Strategies to 2X Revenue in 2020 at Playshifu

Product Recommendations and improvements across customer lifecycle

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Introduction

The following document concludes my research on Playshifu as a business and recommends strategies (small and large) to increase the revenue at Playshifu by 2X in the FY 2020-21. The following document is broken down into 4 major sections : -

1) **Understanding Playshifu as a Business** - Detailed breakdown of Playshifu as a business using a Business Model Canvas (BMC). Understanding the problems statements, mission, and products that the company revolves around.
2) **Strategies to grow business at Playshifu** -This section includes both smaller improvements across the customer journey that altogether can boost growth significantly. The section also includes larger product ideas/strategic shifts that can build predictability and defensibility in the business.
3) **Prioritising ideas** - Looking at the pros and cons of the larger strategic shifts.
4) **Wireframes** - Mockups to support the selected idea.

Understanding the business

The Global toys market is pegged to be at $140 billion by 2025. The science, technology, engineering and mathematics (STEM) toys market size will grow by over USD 914.37 million during 2019-2023 with 5% CAGR. Playshifu is among the forerunners for gaining a large share of this market with its innovative lineup of phygital and AR focused toys.

Problem

Increased accessibility to electronics devices -> increased screen time among children -> children missing out on key aspects of physical, psychological, neurological and emotional development.

Mission

Create screen time for kids that's productive, educative yet entertaining. Promote STEM education by bringing the best of both worlds - physical and digital (Phygital), to kids in the form of playful experiences and products.

Value Proposition

- For Children - Improvement in motor skills, awareness, reasoning, EQ, IQ, critical thinking and artistic skills.
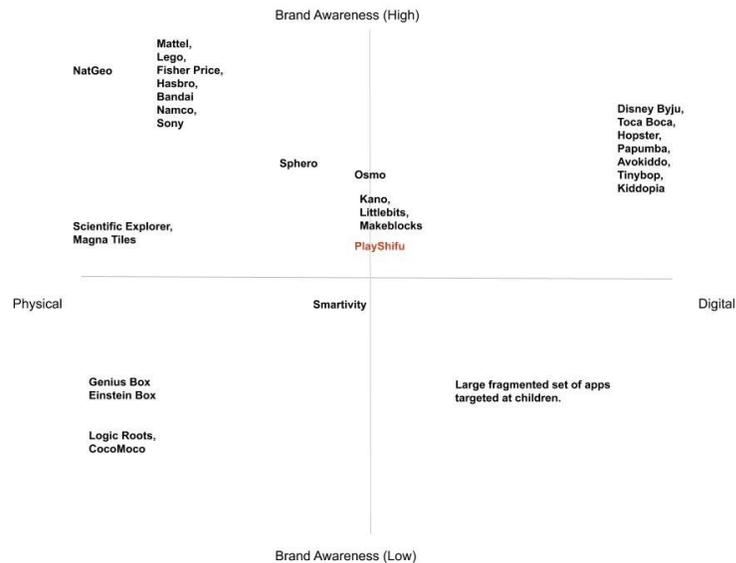
- For Parents - Positive screen-time, engaged child, hassle free setup

Customer Segments

End Users - Children (Ages 4-10) ; Buyers - Parents and Schools (B2B)

Competitive Landscape

The market is largely fragmented and consists of sets of fragmented players. In the STEM toys category, one can track competition across the entire physical to the digital landscape.

Brand Awareness (High)

NatGeo

Mattel,
Lego,
Fisher Price,
Hasbro,
Bandai
Namco,
Sony

Disney Byju,
Toca Boca,
Hopster,
Papumba,
Avokiddo,
Tinybop,
Kiddopia

Sphero

Osmo

Kano,
Littlebits,
Makeblocks

Scientific Explorer,
Magna Tiles

PlayShifu

Physical   Smartivity   Digital

Genius Box
Einstein Box

Large fragmented set of apps
targeted at children.

Logic Roots,
CocoMoco

Brand Awareness (Low)

Closest competitors

Omni, Smartivity, Tori

USP

- Focus on AR (few competitors in the domain like Smartivity. Furthermore, easy to replicate)
- Phygital toys incorporating the best of both worlds, i.e. - Playing with hands courtesy physical parts (tactile hands-on learning) and scale, adaptiveness and intelligence courtesy the digital aspect

Customer Relationships

The brand needs to establish a relationship with parents based on trust. The trust in the brand name will allow parents to buy more than once from Playshifu.

Key Partners

Manufacturers & Packers, Sales Partners, Credibility Partners

Key Resources

I.P, Brand Name, Partners, Capital warchest , Stakeholders, Software Providers, Team

Channels

Retail - Hamleys & Other Toy Stores

Online - Amazon + Website

Indirect Channels - Social, PR, Influencer Tie-ups

Key Activities

 Continuous investment in R&D (New Product Dev)

- Increasing distribution channels

- Maintaining manufacturing quality. Tight control over the entire production to sales life cycle.

- Collab with external partners for UX testing, game ideas.

- Maintaining team motivation and aligning people.

Cost Structure

Opex - Rent & Utilities, Salaries, Marketing (Expos, Paid Campaigns)

Capex - Manufacturing setups, Hardware

Revenue Streams

Sale of products ranging from $5-$59. The new set of Shifu Plugo toys opens up opportunities for increasing the ticket size per transaction through a base model + upgrades/add-ons approach. Sales to schools (pricing and model not clear).
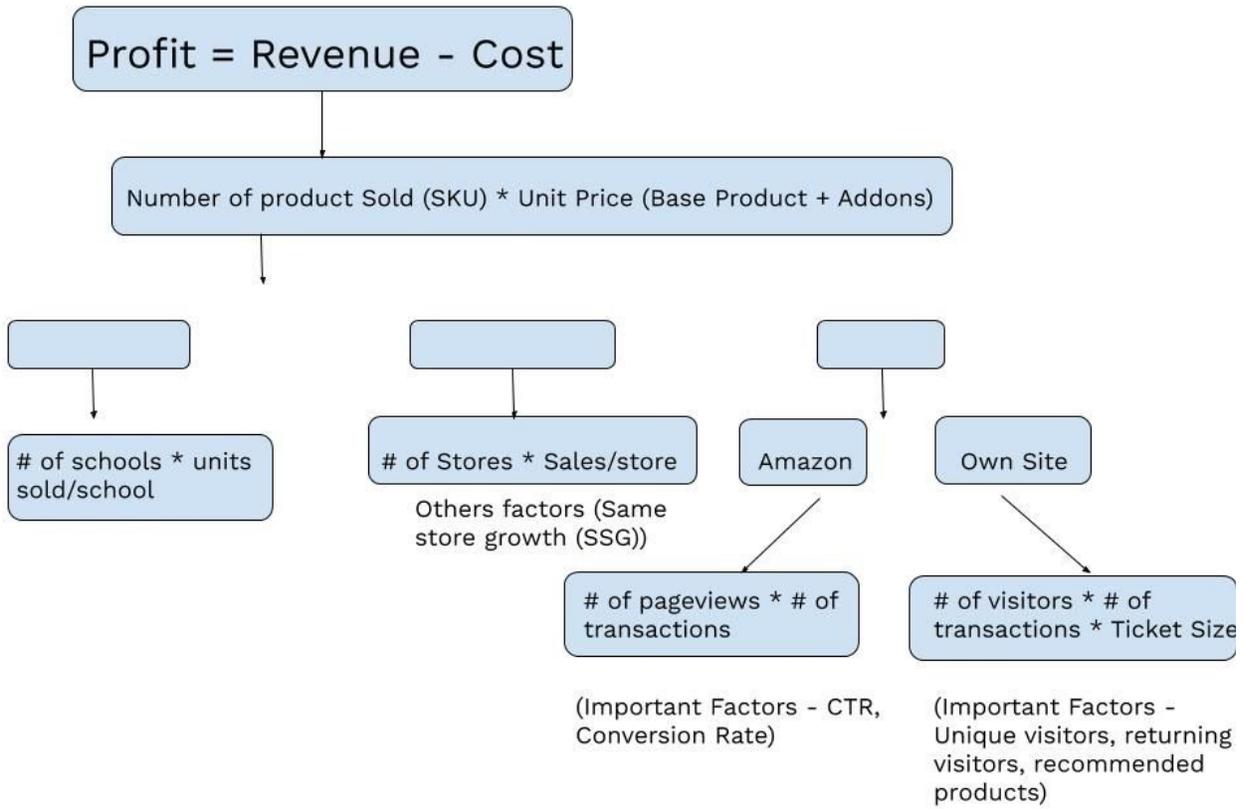
Impact

- 300K users worldwide.
- D30 -> 46%
- Increasing penetration in Tier 2 & 3 cities
- 600 Schools worldwide
- Retail expansion across countries
- Multi-awarded

Strategies to grow revenue at Playshifu

From innovations in the business model (Platform, Subscriptions) to new product lines to exploring I.P partnerships, the following section breaks down the business equation for Shifu, explores incremental changes across the customer lifecycles and suggests larger product strategies and shifts, The combination of all these can help Shifu achieve 2X revenues over a single FY.

Before recommending growth ideas, we need to look at how Playshifu makes money. The various factors that drive revenue at Playshifu have been summarised below : -

Profit = Revenue - Cost

Number of product Sold (SKU) * Unit Price (Base Product + Addons)

# of schools * units sold/school

# of Stores * Sales/store

Others factors (Same store growth (SSG))

Amazon

Own Site

# of pageviews * # of transactions

(Important Factors - CTR, Conversion Rate)

# of visitors * # of transactions * Ticket Size

(Important Factors - Unique visitors, returning visitors, recommended products)

Improvements Across Customer Lifecycle

The following section looks at the customer journey and recommends small wins at different stages that Playshifu can achieve through small efforts. The collective impact of these smaller changes can be large in terms of company's revenue.

Awareness

Increased focus on influencer tie-ups and PR. Free content distribution (Ex - 1 AR Card) or Tie-ups (Ex - Part of McD's Happy Meal)

Acquisition

SEO needs improvement. (Ex - 'STEM toys India' ranks competitors like Smartivity very high while Shifu isn't found anywhere. Retargeting - Haven't seen any ads despite having visited the site multiple times. Affiliate tie-ups.

Activation

A lot of components have to work together for these products to work, can be intimidating. Convert the first time setup experience into a mini game, support with video at each step. (P.S - While the products have been experienced personally, haven't seen the setup in person yet, these things might already be there).

Retention

Gamify usage with visual cues. Brain profile of child -> A cartoonish pictorial representation of the brain that gets colored up based on the usage of products. (Refer Appendix)

Revenue

Subscription, New Product Line-ups or **I.P partnerships for existing products (Ex - Disney branded Tacto toy)**, More Geographies, Distribution on more e-commerce channels.

Referral

Reward referrals -> Introduce this at the transaction completion stage or product activation stage -> Rewards (Credits for purchase on Shifu online store. Digital goods - > themes, content packs available exclusively on referrals.)

Key Growth Ideas/Strategic Shifts - Products

DLCs and Add-ons

Shifu is already working on a base model + addons approach. The add ons allow *new* types of gameplays. This increases the LTV per customer. Instead of only depending on additional hardware, Shifu can do DLCs for its games as well unlocking *more* content for existing games. Digital products, better margins + DLCs are standard across the gaming industry.

Subscriptions (Vertical)

The online music learning market is pegged to be at 143.3 mil by 2025. India is projected to grow with the fastest CAGR in the global online music learning market. Subscriptions are the preferred mode of transactions for modern businesses - better relations, better LTV, better for customers. Plugo's music toy (Plugo tunes) is an existing product that acts as the foundation for early music learning. With additional content and other value adds, this can be a subscription based music learning product. Increased LTV, digital product, more scale. Builds on an existing product. Same can be replicated for products like Maths games (Plugo Count).

New Use-cases

Targeting a use case (fitness, art) vs game mechanic (slingshot, driving). Same base + addon product approach can be taken to other fields as well. Possible to do an IR controller based fitness product merging play with fitness. (Think Nintendo Ringfit, Wii fitness games)

Digital AR Only Product

STEM learning app built completely around AR. AR is the next big thing in personal computing. With new AR headsets planned + focus of Apple and Google on AR, it's pegged to go huge. AR provides scope for learning by doing, ex - performing complete experiments in AR instead of reading about them. Subscription products built around such experiences can work.

Platform

Most ambitious of all, possibility of being the next Nintendo? Open up the platform (platform here refers to Tacto and Plugo product lines) for other developers to make games around its hardware. More choices for consumers + game dev is democratized allowing never seen before experiences. 30% cut on all transactions. Reduces dependency on new hardware production and increases the perceived value of hardware. Increased LTV through digital (console makers sometimes even don't make money on hardware).

Evaluating Product Ideas

Post looking at the larger ideas, the following section summarises the pros and cons of these various ideas and recommends the most feasible strategy that can make a large impact on revenue.

Product	Pro	Con
DlCs and Add-ons	Builds on existing customer base. Increases the LTV/customer.	Hard to do meaningful DLCs at scale. The company is already doing a brilliant job with addon hardware.
Subscriptions (Vertical)	Increases LTV per customer. Makes the product better over time. More predictability into biz compared to hardware sales.	Parent's sentiment around a subscription product has to be tested. The existing product would need a bit of rework (ex - longer keyboard set)

New Use-cases	Unlocks completely new markets while building on the brand name.	High investment. Long dev cycle. Competitive products exist.
Digital AR Only Products	Possible to receive a lot of organic push from Apple & Google (Store features), can be rewarding once adoption picks up.	Can't double the revenue within a year, early reception of similar products (biz wise) is lukewarm, adoption has to increase first. + Not phygital.
Platform	Builds defensibility. Platform means new experiences can be delivered at scale. Takes the company to an altogether different level (Platform instead of a toy company)	Ambitious. Needs time for SDK development (Ex - Shifu Kit) + bringing game devs on board + game development by these new game devs.

Final - Subscriptions

Why? - Builds on an existing product. Less time to build new content. The vertical, if done well, can be larger than collective sales of other products (Largest impact with less effort. Better for customers, incremental value over time)

Key Stats Supporting this argument

1) $143.3 mil market by 2025
2) India expected to drive this market. Highest CAGR.
3) Largest piano learning apps make $1-4 million every month in app store subscriptions alone. Ex - Simplypiano, Piano by Smule, Flowkey (Source - Sensortower)

Wireframes

Prototypes depicting the vision. Tapping a $100 mil+ industry with a subscription product.

A mock prototype for the recommended idea.

Summary

Playshifu has been able to create a name for itself in the multibillion dollars stem toys market. It also stands as one of the rarer companies in india to have achieved product market fit in the ar/vr domain. Depending on the organisation's ambitions, the company has the potential to multiply its revenue every year. In this document, I looked at Shifu's business and recommended small hacks + strategic shifts that the company can make to double its revenue. Most of the strategies suggested revolve around the current line of products that have the potential to incrementally raise the life time value of a customer through cross selling and value addition.

Appendix

APPENDIX
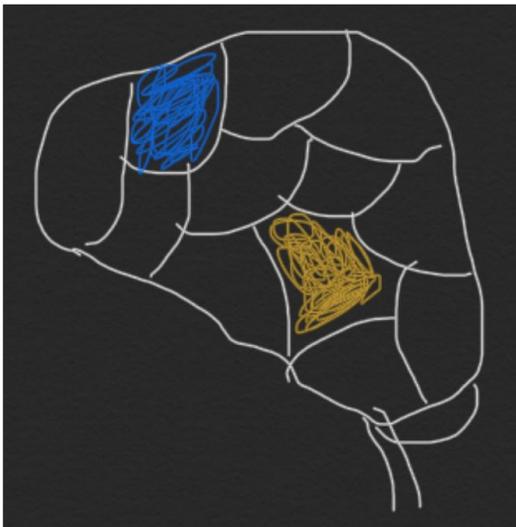
Radha's brain profile!

SKILLS DEVELOPED

Motor Skills   **Art Skils**

PRODUCTS

Plugo Link   **Plugo Tunes**

Sample representation of a child's profile managed by parents. The profile unifies different products. At the beginning, you have an empty brain and they start to color up based on the parts developed as part of playing with the Toys. The empty parts gently push parents to buy more products in the Shifu ecosystem and promotes longer retention of the user.