

The left side of the slide features several overlapping, semi-transparent blue geometric shapes, including triangles and parallelograms, some with thin white lines extending from them.

chewy

STRATEGIC ANALYSIS

BY: THE INNOVATIVE FIVE

The right side of the slide features several overlapping, semi-transparent blue geometric shapes, including triangles and parallelograms, some with thin white lines extending from them.

AGENDA

1

Mission/Vision/Strategy

2

External & Internal Analysis

3

Strategic Group Map

4

Strategic Recommendation

5

Financial Analysis

6

Fallout

7

Conclusion

VISION

- Long-term commitment to innovation
- Create lasting relationships beyond transactions
- Aiming to have the best caring pet platform across the world

MISSION

- To serve pet parents and partners with trust and convenience
- Providing broad, high quality products and services
- Build personal connections to sustain long-term loyalty



STRATEGY

- Strategic fulfillment centers for operational efficiency
- Customer Experience: 24/7 support, autoship subscriptions for recurring convenience, and a wide assortment of pet products
- Expand offerings with strategic partnerships

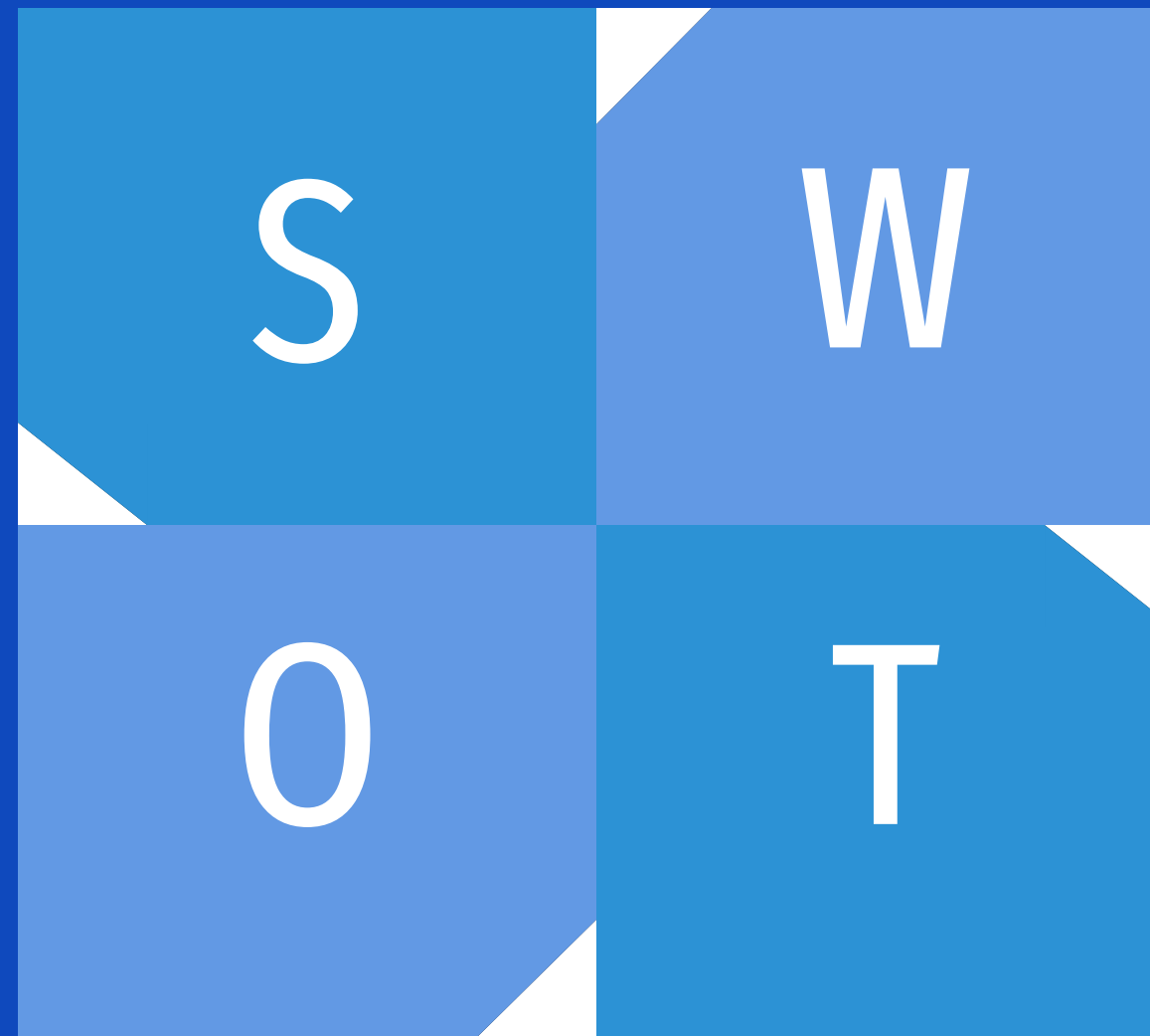
CHEWY'S ANALYSIS: SWOT

STRENGTHS

- Customer Experience

OPPORTUNITIES

- Mobile Grooming Services



WEAKNESSES

- Outdated Technology Infrastructure

THREATS

- Intense Competition

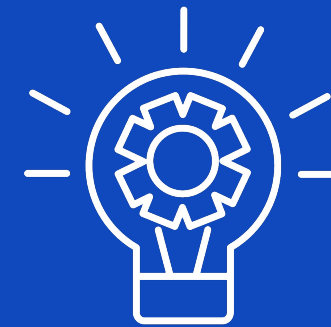


INTERNAL ANALYSIS: VRIO



CORE COMPETENCIES

- Customer Experience and Personalization
- Logistics



VRIO CHECK

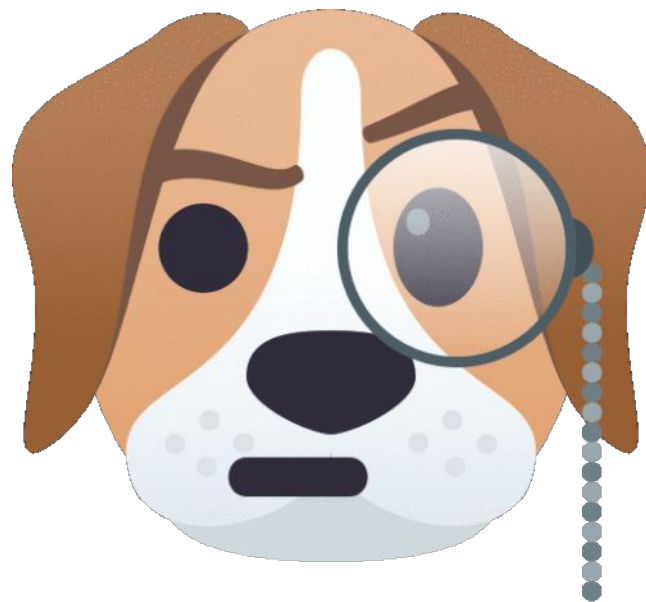
- Both core competencies are Valuable, Rare, Costly to Imitate and Organize to Capture Value.

EXTERNAL ANALYSIS

PESTEL

Sociocultural:

Pet Humanization increases
spending among pet owners



PORTER'S FIVE

Competitive Rivalry:

HIGH

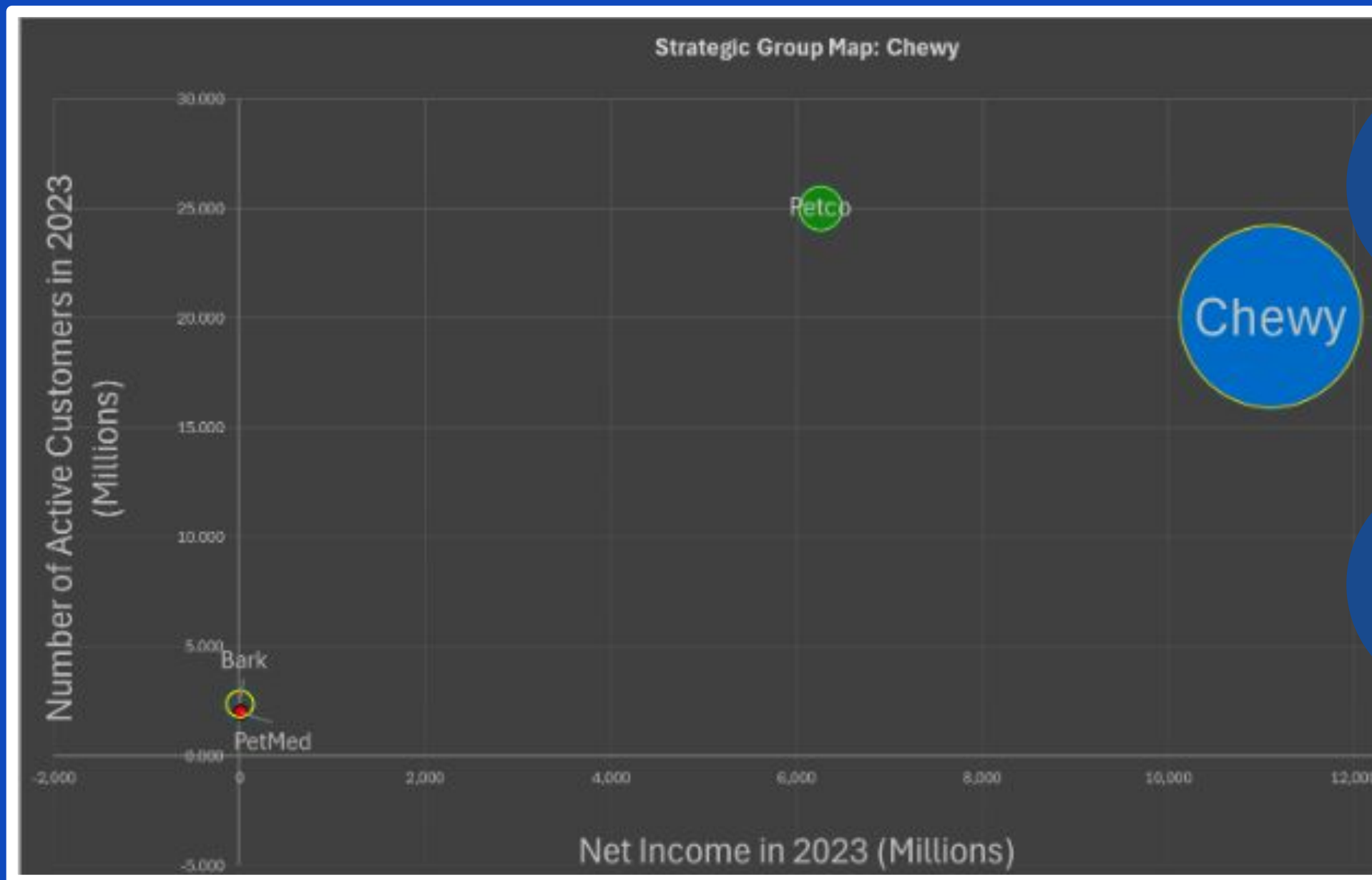
Threat of Substitutes:

HIGH

Bargaining Power of Suppliers:

HIGH

STRATEGIC GROUP MAP



#

X - Net Income in 2024 (by millions)

Y - Number of Active Customers in 2024 (by millions)

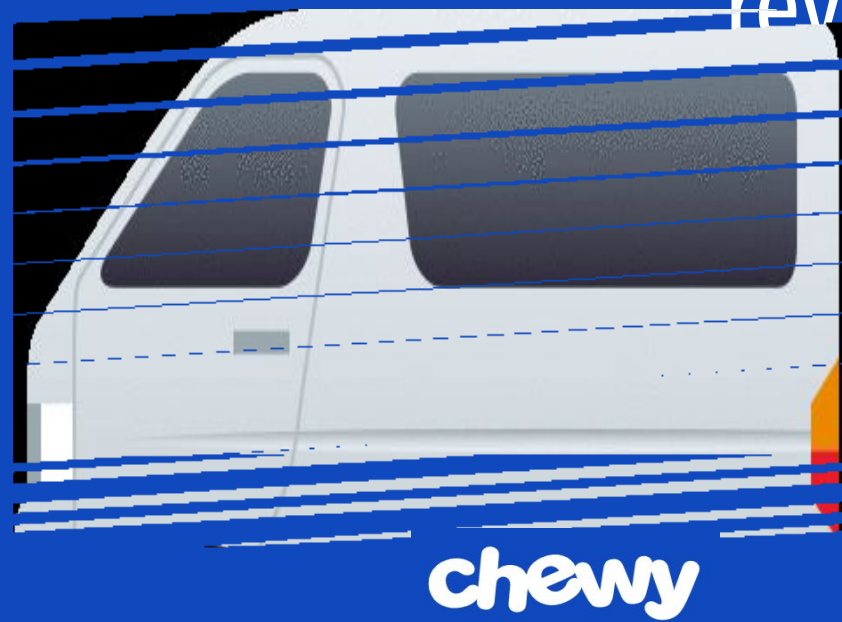
Z - Market Cap

=

- Chewy dominates in Net Income (\$11 billion) and Market Cap (\$14 billion)
- Chewy's dominance in market cap surpasses all competitors combined.
- Highlights its superior financial strength and investor confidence.

STRATEGIC RECOMMENDATION

Launch a mobile pet grooming service to enhance convenience, loyalty, and revenue.



MANUFACTURER: WAG'N TAILS



Wag'n Tails

WHO

- **Industry leader in mobile grooming vans.**
 - Known for reliability, innovation, and groomer-friendly features.
- **Key Features:**
 - Smart Table
 - Two-Motor High Velocity Dryer
 - Central Vacuum System
 - 50-gallon fresh & gray water tanks for self-sufficiency
 - Eco-friendly additions

WHY

- **Operational Efficiency:** Faster customer turnover
- **Scalability:** Practical design made for growth
- **Customer Retention:** Premium grooming tools and service leads to customer loyalty
- **Cost Savings:** Reduces energy costs
 - Solar Panels
 - Battery (instead of generator)

STRATEGIC RECOMMENDATIONS

Product/Logistics

- 100 vans: 70% premium vans and 30% basic vans
- 170 main groomers and 100 groomer assistants
- Grooming Packages for only dogs and cats

Price

- Dog Services:
 - Bath & Brush: \$35–\$90
 - Mini Groom: \$50–\$125
 - Full Groom: \$80–\$165
- Cat Services:
 - Touch Up: \$35
 - Bath, Brush & Trim: \$75–\$110
 - Nail Trim: \$20



Place

- Initial Markets: Florida and California
- Test Mix: Urban (Los Angeles, San Diego, Miami) and Low Density Areas (Fresno, Lakeland)
- Evaluate retention and revenue across varied demographics

Promotion

- Multi-channel campaign leveraging Chewy's existing tools:
 - Paid Ads: digital, direct mail, social media.
 - Unpaid Ads: SEO, email marketing.
- Targeted push notifications by region.

STRATEGIC RECOMMENDATIONS

Dogs			Cats		
Bath & Brush			Bath, Brush, & Trim		
Type of Dog	Time(min.)	Price	Type of Cat	Time(min.)	Price
Small	45	\$35	Short Hair	45	\$75
Medium	90	\$65	Long Hair	60	\$110
Large	120	\$90			
Mini Groom			Touch-Up Package		
Type of Dog	Time(min.)	Price		Time(min.)	Price
Small	60	\$50		35	\$60
Medium	120	\$90			
Large	180	\$125			
Full Grooming Service			Nail Trim		
Type of Dog	Time(min.)	Price		Time(min.)	Price
Small	90	\$80		5	\$20
Medium	150	\$125			
Large	210	\$165			

Timeline

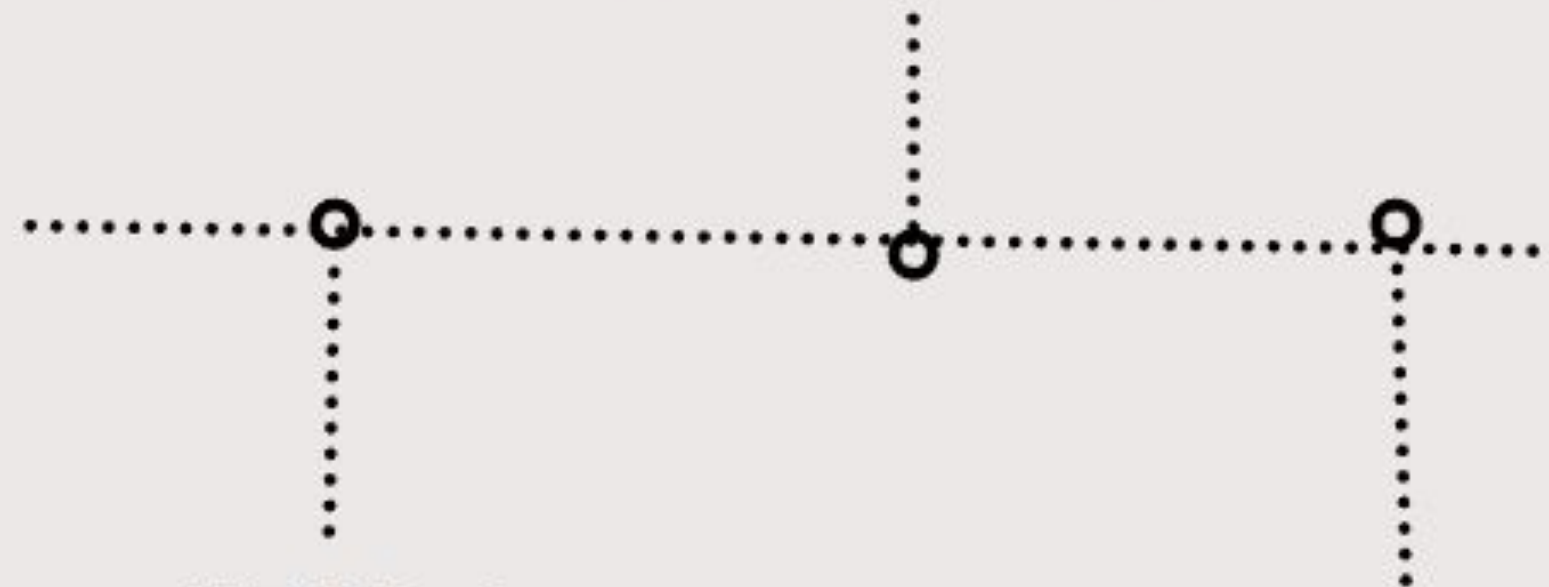
YEARS 2-4

Q1: Order 25 vans per year. Recruit and train staff.

Q2: Deploy vans in various test areas.

Q3: Enhance app functionality and optimize routing logistics.

Q4: Evaluate feedback.



YEAR 1

Q1: Finalize partnership and begin
25 van production.

Q2: Recruit and train staff.

Q3: Launch vans in test areas.

Q4: Evaluate feedback

YEAR 5

Q1-Q4: Monitor regional
performance and refine operations.

FINANCIAL ANALYSIS

One Mobile Grooming Van	Initial Cash					
	Outflow	Year 1	Year 2	Year 3	Year 4	Year 5
Van Price	\$ (131,628)					
Subtotal startup/finish	\$ (131,628)					
Yearly Sales		\$ 204,337	\$ 204,337	\$ 204,337	\$ 204,337	\$ 204,337
Variable Costs		\$ (40,500)	\$ (40,500)	\$ (40,500)	\$ (40,500)	\$ (40,500)
Salary Expense		\$ (73,840)	\$ (73,840)	\$ (73,840)	\$ (73,840)	\$ (73,840)
Marketing Expense		\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (20,000)
Depreciation		\$ (26,326)	\$ (26,326)	\$ (26,326)	\$ (26,326)	\$ (26,326)
Earnings before tax		\$ 43,671	\$ 43,671	\$ 43,671	\$ 43,671	\$ 43,671
Taxes		\$ (9,171)	\$ (9,171)	\$ (9,171)	\$ (9,171)	\$ (9,171)
Net income		\$ 34,500	\$ 34,500	\$ 34,500	\$ 34,500	\$ 34,500
Plus depreciation		\$ 26,326	\$ 26,326	\$ 26,326	\$ 26,326	\$ 26,326
Net Income		\$ 60,826	\$ 60,826	\$ 60,826	\$ 60,826	\$ 60,826
Total cash flows	\$ (131,628)	\$ 60,826	\$ 60,826	\$ 60,826	\$ 60,826	\$ 60,826
NPV	\$ 50,278.99 =NPV(B37,C22:G22)+B22					
IRR	36.4% =IRR(B22:L22)					

FINANCIAL ANALYSIS

Assumptions:

Van Yearly Income	\$ 204,337	Van	\$ 131,628
Variable Cost per Van (1 month)	\$3,375		
Groomer Salary	\$52,000	Depreciation	<u>\$ 26,326</u> Five year life, straight line (20%)
Assistant Salary	\$31,200		
# of Groomers	100		
# of Assistants	70		
Tax Rate	21%		
Inflation	0%		
WACC or hurdle rate	20%		

FINANCIAL ANALYSIS

Added Scenarios Team B	Base	+/-	New #	New IRR
Base case	36.4%			
15% Less Yearly Sales	\$204,337	-15.0%	\$173,686	12.1%
15% More Yearly Sales	\$204,337	15.0%	\$234,988	58.1%



FINANCIAL ANALYSIS

Given:

- 5 Year Timeline
- WACC: 20%

Highlight Reel

- NPV: \$50,278.99
- IRR: 36.4%
- Estimated Profit/Year: \$60,826
- Estimated Profit Margin: 29.7%

FALLOUT



Low Density Metropolitan Areas

Low-density metro areas may have limited demand or low brand recognition.

Mitigation: Approach the initiative in phases and launch in high-density metropolitan areas first to build awareness and assess demand before expanding.

Financial Returns

Test markets may underperform due to high customer acquisition costs or other factors.

Mitigation: Limit initial investment, closely monitor key financial metrics during the pilot phase, and adjust strategy based on local market insights.

A photograph of four dogs, likely Border Collies, sitting on a wooden deck. The image is overlaid with a blue gradient. The text 'CONCLUSION & Q&A' is written in white, bold, sans-serif font across the middle of the image.

CONCLUSION & Q&A



Mobile Grooming Services

WHAT: Strategic Expansion

HOW: Test Markets

WHY: Competitive Advantage

chewy

THANK YOU

