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by

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Small Business Management Case Analysis: Brandless Case Study

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Brandless emerged in 2017 with a straightforward concept: an online shop offering its label of nonperishables and other home supplies. It started by charging $3 for its daily necessities, but as it has grown, its price has been gradually tweaked while maintaining a low-cost, easy choice. Brandless seeks to transition its private-label home items, such as elderly gummy supplements, from online-only to in-store sales. It has relinquished its objective of retailing most things for less than $3, a value bracket prohibiting the firm from benefiting from the fundamental grocery supply approach of combining low-margin commodities with higher-margin products (Forbes, 2019).

SWOT Analysis

Strengths

Prospective Customers: Brandless caters to the younger generation, millennials, children, and people from the lower middle class.

Price Points: All Brandless products are available to customers at reasonable and cost-effective prices. Customers may also receive various sizes and incentives from the firm based on their preferences.

Technology and innovation investment: Technology and innovation influence corporate operations as well, such that the Brandless e-commerce platform made its products accessible easily.

Weaknesses

Pricing strategy: The $3 price bracket prohibited the firm from benefiting from the fundamental grocery store approach of combining low-margin commodities with higher-margin products.

A scarcity of outlets: Brandless is not the first e-commerce business to fail while attempting low-cost companies online.

Profitability: Brandless determined that its profits do not correspond to its accurate monetary assessments and forecasts. The company must improve its sales to raise its net effectiveness and profitability.

Opportunities

Introduction of new products: The firm has been promoting cannabidiol products on their site for more than two weeks. More than ten thousand individuals have already signed up to be alerted when they become available.

Changes in Demographics: Brandless move to transition its private-label home items, such as grownup gummy multivitamins, from online to in-store distribution provides an opportunity. Additionally, Rittenhouse's initial action at Brandless attempted to moderate the internet company burn by focusing on health, beauty, and sustainability. Other business areas, such as infants and pets, including its plan for selling in physical locations, also offer an opportunity for growth.

Threats

Cannabidiol (CB) Products: Eve though the introduction of this product offered an opportunity, Brandless' new CEO John Rittenhouse argues that it is perhaps his most daring bet.

State laws: CBD products have the potential to be a significant business, with New York-based investment firm Cowen projecting $16 billion in sales by 2025. However, they are still in a legal steely zone due to a makeshift of various national regulations. The central administration has yet to establish a cannabidiol product guideline.

Alternative Solutions

The first alternative solution would be identifying a brand that sells best and focusing on it. Brandless' issue is that it attempted to sell too many different items, none of which were excellent enough to generate a loyal following. The advantage of sticking to one brand is that the company can deliver quality because all the energy is focused on a specific item. On the contrary, the flaw of this strategy is that it limits the company's prospects. The second alternative solution is creating brand awareness, which they can do through social media platforms. The advantage of this strategy is that more potential clients are reached. However, cybercrimes are very often, which can be a significant threat to this strategy.

The best solution would be identifying a brand that sells best and working on satisfying clients. This strategy offers low-risk investment options because they will be working on a product that they do not need to use a large sum of money advertising.

Implementation of the Chosen Alternative

I would conduct a feasibility study to determine the products most clients prefer. Client feedback, one-on-one interviews with customers, and questionnaires will be the main methods of collecting the required data. After collecting the data, the data analysis team will be assigned to perform the analysis and generate a report that would guide the entire management in

determining the way forward in product choice, supplier sourcing, and the best distribution methods.

References

Forbes. (2019). *Brandless' New CEO is dumping its $3 Price Point, Hitting the Stores and Going Big on CBD*. https://www.forbes.com/sites/bizcarson/2019/07/31/brandless-cbd-retail-store-john-rittenhouse-new-ceo/?sh=2239005e7801

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