



PRESENTS

# **CORPORIDDLERZ 2021**

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## **ROUND 2**

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## About the Company

In the paint industry, Mystique Paints Bangladesh Ltd is a well-known brand name with a lengthy history. Being a major player in the specialty paints market, Mystique's superior quality products are made possible by advanced manufacturing units and strict quality controls that meet international standards.

Mystique Paints Bangladesh Ltd. has been in operation in the country for nearly fifty years. It has been more than two decades since the company consolidated its position and became the market leader in Bangladesh's paint industry. The key to this success has been the development of a strong brand positioning through the provision of a broad range of high-quality products for all segments of the paint industry. It is Mystique Paints' commitment to its customers to provide them with innovative products that are both safe for their health and friendly to the environment. Not only do they provide excellent product quality, but they also place emphasis on their services in order to be the most preferred brand in the industry, ensuring consumer satisfaction. These pledges serve as pillars for their ultimate goal of increasing their turnover by 100% every five years.

As a result of technological advancement, the Bangladesh paint market's product offerings are progressing from decorative paints toward specialized coatings and industrial paints in order to meet changing demand structures.

The paint market experienced comparatively low demand in the quarters where lockdown measures were implemented. As we are transitioning more towards the post-pandemic scenario, the market is a lot more unpredictable. Recently, there has been an increase in the price of paint raw materials. The situation has been exacerbated by supply chain disruptions caused by the shipping crisis all over the world. Paint companies may face unprecedented challenges as a result of these macroeconomic pressures.

Each of the critical areas is closely monitored by internal management, and Mystique takes all reasonable steps to mitigate them, including diversifying its product and market offerings, efficient sourcing of raw materials, application of cutting-edge technology, and investment in research and development to maintain a sustained competitive advantage.

## Strategic Considerations

Mystique has an array of products targeting the economy, value for money and premium segments. The profitability of premium grade products is a lot higher than that of economy grade products. The contribution of premium grade is around 13% of the total portfolio. Apart from increasing the top-line and cutting down on expenses, Mystique Paints can ensure the growth of net profit simply by upselling from the economy to the premium grade of paints.

The Interior Paint category in the portfolio of Mystique Paints Bangladesh Ltd. features products like Smart Clean Paints and Hygiene Paints. Mystique Paints Bangladesh, being the market leader, is always the first to introduce innovative solutions to cater to the needs of its current and potential customer base depending on the present circumstances. One of the prime examples would be the "Hygiene Paint" it introduced to the market during the pandemic-stricken situation. The "Smart Clean Paint," on the other hand, occupies a sweet spot amongst the economy and the value for money segments. It is already a trusted product line and has a long-standing good reputation in the market.

In Bangladesh, consumers in emerging markets are confronted with a marketing environment that is every bit as complex and as evolving as the ones in developed countries; thanks to the growth of the economy. Product options and communication channels are exploding, as is the potential of digital platforms, and consumer empowerment is on the rise.

This influences consumer behavior, which has changed dramatically as a result of the pandemic. Hygiene paint has the potential to be the next big thing, and Mystique is looking for a futuristic solution to tackle the shift in consumer preference.

## Hygiene Paints

Hygiene Paint comes with features like the smoothest finishing, antibacterial and antiviral coating, and is extremely cleanable. It is a product designed for the premium segment and retails at BDT 720/Ltr.

Hygiene products may be perceived by consumers as a luxury product for those with middle income thresholds. Hygiene paints, which are already a premium product, have higher margins but a smaller customer base, making the subject of how to grow consumer trust a challenging one.



Furthermore, the fear factors related to the pandemic have started subsiding. And, as the world seems to pick up pace after the temporary halt, it is getting increasingly difficult for Mystique to position and sell their new high-end product. However, hygiene should not be viewed as an optional practice, but rather as a new standard of care.

The R&D team stated, "With our novel technology, we are capable of significantly improving the defense against virus transmission over painted surfaces while also inhibiting the growth of bacteria on them, thereby allowing us to keep painted indoor surfaces less contaminated by pathogens without the need for additional disinfectant applications."

This statement, as well as the combined efforts of sales staff, influenced the rational behavior of buyers who were not concerned with price to explore this product. Their reviews and overall satisfaction levels were outstanding.

## Smart Clean Paints

Smart Clean Paints are marketed with features such as "cleanable and smooth finish coating." They are aimed at different segments of customers, with some variances in features and in pricing. The "Moderately cleanable" **Basic clean paint** for the economy segment costs BDT 235/Ltr. At BDT 320/Ltr, the Value for Money segment sells "Moderately cleanable and smooth finishing" **Super Clean Paint**. And for the premium segment, **Ultra Spotless Paint** with "Extremely cleanable and smooth finish" features retails at BDT 395/Ltr.

Premium products have a longer lifespan than economy and value for money products pertaining to its superior quality. While all the smart clean paints are washable wall paint that helps maintain the appearance of interior walls despite daily spills, stains, and scuffs, regular maintenance is tedious for consumers.

In the case of the smart clean paints, Mystique already has an established consumer base and strong loyalty. With such a strong market position and good reputation, Mystique could build more equity around it. In order to maximise profitability, upselling from the economy and value for money segment and shifting customers to the premium segment of Smart Clean Paints is essential. Clean paint provides a tertiary degree of mechanical property, preventing hairline cracks, and contributing to good waterproofing. Hence, it is also a common choice for industrial and commercial sites, where Smart Clean Paints give a lavish look within budget.

Relaunching what is already performing well in the market may come at unprecedented costs. There is always a risk of losing customers when an established brand brings forward a new proposition.

## The Task at Hand

Mystique can only choose to pursue **one big project** in the upcoming year. And, their ultimate goal with this project would be to maintain a sustainable cost volume profit ratio, while improving sales within acceptable parameters and optimizing returns. The given budget constraint is **BDT 10 Crore**.

Evaluate the possible alternatives and choose a way forward to relaunch either of the two premium products. Design the action plan with proper justifications. Funnel the customers of either product in the portfolio in a systematic manner with a comprehensive strategic plan to boost sales.