

### Specific

1. Increase market share to 0.3% of the skincare sector
2. Increase revenues by 15% each year for the next five years
3. Triple brand recognition on social media such as company websites, Twitter, Instagram, YouTube, Facebook, etc.

### Measurable

1. Obtain \$462 million in net sales
2. Final revenue would be above \$400 million. (Please reference Pro-Forma P&L model for more details.)
3. Increase clicks to website per year and average time spent, Twitter followers/retweets, Instagram likes/comments/interactions, YouTube viewers, Facebook likes, etc.

### Achievable

1. Through dynamic sales tactics appealing to the herbal tradition in the developing countries of India and China along with seizing the nature-oriented shopping in the U.S.
2. The company has adequate financing in place from BlackRock and other prestigious financial institutions to scale the company's production to meet operational demands.
3. Engage in strong digital marketing campaign with existing influencers in the cosmetic/skincare fields along with environmental celebrities and activists

## Realistic

1. 0.3% in an overly saturated market with a fresh product line is achievable, given that the industry is projected to grow 4.4% annually on average. A new, inexperienced bottled water company will find it challenging to obtain a greater market share in this limited timeframe.
2. The natural/organic cosmetics industry is forecasted to grow 9.4% annually, and launching a refreshing new product line within the industry can easily boost sales on top of that.
3. With the growing number of social media users, especially in the developing countries and among younger users we are targeting, the company can easily enhance its digital brand presence.

## Time-bound

1. End of the fiscal year 2022
2. End of the fiscal year 2024
3. End of the fiscal year 2023

## Core Competencies

- Environmentally friendly from inception reduces our environmental impact
- Unique packaging and marketing that promotes perceived luxury for consumers
- Fully automated water-processing reduces labor costs

## Sustainable Competitive Advantage

Icelandic Glacial showcases its environmentally-friendly practices, especially in an industry as harmful and wasteful as the bottled water sector. Our water is naturally sourced from Iceland's Ölfus Spring—water that is not artificially pumped from underground basin but naturally flows to the surface. No drills or harmful methods are used to extract/transport water from nature, preventing any disruptions to local ecosystems. This brings an increasingly significant benefit to our position in the bottled water industry in this eco-friendly world. Trends in society indicate a considerable move towards green practices and eco-friendly organizations. As a company founded upon those principles, we gain a natural advantage over other competitors with our ethical sourcing for our products. Our company also prides itself on being the first-ever bottled water brand to be entirely carbon-neutral, in both products and process.

Our water is another advantage. Its uniquely high pH of 8.4 and low mineral content bring benefits to our consumers. The water from the spring is "filtered slowly for 5,000 years through layers of lava rock," pure enough that it needs no extra additions or extractions (Icelandic Glacial: Our Water, 2019). Once we bottle our water, customers sense its luxuriousness right from holding our uniquely engineered bottle, sculpted from the inspiration provided by Iceland's natural glaciers.

The bottling facility "run[s] a completely sustainable operation fueled entirely by geothermal and hydroelectric power," ensuring that Icelandic Glacial does not add to the growing problem of pollution (Icelandic Glacial: Our Origins, 2019). This brings the convenience of

needing no extra water processing methods, an incredibly important competitive advantage in terms of labor and equipment.

## SWOT Analysis

		SWOT Analysis	
		HELPFUL To achieving the objective	HARMFUL To achieving the objective
INTERNAL Attributes of the organization	INTERNAL	<b>STRENGTHS</b> <ul style="list-style-type: none"> <li>Has long-standing reputation for being environmentally conscious. In 2007, they were the first bottled water to receive the Carbon Neutral Certification for product and operations, and they conduct ongoing monitoring of carbon emissions (1) They also fuel their production with renewable energy, namely geothermal power (1).</li> <li>In a world that is hyper-conscious of purity and all natural products, Icelandic Glacial is one of the very few naturally alkaline spring waters (2). It's naturally filtered over years of lava rock and bottled in an underground source (2).</li> <li>It sponsors and is associated with luxurious and culturally relevant events. It served as the official water of the 77th Golden Globes. As such, their water was exclusively available and promoted at all Golden Globe official events for the year.</li> <li>They have numerous partnerships with spas who offer their water to customers, in addition to being the water offering at high end resorts, such as Terranea L.A.'s Oceanfront Resort (3). This helps exaggerate their luxurious brand image.</li> </ul>	<b>WEAKNESSES</b> <ul style="list-style-type: none"> <li>Limited availability in the US</li> <li>Limited range of products that cater to various audiences and tastes (ie. flavored water, sparkling water, etc.)</li> <li>Lack of celebrity representation/influencers to spread the company's name over wide networks (ie. social media)</li> <li>Not a well-known brand, compared to most prevalent water brands in the US, such as Poland Spring, Dasani, Nestle Pure Life, and Smart Water (5).</li> </ul>
	EXTERNAL Attributes of the environment	<b>OPPORTUNITIES</b> <ul style="list-style-type: none"> <li>Received \$66 million in funds from BlackRock's Private Credit group to expand into US and other new markets.</li> <li>Their bottling/packaging can bring awareness to a recently emerging problem: climate change and melting ice glaciers.</li> <li>They can expand product line to include flavored water which would appeal to more consumers and would make the company more versatile.</li> <li>Evian, another prominent mineral water company, has entered the skincare market with the popular Evian Facial Spray and has set the stage for water companies entering the skincare market (6).</li> </ul>	<b>THREATS</b> <ul style="list-style-type: none"> <li>Increased tensions between countries due to trade war.</li> <li>Entering the skincare market is a great risk considering the oversaturation of the skincare market. With celebrities like Kylie Jenner and Miranda Kerr who have entered the market with their own lines, it may be difficult to create buzz around our product (3)</li> <li>Popular trend nowadays is to use reusable items, such as metal water bottles and so the plastic water bottles will not be seen as "environmentally friendly"</li> <li>Consumer ethnocentrism is a threat considering we will be launching our product in the US. Icelandic Glacial is headquartered in Iceland and faces distribution issues in non-European markets due to increased global isolationist sentiments.</li> </ul>

## Target Consumer

### Demographics

We will target millennials, Generation Z, and the upcoming younger generations, both male and female, as depicted through our gender-neutral packaging and promotion plans. We will specifically target single, young professionals in the United States, India, and China because they are more willing to purchase premium eco-friendly products as they do not have to justify their increased spending to their partner.

### Psychographics

Glacial Glow works to attract health-conscious, eco-friendly consumers who are seeking a luxurious and hydrating skincare experience:

We will target the *health-conscious consumer*, since our product's water base is derived from the legendary and pristine Icelandic Ölfus Spring, as outlined in our Current Brand Overview. Our water is unwavering in its quality and does not contain the heavy metals or silica that are found in many other waters. Our Glacial Glow line is a completely all-natural product and avoids the harmful chemicals and toxins that have been used in the beauty industry for decades. Glacial Glow works to break this chain by offering the market the most natural and refreshing product for all skin types.



Glacial Glow targets the *eco-friendly consumer* due to our reputation as a Carbon Neutral water company. We plan to continue to be 100% sustainable in our product, operations, packaging, and Corporate Social Responsibility mission. Consumers who want to contribute to a green, eco-friendly mission will be drawn to our skincare line.

Lastly, Icelandic Glacial targets those who seek a *luxury skincare experience*. As a premium water company, we are adding to our reputation as a luxury company through partnerships with the Golden Globes and luxury hotels and spas. Hence, our brand is continuously increasing its reputation as a brand of opulence and grandeur. From the meticulous sourcing of our water to our magnificent and detail-orientated packaging, our product line embodies prosperity, splendor, and offers the most lavish yet natural way to hydrate and refresh one's skin.

## Competitive Overview

Section citations: (Hiner, 2019; Shahbandeh, 2018)

Icelandic Glacial's goal with the introduction of skincare products is to tap into the beauty industry as well as increase its presence in its existing water industry.

### Key Competitors

#### Water Companies

- Fiji Water (Perceived to be the top-performing premium water brand.)
- Evian
- Voss
- Poland Spring
- Nestle Waters

Fiji Water is perceived as a relatively less natural and luxurious product as compared to the previously mentioned brands. Evian is perceived as a highly natural and mid-range luxury water product. Interestingly enough, Evian has also broken into the beauty industry by introducing its natural facial spray, which is priced. Voss is perceived as a mid-range natural but high luxury product. Poland Spring and Nestle Waters are seen as common products, not worthy of a luxurious perception.

#### Skincare Companies

- L'Oréal (Perceived to be the top-performing cosmetics brand.)
- Neutrogena
- Clinique
- Estée Lauder

Looking at the expansive beauty industry, Icelandic Glacial will be in direct competition with a multitude of well-known brands. L'Oréal is perceived to be at the top of the beauty industry, though its products are more synthetic than other companies. Neutrogena is perceived to be a mid-range natural and a rather common product with the prices of skincare products such as face



washes, toners, moisturizers, face masks, scrubs, eye creams, and more. Clinique also has a broad skincare line like Neutrogena and is perceived as a mid-range synthetic and mid-range luxurious product. Estée Lauder is no exception to a comprehensive skincare line like Clinique and Neutrogena and is perceived to be a mid-range synthetic and highly luxurious product.

## Competitive Products

Price (source: Google Shopping searches) Standard 500 mL bottle of water

- Fiji Water - \$1.99
- Evian - \$1.00
- Voss - \$1.25
- Poland Spring - \$0.65
- Nestle Waters - \$0.41

Standard facewash prices, ~5 fl. oz.

- L'Oréal - \$14.50
- Neutrogena - \$5.00
- Clinique - \$19.50
- Estée Lauder - \$22.00
- Evian - \$13.50



## Market Research

Launching Icelandic Glacial's new products could not be at a better time in the market. When looking at current consumer and market trends, it is clear that there is a preference and shift towards more all-natural products with limited chemicals. By using all-natural ingredients, companies can appeal to the customers who are more willing to try a product knowing that it has been naturally sourced and processed.

In addition, with the presence of social media, complex, multi-step skincare regimens have come to light. *Vogue*, celebrities, and influencers are all sharing skincare secrets and what products they use to achieve the increasingly popular and in-demand glowy and glossy skin. This social media beauty trend leads to the popularity of hydrating skin products. Neutrogena is already taking advantage of this trend through its Hydro Boost Water Gel with hyaluronic acid, as is Glossier with its entire product line.

With the increased quality of life in the world, more people can afford higher-end products and are willing to pay more for a product that can help their skin. They are more willing to make that trade-off since the perceived value of a particular product and brand is higher than the potential downsides. Above all, the beauty industry is at a peak right now, and skincare brands' products are in high demand. Because of this, we see more opportunities in the natural skincare space within the greater beauty industry, and by introducing Glacial Glow to this very market, there is a high potential for success.

## Marketing Program

### Product

Icelandic Glacial is releasing an entire product line that includes hydrating facial toners, moisturizers, and face wash.

- Naming: Glacial Glow
- Logo: Uses Icelandic Glacial's existing logo with an updated name: Glacial Glow (by Icelandic Glacial)
- Color Cues: glowing light blues, white/transparent, black, and gray
- URL: [www.glacialglow.com](http://www.glacialglow.com)
- Prop: Glacier

## Features & Benefits

These products are easy to use and function similarly to matching products that already exist in the market. This continuous innovation flattens the learning curve for consumers to use the product.



Our line focuses on fighting acne, eczema, and other skin issues while ensuring that there is little to no probability that consumers will experience allergic reactions or other issues.

This product is natural and uniquely designed to give consumers' skin the proper environment to be healthy. It allows the skin to go back to its natural hydrated state. Skin has a natural pH level of 5.5, and our products will be engineered to also have a similar pH. In fact, dermatologist Rachel Nazarian says, “[s]kin is an incredibly delicate organ” and explains that “like every other organ in our body, the skin performs its best within a narrow, ideal environment, especially when it comes to pH.” She elaborated that “[w]hen it [the pH] deviates from that magic number, harmful bacteria could grow, triggering inflammation and skin conditions, such as acne, eczema, and rosacea” (Abelman, 2018).

## POP

- Safety: no negative effects on skin
- Supports the diversity of all skin type usage
- High quality and effectiveness (the product does what it is supposed to do)

## POD

- Offers premium external hydration
- Existing reputation as a luxurious yet environmentally-sound brand
- Natural sourcing promotes green marketing

## Packaging

Our packaging focuses on a simplistic design to enforce and highlight the idea of naturalness. We will use the traditional Icelandic Glacial bottled water design as consumers are already familiar with this sort of packaging so it will be easy for them to quickly identify our products (as seen above). Regarding the logo, once again, we went for a rather simplistic approach to signify the naturalness of our products. Taking all of these factors into consideration, our product is positioned to be both highly luxurious and highly natural.

## Price

Icelandic Glacial positions itself as a luxury water brand that is introducing natural yet luxurious skincare products. As such, there will be high R&D costs with the product launch, even if we partner with a traditional cosmetics company. To recover the costs associated with R&D, the company plans on using a skimming price strategy, though it has to maintain competitiveness with other products in its category. However, Icelandic Glacial is targeting the luxury skincare market with its product, so it will be able to keep a higher price (prestige pricing strategy) to use in conjunction with a skimming price strategy while recovering the R&D costs. The final consideration for pricing would be odd-even pricing because regardless of the type of customer in terms of purchasing power, there is a psychological effect with pricing products just under a dollar amount to drive more sales.

Considering these points, Icelandic Glacial will charge \$29.99 for one bottle of 150 mL across the product line. This price is slightly elevated with respect to similar brands in the luxury natural skincare space, offering enough of a markup to appeal to prestige buyers while allowing us to recover R&D costs.

## Place

We will be entering the beauty and skincare industries via our online website and also partnering with retailers on the ground. We want to launch in India and China as they have a strong cultural focus on utilizing natural and herbal brands. Both countries also have a strong focus on natural beauty which can be seen through the light and simple makeup products and styles that are popular in the area, as well as the varying skin packs, masks, moisturizers, and other products that are specific to the region.

We also want to launch in the U.S. because it is established as a premium market for luxury skincare products. We will capitalize on the newfound trend towards natural products that has always existed in Asia.

## Promotion

We plan on utilizing online marketing, commercials, sponsors, pop-ups, and sponsoring events to promote our products and ensure that we are reaching a broad audience.

In reference to online marketing, we will have a website that has pictures of the product that consumers can turn around to see all sides of the product in 3D and include descriptions which list out the ingredients used as well and videos that show the progression of someone's skin over time using the product. This will not only make the process interactive, but it will also make consumers feel more confident in their purchase and feel like they are making a knowledgeable decision, making them less hesitant in purchasing the product.

In regards to commercials, we will have ads on TV, YouTube, Instagram, Snapchat, and Facebook. The advertising on TV and YouTube should have videos of people washing their face with the product and should be romanticized to make them appear more useful and desirable. Instagram and Facebook should have beautiful pictures of people with the product. Snapchat can have geofilters and interactive games.

For sponsors, we will partner with models and makeup artists/beauty gurus to test, include, and promote our products in their videos/routines. This will help provide our product with a sense of legitimacy, making consumers more inclined to purchase it over a competitor.

We also plan on utilizing pop-up shops in New York and LA as these locations are considered fashion hubs and trendy and where a lot of fashion and beauty-related trends are centered. This would draw in attention and create a sense of urgency as pop-ups are temporary and draw in curiosity.

Lastly, we plan on sponsoring events. We would focus on sponsoring luxury events (i.e. polo, ballet, opera, and award shows).

## Corporate Social Responsibility (CSR)

We understand that the company does not operate in a void. Instead, Icelandic Glacial has a responsibility to recognize the needs of the greater society and position ourselves to meet those needs. Access to clean and affordable water is a growing concern for people across the world, and even in the United States. For example, the people of Flint, Michigan faced water quality problems due to aging and deteriorating infrastructure. Similarly, the people of India and China face high levels of water pollution that inhibit their access to clean water. Being a bottled water company, Icelandic Glacial is in an excellent position to alleviate this water crisis in the United States and in the developing countries where we intend to launch our new product.

Given these problems and anticipated success of the new product launch, Icelandic Glacial commits to donating 5% and 15% of the profits to clean water initiatives in the United States and internationally (with an emphasis on India and China), respectively. This equitable donation of profits, concerning the population in each area, will significantly contribute to improving water infrastructure. In addition to monetary donations, Icelandic Glacial commits to donating 1 case of bottled water for every 5 cases of our new product that is purchased. The ultimate impact of our CSR will be to meet the clean water needs of the populations in the countries where we launch our product in the short-run and to increase access to existing water sources in the long-run so that the people can be self-sustaining.

## Financials

### Pro-Forma P&L

(\$ in thousands) Icelandic Glacial Forecasted  
financials

	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>	200,000	230,000	264,500	304,175	349,801	402,271	462,612
<b>COGS</b>	82,386	97,449	115,115	135,818	160,063	188,437	221,620
<b>Gross Profit</b>	117,614	132,551	149,385	168,357	189,738	213,835	240,992
<b>Gross Margin</b>	58.81%	57.63%	56.48%	55.35%	54.24%	53.16%	52.09%

## SG&A

<b>EBITDA</b>	50,065	56,423	63,589	71,665	80,766	91,024	102,584
<b>EBITDA Margin</b>	25.03%	24.53%	24.04%	23.56%	23.09%	22.63%	22.17%
<b>D&amp;A</b>							
<b>EBIT</b>	42,946	48,400	54,547	61,474	69,281	78,080	87,996
<b>EBIT Margin</b>	21.47%	21.04%	20.62%	20.21%	19.81%	19.41%	19.02%
<b>EBT</b>	40,423	45,556	51,342	57,863	65,211	73,493	82,826
<b>EBT Margin</b>	20.21%	19.81%	19.41%	19.02%	18.64%	18.27%	17.90%
Income Taxes	9,268	9,728	10,140	10,480	10,721	10,829	10,763
<b>Net Income</b>	31,155	35,828	41,202	47,383	54,490	62,664	72,063
<b>Net Margin</b>	15.58%	15.58%	15.58%	15.58%	15.58%	15.58%	15.58%

## Assumptions

The challenge of understanding Icelandic Glacial's financials is that it is a private company. Therefore, our first step was to analyze comparable publicly traded companies in the beverage industry that have greater transparency in their accounting. Looking at the margins from Coca-Cola, PepsiCo, Nestle Waters, and Danone Waters, we built the above Pro-Forma P&L model for the next 6 years. The model shows that revenue will double on schedule within the next 5 years.

Here are the assumptions made for each line item of the model:

- **Revenues:** \$200 million. This number was derived by rounding up the new financing launched by Icelandic Glacial in conjunction with BlackRock for \$66 million to \$100 million. Then, we doubled this number to get to \$200 million in revenues for a conservative estimate of revenues. The company could have undertaken a less extreme leverage position, meaning it had higher revenues relative to its financing.
- **Revenue growth rate:** 15%. According to MarketWatch, the global market for natural and organic cosmetics is expected to grow 9.4% CAGR from 2019 to 2025 (Natural and organic cosmetics 2019 global market expected to grow at CAGR 9.4 % and forecast to 2025, 2019). 15%, which is marginally higher than the overall market growth rate, is a valid assumption for an individual company's revenue growth rate from new product launches coupled with our more expensive product.
- **Gross margin:** Decreases at 2% each year over the forecasted period as the company expands its inventory and some costs can increase as the product is launched.
- **EBITDA margin:** Assumes 2% decrease in EBITDA margin each year over the forecasted period as the company expands its staff and salesforce and marketing costs can increase as the product is launched to expand brand recognition across all platforms.
- **EBIT margin:** Assumes 2% decrease in EBIT margin each year over the forecasted period as the company expands its PPE and costs can increase as the product is launched and

produced. New equipment and land may be purchased to expand operations, especially in manufacturing products.

- **EBT margin:** Assumes 2% decrease in EBT margin each year as the company expands its PPE and the financing costs (interest expense) increase due to the PPE increase and other financing needs as the product is launched and produced.
- **Net margin:** Assumes net margin does not change as tax rates remain constant throughout the forecasted period.

## Incremental Sales Drivers

Incremental sales will be driven by the launch of our skincare line, which can attract even more people to buy the company's current products of premium water. Therefore, our net revenue increases will include organic water purchasing growth in addition to the newfound skincare line.

## Execution Plan

### Success Metrics

In order to achieve the goals Icelandic Glacial has set for itself, we plan to support our product and brand with an integrated marketing campaign and measure our progress through success metrics. We will analyze how well our social media posts are doing at gathering attention and increasing consumer interactions by measuring the number of followers, likes, re-shares and comments our accounts receive. We will use data mining and analytics to look at what posts perform better and what qualities they share so we can continue to expand on it. In this case, the phrase "performs better" means the amount of consumer reach (interaction, saves, and shares) we receive on a post. We will also use the same methodology to look at what posts do not do as well and what qualities they share to avoid making similar mistakes. We will make quarterly reports of our progression in terms of how far we have come to achieving our desired market share.

Based on how well our products are doing in terms of yielding revenue, obtaining a percentage of the market space, and how much social media buzz we generate, we will see if our goals need to be adjusted to be more realistic and attainable. We believe this is necessary because setting several shorter goals is easier to achieve than one large goal. By adjusting our performance-based goals, we can ensure that we eventually realize our vision by consistently accomplishing the short-term goals.

Furthermore, we can see what populations our product is attracting the most. For the groups that are being attracted, we can gather data to see what similarities they share and why our product appeals to them. This data can be obtained from a focus group as well as a coordinated survey campaign and our online presence. This information would be useful as we would be able to put a higher emphasis on the aspects of the product that these groups like (both in terms of how we market it and the actual product itself) so they would be more inclined to purchase or re-purchase it. For the groups that are not attracted to our product, we can gather data to see what they are looking for in a product and why our product does not have the appeal they desire. This information would be helpful because we would be able to see if we want to make different versions of our



products based on these trends we notice. This would allow us to appeal to a larger population and, in turn, yield higher profits.

## New Product Launch and Management Plan

Glacial Glow will begin its product launch with a launch party in New York City, where we will invite various male and female social media influencers, who will be given free samples of our product with the hope that they encourage their followers to try them out as well. We will also have an active online marketing campaign, set with video ads on beauty-based YouTube channels, in addition to Instagram, Snapchat, and Facebook ads on the feeds of those who fit our target consumer description. We then plan to partner with specific beauty influencers on YouTube and Instagram, such as Jeffree Star, NikkiTutorials, and many more. We will send them our product line in hopes they review it on their social media platforms.

We also plan on opening up pop-up shops in major U.S. cities such as New York and Los Angeles. Pop-up shops allow us to manage our costs effectively while still reaching our target market in the brick-and-mortar world. In addition to these pop-ups, we plan to exclusively sell online for at least the first year of the product's existence. Since we are targeting the younger generations who prefer to do most of their shopping online, we do not believe this will hinder our sales. We will sell online through our Glacial Glow website ([www.glacialglow.com](http://www.glacialglow.com)). This website will be linked on our Icelandic Glacial website as well but will stand as its own self-sustaining website platform. This website will showcase all of our products, in addition to customer reviews and links to possible positive video/social media reviews from prominent beauty influencers.

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