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BIMBY: THE GAME CHANGING INNOVATIVE TECHNOLOGY

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ABSTRACT

Title: Bimby, the game changing innovative technology – The Portuguese case

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How was a product like “Bimby” able to penetrate an unexplored market and maintain its leadership for more than 16 years while facing fierce competition, with cheaper and good quality products?

How did Bimby adapt and prevail through the digitalization of the industry, maintaining itself faithful to their business model and values?

Is the urge for constant innovation a serious issue to be considered in the product business model?

Will the years to come prove difficult for the company with the rising appearance of similar and highly competitive products?

This thesis hereby presented in a case study form, intends to focus on the international product, Bimby and its strategic path throughout the years. In a form of an educational tool, this thesis study allows students to apply theoretical concepts and strategic frameworks developed in class to real business situations.

The case study intends to explain how Vorwerk, the company which sells Bimby, with a unique product and business model, can maintain itself as market leadership in a very competitive industry where imitation is a constant concern. Moreover, it is crucial to understand how Bimby’s business model enables them to maintain their competitive advantage and continually boost sales and their network of clients, focusing their business to customer satisfaction and personalization, developing a strong connection with all their clients, and revealing a different approach when compared with other players in the industry. In this case, our focus will be on Portugal’s operation and its direct competitors.

Keywords: Strategic fit; Competitive Advantage; Business Model; Core Competencies; Vertical Integration.

RESUMO

Título: Bimby, a tecnologia inovadora, que revolucionou a indústria – O caso Português

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Como é que um produto como a Bimby consegue penetrar um Mercado ainda por explorar e manter uma liderança durante mais de 16 anos, enfrentado uma feroz concorrência, muitas das vezes oferecendo um produto mais barato.

Como é que a Bimby foi capaz de adaptar o seu modelo de negócios e prevalecer como líder, enfrentado a digitalização da indústria, ainda assim, mantendo-se fiel aos seus princípios e modelo de negócio?

Irão os próximos anos provar ser difíceis para a empresa com a aparição de produtos similares e bastante competitivos?

Este caso de estudo, procura focar no produto internacional conhecido como Bimby e o seu percurso estratégico ao longo dos anos. Servindo como uma ferramenta para a educação, esta dissertação permite aos alunos, aplicar conceitos teóricos e estruturas estratégicas desenvolvidas em aula e aplica-las a situações de negócio reais.

Este caso de estudo procura explicar como é que esta empresa, com este produto e modelo de negocio específicos, conseguiu manter a sua liderança no mercado numa industria muito competitiva, onde a imitação do seu produto verifica ser um problema constante. Perceber ainda como é que o seu modelo de negócio único permitiu e ainda permite manter uma vantagem competitiva e continuamente impulsionar as vendas e a sua rede de clientes, focando o negócio na satisfação e personalização máxima dos seus clientes, e revelando uma abordagem diferente, quando comparado com a sua concorrência.

Neste caso de estudo iremos focar o mercado Português e os seus concorrentes mais diretos.

Palavras chave: Ajuste estratégico; Vantagem Competitiva; Modelo de Negócio; Competências Essenciais; Integração Vertical.

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“Challenges are what make life interesting and overcoming them is what makes life meaningful” – Joshua J. Marine

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I-CASE STUDY

INTRODUCTION

Vorwerk is a German family owned company founded in 1883 by Carl Vorwerk. Vorwerk is present in the Portuguese market since the year 2000 with their cleaning system “Kobold”, a high-end vacuum cleaner created in 1929.

Since its creation, Vorwerk has been committed in striving for exceptional quality but at the same time they do their best to guarantee that not one bit of the aspiration is lost along the way from their labs into their customers living rooms.

In the year of 2000, aligned with the ability to anticipate future disruptive changes in the world, with the use of technology and a peculiar business model, Vorwerk was in the track of achieving great success with the introduction of the first Bimby (Thermomix) in Portugal.

Bimby would revolutionize the patterns in Portuguese consumers habits and changing the game in the industry. This product replaced all small kitchen home appliances, such as the hand blender, the cake and pasta mixer, the grater, the shredder, the scale, and many others, and gathered them all creating just one product with a pioneering and unique design. This way, Vorwerk was able to create a highly convenient product for families.

Aligned with the ambition of becoming a driving force of change, Bimby owns the market since its launch and has not left the driver seat since then. As pioneers in this market segment, they acquired a solid customer base and one of the most difficult products to compete with.

COMPANY OVERVIEW

Barmer Teppichfabrik Vorwerk & Co was founded by the brothers Carl and Adolf Vorwerk in 1883 in Germany, and it was decided that Carl Vorwerk would run the company. The firm initially manufactured high-quality carpets and upholstery fabrics, and also the looms used to make them – first under an English patent, and then under an improved proprietary patent.

In the 1920s, gramophone sales dropped precipitously. This dire situation gave rise to the birth of the “Vorwerk Kobold” in 1929: chief engineer Engelbert Gorissen developed out a gramophone motor a high-performance electric upright vacuum cleaner. In 1930, a patent was granted for the Kobold “Model 30”. At first, sales of what was at the time a completely unknown appliance in Germany were very poor, despite the relatively modest price of 20 Reichsmarks. Only when direct sales were launched in 1930 – the brainchild of Werner Mittelsten Scheid (1904-1953), a son of the company founder – did the product meet with success. By 1935, 100,000 “Kobolds” had been sold, by 1937 half a million and by 1953 one million. Even before the Second World War, in 1938, the first foreign sales organization was established: Vorwerk Folletto in Italy.

The grandchild of the founder, Carl Vorwerk, recently arrived in Germany coming from the US. He suggested to its grandfather the “Direct Sales approach”, which he had learned about back in the US. Initially, this approach came as a shock to him, since it was a game changing in the industry, but rapidly he captured its essence which **“offered solutions to improve the family’s life quality through the best method – The personalized relation.”**

Using this approach, they were able to enter in all countries applying this same strategy which, when well implemented, had a unique beauty related to the trust relation established with the customer.

Vorwerk has many business areas, adapting their strategies to different industries. Improvement in diversity in their global corporate group is one of their principal missions. The Vorwerk Group’s highly diverse portfolio of products and services includes premium household appliances, carpets and cosmetics, as well as leasing and financing services. At Vorwerk, research, development and sales, all take place inside the company, so that “*Made by Vorwerk*” is recognized as a seal of quality and guarantee.

Currently present in over 70 countries, Vorwerk recorded a total revenue value of 3,1 €billion (see exhibit 3). Their business segments are also very wide and adapted to each country and different culture (refer to figure 4). It is also relevant to highlight the major importance of the thermomix product (Bimby) which totals over €1.2 billion in sales, proving its importance in the core business of the company.

Besides being a family owned business, Vorwerk has more than 649,000 people working for them around the world, of whom around 637 000 of them as independent sales partners and 12 000 as contract employees.

In 2005, it was celebrated the 75th anniversary of the Direct Sales Approach. The biggest advantage of this personalized concept is the ability to transform their customers into “ambassadors” of the company, which would last much longer than the closure of the sale itself. This relationship development allows its customers to have a better solution for their problems and needs since they have, at all time, all available resources to solve them and to have their doubts taken care, 24 hours a day, 7 days a week.

MISSION, VISION AND VALUES

Vorwerk superior products and services elevate the quality of life everywhere you call home.

The company creates passionate, loyal customers by simplifying homes with high-quality, long-lasting solutions. Their services come with the human touch, from the way they develop them and sell them, to the way they are used. Their unique direct selling capabilities empower people across the globe, elevating lives for the better. As a trusted family business, they are committed to act in a socially and environmentally responsible way. Striving to achieve economic success as a mean to ensure family ownership of Vorwerk for many generations to come.

Their values summarize in the huge responsibility of the simplicity which sums up their universal company slogan: “Our best to your family”.

BIMBY’S POSITION IN THE INDUSTRY

Bimby is known for its unique business model and its differentiation from their typical competition where their investment relies on the training and coaching of their employees. It promotes its values and mission by building a vast and well oriented network, implementing the sense of family and adapted to the individual characteristic of each person.

Their vast sales network, who perform a personalized demo to potential customers, allows them to highlight all Bimby’s features, transforming a client into a “friend” fully clarified and satisfied which, in turn, will indicate among its friends, potential new customers.

This demo tries to reach everyone’s needs, while leaving a complete meal, enabling the client to verify its quality, variety, fastness, versatility, safety and overall profitability which will ultimately bring the fine and just equilibrium between Bimby and its price.

Publicity is predominately done by Vorwerk customers and through word-of-mouth. This grants the company the ability to channel their major investment into their independent sales partner training and coaching as an attempt to favor an ethical approach, extremely educated and without pressures. Bimby must be sold to customers who will use it, the same ones who will advertise the product. Their advisors are oriented to have deep and extensive conscience of it.

They have also invested in cooking classes for their clients, in their many company branches, with fully equipped kitchens for that purpose. Vorwerk is constantly concerned in strengthening the relationship with their clients, investing in surpassing the relationship they had with the agent who visited them, assuring their clients see the “face” of their Bimby supplier. It is important they see who is behind the advisor they met, visiting and becoming familiarized with the company’s structure and services, continue the personalized service they primarily offered after the sale.

Their cooking classes help to fill any doubt which remained in the client’s mind related to the product and the company. It’s an “open house day”, without secrets nor mysteries. It also validates all the feedback provided by their agent before, strengthening the relationship of confidence, initiated in the demonstration and delivery days.

INDUSTRY OVERVIEW AND COMPETITION

Here, we will focus on the thermomix product itself (Bimby) and our analysis will be focused more in the Portuguese market. It was in 1970 that the idea of designing a device that could both mix and cook came to the market. Soon after, in 1971, the “original Thermomix” VM 2000 came out. Vorwerk has been continuously developing new models with improved performance and new features ever since – the latest of these being today’s Thermomix TM5.

“The Thermomix is one of the most significant kitchen appliances since the discovery of fire”.
- Diet Muller, 3-star-cook

Naturally, as all competitive and innovative products, Bimby faced competition for many years in all countries where it was present - Yammi, Moulinex, Ladymaxx, Philips, KitchenAid, Evolution Mix, Kenwood, MyCook, Bosch, Cookii, Cooksy, Thermocheff Natura, Mamy Gourmet, Monsieur Cuisine and Chef Express are scattered all over the world. Regarding the Portuguese market, their main two competitors, **Yämmi** and **Moulinex** have recently invested a lot in trying to challenge Bimby’s strong leadership.

However, the industry also felt the presence of many rising products in 2015, as the Ladymaxx Gourmet from Aldi or Chef Express from Pingo Doce (refer to figure 1).

Yämmi, being the main competitor in Portugal, has a good performance rate, durability and after sales service. However, it has a major disadvantage, the exclusion of essential equipment, as the scale, which obligates the user to change their blade each time they want to cut or blend.

Their unique perceived advantage regarding Bimby is the price they practice. Yammi's current price is significantly lower than Bimby's one – €349 and €1224 respectively. For these reasons, Yammi is considered a very competitive product. However, it is sold in supermarkets and out of a shelf, while Bimby uses a direct sales force, and a strong after sales service and follow-up.

Moulinex has as upside the highest capacity of its cup, (about 50% higher than other brands), versatile programs, and also a good after sales service also. However, once again, it does not include a scale and has the price of €899. Once more, with a different sales technique, Moulinex does not have a direct sales approach.

Both, Yammi and Moulinex, invest in social media as a mean of promoting the product and gain brand awareness. However, Bimby is still the market leader even with a low investment in publicity and promotion. The current market share of these products is in first place Vorwerk Thermomix, in second, Continente Yammi 2, and finally in third, Moulinex.

Regarding the case of Chef Express from Pingo Doce, it was a partnership developed between two Portuguese companies, Jerónimo Martins and Flama. Pingo Doce is part of the Jerónimo Martins group, and one of the biggest retailers in Portugal. Their initial objective was to compete directly with Bimby and to *“be a relevant player in this market, and if possible, to lead in it, acquiring at least 50% of the market”*. (Luís Araujo – former CEO of Pingo Doce, 2012-2016). Their very competitive price of only €399 was one of the favorable arguments of their product. Chef Express launch was announced in 2013 but only sold in supermarkets in 2015, since their goal was to focus in the innovation and development of a differentiated product. Once their product was only released in 2015, they still don't represent a real threat, since their presence in the market is not much yet. However, the future prospections are to increase market share and compete directly with the market leader, Bimby.

These products launch from competition were supported by advertising campaigns and discount cards offered by Continente, when launching Yammi, which led to a 22.000 unites sale of their product, in 2013. Their sales numbers were amazing since its initial phase, leading them to believe they could also reach market leadership in the years to come. In the same year, 37.100 Bimby's unites were sold (see exhibit 5).

For many families, the purchase of a Bimby represents a huge investment, mainly for new families who do not have enough financial flexibility to invest over €1 000 in a cooking robot.

Since the functions offered by Bimby's can be found at a much lower price in one of its competitors, future competitors see this as a major opportunity to enter in the market.

Even though Bimby's competitors offer a lower price for its products, they do not imitate Vorwerk's direct sales approach. In fact, what they do is huge investments in marketing in order to increase their brand awareness and gain. This aspect could also represent another way to gain market share from the market leader.

Bimby has been facing an increase in competition products as the years go by. Even though, they already have a vast and solid customer base, which gives Bimby the advantage of "Network externalities" and average switching costs, meaning that when people are used to a specific product they can struggle when a switching opportunity is presented (see exhibit 4).

INTERNAL COACHING PROCESS (NEWCOMERS TRAINING)

The internal coaching process is a crucial element in the company, since it represents the importance given to the direct sales approach and the priority regarding customization and personalization of their customers. This is the process all newcomers have to follow.

The process begins with a training regarding the company's (Vorwerk) history and data regarding their presence all over the world and unique qualities of their products. In order to have a better understanding of the product itself and of its particular characteristics, there are provided a world of services and product segmentation graphs explaining the general overview and highlighting its relevance (see figures 2 and 3).

Then, the seven steps of sale are explained and well structured. Starting with the perception of the product, discussing the market approach and analysis of needs, covering the demonstration steps and concluding with the closing and after-sales aspect (refer to exhibit 2). Here, the company explains, in detail, how to better close a sale and obtain the best possible outcome on it. These steps are all very important and must be continuously improved and trained, inside and outside the company.

The price announcement is another important feature to be taken into consideration. In this case, the advisors, Bimby's employees responsible for the selling process, are taught to tell their customers the price in the beginning of the demo, in order to gain the interest of its potential clients during the remaining time, convincing them of all its features and good qualities. This is a specific selling technique developed by the company and it will be better explained further ahead.

The advisors are also taught to explore and better suit all possibilities to their customers, leaving the choice and outcome of the demo to the clients, adapting each demo to each client.

Concluding the demonstration, the clients are given the opportunity to experience the product and work with it, validating all its strengths and qualities, previously highlighted by the company's advisor. This allows the potential customer to have a pre-test of the product without any commitment.

Ultimately, this is an important process and one that the company invests a lot, since it teaches the company's employees to provide the exclusive experience to their customers and explain

the value of the product they are selling. Therefore, they have to be well informed and prepared in order to fulfill all their client's needs.

BIMBY'S STRATEGY COURSE

Bimby's marketing strategy goes by, primarily, with the focus on the satisfaction of their customers. Their dream is to have a "Bimby in every Portuguese house". They believe a satisfied client is the most efficient way to build brand awareness for any product or company. Hence, the importance they invest on their own clients. The product is oriented to the day-to-day satisfaction need of cooking and to cook for their families, covering, this way, all market niches. There is no "typical" client. Bimby is for everyone.

Bimby has no consumer-type. It is so versatile, that it can adapt to all. It has clients in all age ranges and all social strata: Women and men over 75 years, to whom it already used to cost to be standing up for many hours, or that have forgotten their braised burning - Bimby programs the time and tells you when its ready. Divorced men who have never cooked – Bimby knows how to do it, and they just have to follow the recipe. Young mothers with no cooking experience, wanting to correctly feed their children – Bimby introduces healthy solutions design for that unique purpose. Newlywed with no experience or knowledges in the cooking field – Bimby teaches the most basic concepts. Kitchen enthusiastic, numerous families, singles worn-out of eating out, experienced gourmet and reputable chefs. At long last, the list would be endless.

DEMONSTRATION VS SALE RATIO

The demonstration vs sale ratio has been increasing as the product becomes more and more famous. Everything points out to a ratio of two demonstrations to reach one sale.

Direct sales of premium products is Vorwerk's core business. During a personal demonstration, customers come to recognize the exceptional quality of their products. Depending on the product group and local differences, Vorwerk practices different forms of direct selling. The benefits are clear: For customers, there's the opportunity to convince themselves of a product's quality and performance during a personal demonstration in their own home. It is also very focused on the saving that can be achieved by using Bimby to prepare a great amount of ready-made products available in supermarkets. The customers attention is directed to the money

saving of manufacturing many products like yogurts, seasonings or bread, allied to the health concern of no use of artificial products. For advisors, direct selling represents an attractive work and income opportunity that offers them maximum flexibility in a dynamic growth market. Overall, this approach has led to an 81% turnover generated by this direct sales approach.

Clients are their ambassadors, promoters, friends and advertisers. Their goal is to cherish them, keep them as unconditional users of their product. In order to do so, they have some courtesy gifts, which they use as a way of thanking, each time their clients provide a reference of a friend, neighbor, or even an acquaintance which by their intermediation acquires their product, leading to the enlargement of Bimby's customer base. In average, each client introduces them to three potential new ones.

SELLING TECHNIQUES

The selling process resides on building into the customer's mind the need of the appliance to fulfill their needs. Therefore, all presentations are carefully prepared and personalized in order to meet the expectations of each individual, and so each one can easily find benefits when deciding to purchase the product.

The price is disclosed at the very beginning so that the advisor can build in the customer the will to acquire the product. As the price is revealed as high in the beginning, the customer has time to assimilate, and through the demonstration, increase its interest in it. On the other hand, being the price only disclosed at the end, there would be no arguments left for the vendor to sell the product and the interest in it would drastically decrease, leaving the advisor with no tools to change the customers mind and willingness to pay (refer to figure 5).

Allied to this, there is a big concern in showing to customer's the money which can be saved when using Bimby everyday, avoiding buying pre-manufactured products. *"All Bimby's can be paid through a credit plan with a monthly installment of €30"* which represents a clear sales argument for purchasing the product. The health concerns are also treated - cooking is only possible up to 100 degrees, which is a temperature that is proved to preserve the quality and characteristics of all ingredients. Steam cooking is also one of the most valued features by customers.

STRATEGIC STAFF TRAINING PROGRAM

Vorwerk investment in training programs is considerably high, as they count now, with about 1.500 advisors, with the urge to train them according to the same level of exigency their engineers created Bimby.

Every advisor who joins Vorwerk has to attend a complete training program during the first three months. Besides this basic training program, there is a meeting every Tuesday where, they give continuity to the monitoring of the new advisor. This is the only way Vorwerk has to monitor how their product is being commercialized by their new advisors in the market. Every branch has a responsible – Branch Manager – leading a network of sales, composed up to 10 group chiefs – Team Leaders – which in turn are responsible for the monitoring of groups between 7 and 20 elements. Branch managers have also specific training and regular coaching follow ups. Team leaders have a very deep preparation on group leadership and motivation and have a two-year program training. This two-year training has the name of “Sales Academy” and it’s a professionalization step.

PRODUCT DIGITALIZATION

Having in mind that our world is becoming more and more digital, Bimby recognized it and rapidly adapted to it. So, in 2014, Bimby revolutionized, once again, the natural cooking process. Smart cooking, enjoyment pure and simple. With its Recipe Chips, touchscreen display and innovative Guided-Cooking feature, the Thermomix TM5 makes meal preparation even simpler and sets new standards in the kitchen.

In this kitchen revolutionizing process, two years later, in 2016, the company introduced a new function to the product, the COOK-KEY. This cook-key synchronizes their customers thermomix TM5 to the internet, allowing them to send recipes from the recipe portal, COOKIDOO, directly to their display of the TM5 for use with guided cooking. At the COOKIDOO it is also now possible to prepare a shopping list, as well as weekly menus which will also be synchronized to the TM5 and therefore help the day-to-day planning.

Aligning perfectly the complimentary combination of sophisticated, intelligent technology and a wealth of recipes tailored to the Thermomix, people can now call up recipes directly on their own Thermomix with their Recipe Chips, which let them see the recipe on the touchscreen as they cook, also guiding them step by step. Another improvement is the Guided Cooking

application, which by just selecting a recipe from their recipe chips and following the steps on screen, the recipe's time and temperature settings are automatically programmed in.

Automatic cooking is also available with several recipes that need no intervention from the user apart from the initial addition of the ingredients. The appliance does the rest, including adjusting the temperature automatically.

With so many functions in one device, they can take full control and use their Bimby to take the effort out of virtually any recipe, saving time with a device that can prepare ingredients as well as cook and mix at the same time. This new technology grants Bimby's users more time to other things, rather than spending time on the kitchen waiting or even preparing. Cooking incredible food at home has never been easier, leading this to the ultimate new cooking experience.

Innovation allowed the cooking process to be available to all, creating the experience of a world known chef in their own houses. Promoting time efficiency and valuing the ultimate experience, Bimby revolutionized once again the industry, catching up to the digitalization trends in the world, opening this way to the new generations without forgetting the mature ones, always promoting customers best possible satisfaction.

MAIN CHALLENGES

Private labels are a present concern, which has been gaining power and competing with a higher level as the years go by. However, it's difficult to imitate their business model and convince their customers to switch to other product. This allows the company to maintain its market leadership and fight private labels imitations as the other company's competition. Building a vast and solid network and developing their relations with their clients, the company establishes here the position of the driver seat where, once they gain a client, most naturally this client will maintain itself faithful for many years.

Considering this is an expensive product and a utensil to have, there can exist many times, some struggle into acquiring it, since it represents a major investment.

Since we live in a highly competitive world, and this industry is no different, innovation plays a crucial role in it. Despite the fact they have already done in some features, there exists here the urge to improve and innovate each year. However, Bimby's strategy path does not rely on releasing new models every year but to improve the current one and develop its current features

in order to become more and more efficient, validating its position in the industry. A practical example of it, is the cook-key, previously referred, introduced by Bimby in order to fulfill a gap in the market while taking advantage of the world's digitalization.

Even though Bimby has adapted very well in the last years with the introduction of their new generation product and vast features, there is a constant need for innovation and more and more digitalization. Since the company's business model leans on people, and their personal experience, the increasing importance of social media and digitalization represents a threat. The company does not believe in the speculation of these paths and wants to continue their natural business model, bringing the focus to their clients.

At the beginning, Bimby had a clear advantage, as they were the ones who penetrated the market with an innovative product. Yet, this is no longer the case. Some customers have their competitor's products, some have their friend's products, and everyone has much more options to be taken into account and to be valued. How will the company face this diversity and adapt to the future?

The uncertainty regarding the future is clear. We have the example of Yammi which, in its release year, sold over 22.000 unites of their product, taking advantage of their much lower price, while having most of the same features offered by Bimby. The rising of competition is also clear, but the future market share is not. The world is under a constant digitalization and no one knows if there will be a game changing in the industry as it happened before. Therefore, in order to face competition, should the company always stay ahead and anticipate their competitors every step, losing part of their focus in their customers or continue practicing their business model, even though it may not be as successful as it was in previous years?

The issue here is that Bimby was pioneer in the release of a cooking robot and stayed ahead of its competitors for many years. They were able to introduce a disruptive technology which took the industry by storm. Nowadays, we are presented with a different conjuncture, and the market is full of very similar products, competing for the same market share. If years ago, Bimby's only concern was to sell its product, nowadays the same is no longer true. They have concerns towards their competitors and also to the innovations required every year by the market itself and its customers. Will there be a need for changing their business model and adapt to these new changes in the industry?

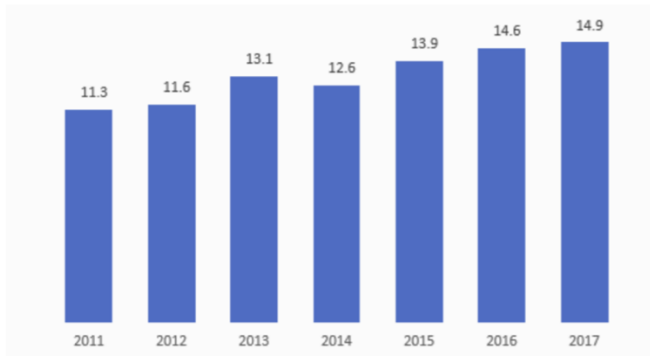
OUTLOOK

After this analysis and having in mind a deeper understanding of the industry and the company itself, we can now focus in the future, and evaluate the company's success for the times to come. Even though we live in a digital era where everything is available online, the customization and personalization are some important aspects to be taken into account. Consumers are changing their preferences and valuing more the personal touch, which is the main focus of this company. Bimby understands the trends of the market, focusing the core of their business in their client's preferences.

However, their strategies are being watched, and are now taken into account by some competitors, which then are imitating their business model, driving the focus towards personalization and customization of each client and satisfying all their needs. In the early beginnings, competition was weak, or even, non-existing, but nowadays we can notice a clear adjustment of this and the path they have driven to. Bimby now needs to adapt to these changes and face a more real threat, formerly, non-existent. All their competing products are starting to offer the same characteristics, some even with a much more appealing price.

II-EXHIBITS

Exhibit 1 – Portuguese kitchen robot consumption



Source – Marktest, TGI. (2017)

In 2017, one million and 276 thousand is the number of Portuguese who possess a kitchen robot in their home, which represents 14.9% of all residents in the Continent with more than 15 years.

This is the highest value ever registered and between 2011 and 2017 the number of consumers of these products had an increase on over 300 thousand individuals.

The highest percentage of this statistic relies on the individuals between the 35 and 44 years, within the highest social structures.

Figure 1 – Product Evolution and Competition

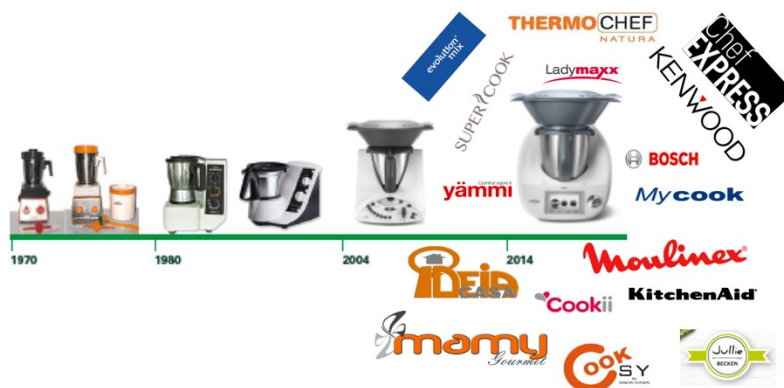


Figure 2 - A world of Services



Figure 3- Product Segmentation

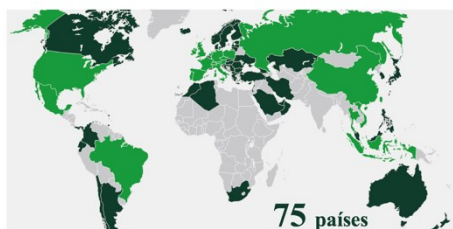


Figure 4 – Vorwerk Worldwide segmentation

thermomix

ROBOTIC

Lux
Asia Pacific



JAFRA

75 países

Exhibit 1 - Coaching Process



Exhibit 3 - Vorwerk's Revenues Breakdown

Our Business Segments



Figure 5 - Selling Techniques

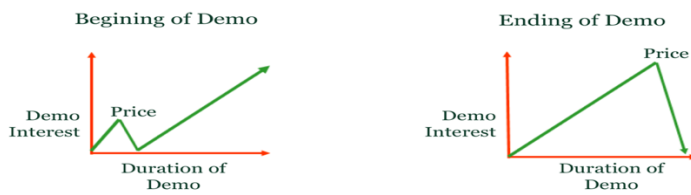
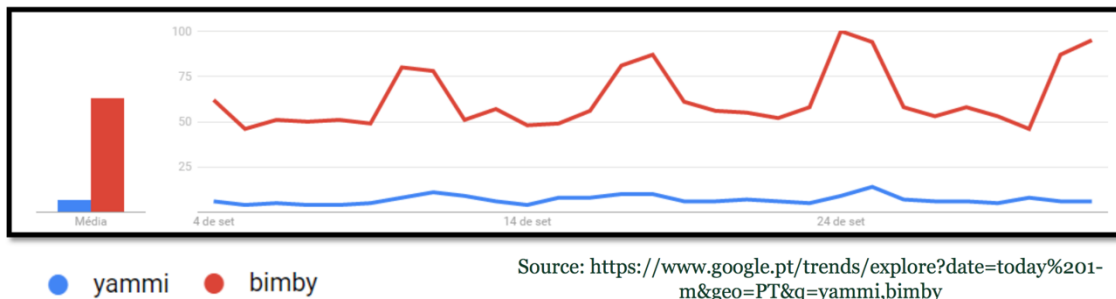
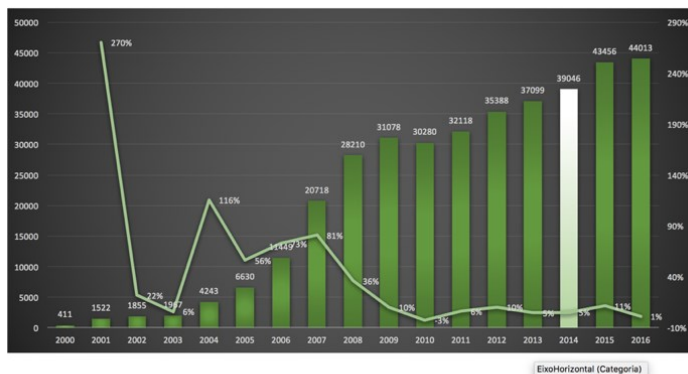


Exhibit 2 - Competitive Comparison Scenario



The figure represents the research interest in the highest point on the graph of a given region in a certain period. The value 100 is the peak of popularity of a term. A value of 50 indicates that the term was half of popularity. Similarly, a 0 score indicates that It was less than 1% of the peak popularity. Bimby has an average of 63, while Yummi has an average of 7. This graph helps the analysis which concludes the above-average popularity of Bimby, comparing it with the low popularity of its competitor.

Exhibit 5 - Sales Evolution (380.000 Clients)



III-LITERATURE REVIEW

EXTERNAL ANALYSIS

This external analysis constitutes the initial phase of the strategical analysis, corresponding to the monetarization, control, evaluation, and internal dissemination activities in order to minimize eventual strategic surprises in the future (Cardeal, 2014).

In this analysis, some macro and contextual aspects will be taken into consideration, related to the topic in discussion.

INDUSTRY DEFINITION

The first step into a good strategic analysis relies in the industry definition. Understanding the evolving reality is crucial to better comprehend the strategic positioning of the company and what are its best strategic options (Cardeal, 2014).

Having the ability to interact with all the diverse dimensions in the evolving environment is fundamental for the surviving instinct of companies. It is of most importance to well define the industry which a specific company operates in.

INDUSTRY LIFE CYCLE

The industry life cycle analysis indicates the stage an industry is at during a given point in time, involving the process of making investment decisions based on it. The stages are the same for all industries, yet every industry will experience these stages differently. They will last longer for some and pass quickly for others. Even within the same industry, various firms may be at different life cycle stages.

There are four distinct stages of an industry life cycle. Starting with its introduction, then growth, followed by maturity and for last decline (Porter, 1980).

The first two phases are of extreme importance and require significant amounts of capital in order to differentiate from other competitors in the industry. The maturity phase is also important, since it's the one where the company has established a dominant position within the industry. This maturity phase can also be preceded by an additional phase which is called expansion and where companies strategic options are of maximization and dominant

establishment in the industry. The last phase, decline, is the unwelcomed phase in an industry. Sales are decreasing at an accelerated rate and growth is almost inexistent.

Ultimately, this analysis enables an organization to comprehend and better adapt its strategic options according to what stage it is operating in. The management of expectations and needs constitutes a crucial point in the development of its path.

PORTER'S FIVE FORCES

In order to have a deeper understanding of the evolving industry, Porter developed a model which allowed to qualify the attractiveness of any given industry. Although each organization is unique in its own way, the forces that operate within the industry will affect every company in the same way.

Having in mind a more micro perspective, Porter identified five competitive forces, which, can be applied to each industry and respective market. These forces are threat of new entrants, pressure from substitute products, bargaining power of buyers, bargaining power of suppliers and intensity of rivalry among existing competitors. These, allow to determine the competition intensity, and therefore, the profitability and attractiveness of the industry (Porter, 1979).

Therefore, it's the manager's goal to identify its company position and influence these forces according to its favor.

INDUSTRY KEY SUCCESS FACTORS

“Key Success Factors are the strategy elements, product and service attributes, operational approaches, resources, and competitive capabilities that are necessary for competitive success by any and all firms in an industry. They vary from industry to industry, and over time within the same industry, as drivers of change and competitive conditions change.” – (Thompson, 1981)

Each business identifies its key success factors differently depending on the nature of its products and services. Key success factors (KSFs) of different segments within each industry vary a lot, and even inside certain segments, their according sub segments can be slightly different.

In order to determine these KSFs in a respective industry, it's important to, firstly, determine the key buying factors. Then, the definition of the key competition factors becomes demanded,

in order to comprehend the nature of competition and finally understand how to surpass its competitors and therefore, create a higher value to its product.

This analysis provides an essential tool for companies to understand and better perform, increasing their client's willingness to pay for their products.

INTERNAL ANALYSIS

COMPETITIVE ADVANTAGE

The classical theory of competitive advantage was developed by (Ricardo, 1817) and then on adapted and developed by many others all over the years. Competitive advantage, adapted to international trade, stated that when one country can produce a good at a lower relative opportunity cost or autarky price, prior to any trading, this country has a competitive advantage in that specific good, and should, therefore, focus its production in it (Ricardo, 1817).

This theory was furtherly adapted to companies and markets. For Powell (2001), companies with superior relative profitability's to its competitors, have a competitive advantage.

In order to achieve competitive advantage there are two distinct approaches.

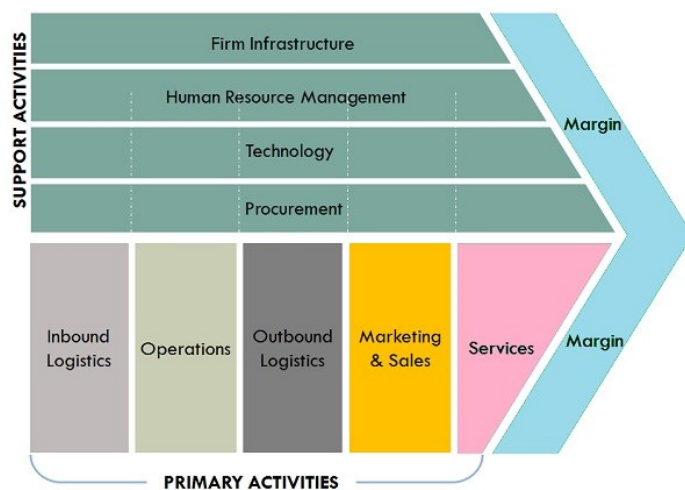
- First, as a result of using the resources available in a more efficient way than its competitors, therefore lowering the economic cost of their products, and ultimately providing the same product with lowers production costs. This approach can then be used through two different strategies. In the first place, companies can adopt a share strategy, where they will lower the price of their product and therefore taking advantage of the market share, increasing it. Secondly, they can also embrace a price parity strategy where they maintain the price of their product and gain of the cost reduction from producing the product.
- In a second approach, a differentiation strategy can also lead to competitive advantage. This means that a company can develop a superior product, different from its competitors and therefore increasing the client's willingness to pay but maintain the same costs. This path can also be taken through two different alternatives. Once again, through a price parity strategy, where the company increases the price of its products but since its features are better than its competitors, their clients are willing to pay the

extra for it. And also through a share strategy where they maintain the price, however their clients will be willing to buy more of their products.

This source of advantage, brings clear benefits for the company through either, an increase in market share or an increase in overall profits for a company. Offering a higher quality product, the company has the ability to adapt and chose what path is better and how to better take advantage from this opportunity. Some, even chose to pursue both strategies.

VALUE CHAIN

This chapter analyzes the Porter's value chain. Therefore, this framework was adapted to the value-adding process of this specific product. From the table presented below, we can acknowledge that value chain is the full range of activities from design to its own distribution and after-sales services, conducting a business from conception to delivery.



Source- PORTER, M. 1985. *Competitive Advantage*, New York, Free Press, p. 37

Porter's Value Chain focuses on systems, and how inputs are changed into the outputs purchased by consumers. Using this viewpoint, Porter described a chain of activities common to all businesses, and he divided them into primary and support activities, as shown below.

"Competitive advantage cannot be understood by looking at a firm as a whole." "It stems from the many discrete activities a firm performs in designing, producing, marketing, delivering and supporting its product. Each of these activities can contribute to a firm's relative cost position and create a basis for differentiation." (Porter, 1998)

VERTICAL INTEGRATION

Vertical Integration occurs when a company buys and controls other businesses along its supply chain.

Vertical integration is a strategy where a company expands its business operations into different steps on the same production path, such as when a manufacturer owns its supplier and/or distributor. Vertical integration can help companies reduce costs and improve efficiency by decreasing transportation expenses and reducing turnaround time (Grossman SJ, & Hart OD, 1986)

However, sometimes it is more effective for a company to rely on the established expertise and economies of scale of other vendors rather than trying to become vertically integrated. (Marvin B. Lieberman, 1991)

Vertical Integration allows organizations to benefit from certain advantages, as not having to rely on suppliers, or being less likely to face disruptions from those that aren't well-run. Companies benefit from vertical integration when its suppliers have a lot of market power, and can dictate terms. This is critical if one of the suppliers is a monopoly. If the company can go around these providers, it reaps many benefits. It can lower internal costs and have better delivery of needed items. It's less likely to be short of critical elements.

SWOT ANALYSIS (NEW)

After a deep analysis and better comprehension of the company's strengths, weaknesses, as well as the evolving environment, a SWOT analysis become a desirable option. SWOT - Strengths, Weaknesses, Opportunities and Threats constitute the pillars for the most known and used strategic management tool (Cardeal, 2014).

The SWOT analysis relates the internal perspective of the company's strengths and weaknesses and also from an external perspective, highlighting its opportunities from which the company can take advantage, or even mitigate potential threats.

However, in this analysis, the variable (time) will be included which will give rise to a new SWOT analysis (SWOt), with the variable time included in the strategic options of the company.

This replacement of dimension threat by time, allows a deeper understanding and better comprehension of the organizations strategic management decisions. Time is here introduced since the dimension threat can be easily transformed into an opportunity, and time represents a constant issue companies have to act according to. A short and medium term, along with medium and long opportunities will be the focus to be given to.

The new SWOT allows organizations to act and align its decisions according to time, unless its reaction is too late, the company has no adequate resources to do so, or that there no exists strategic thinking within the organization (Cardeal 2014).

BUSINESS STRATEGIES

ANSOFF'S MATRIX

This matrix provides a quick and simple perspective to think about the risks of growth. From the table presented below it shows the four strategies organizations can use to grow. It also



Source – ANSOFF, I. 1987. Corporate Strategy, London, Penguin Books, p. 109.

helps analyzing the risks associated with each one. The idea is that, each time moving into a new quadrant (horizontally or vertically), risk increases (Ansoff, 1987).

Market penetration is the name given to a growth strategy where the business focuses on selling existing products into existing markets, bearing in mind four main objectives: maintain or increase the market share of current products; secure dominance of growth markets; restructure a mature market by driving out competitors and increase usage by existing customers.

Market development is the name given to a growth strategy where the business seeks to sell its existing products into new markets, through the use of new geographical markets, new product dimensions or packaging, new distribution channels or even different pricing policies to attract different customers or create new market segments.

Product development is the name given to a growth strategy where a business aims to introduce new products into existing markets. A successful product development strategy places the marketing emphasis on: research & development and innovation; detailed insights into customer needs (and how they change) and being first to market.

Diversification is the name given to the growth strategy where a business markets new product in new markets. This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience at all.

Even though all these strategies provide, individually a possibility for companies to develop and grow their business, it is also possible for them to implement more than one strategy in order to achieve a higher competitive advantage, barring in mind the involving risk.

POSITION IN THE MARKET

Sometimes the first firms entering in the market with a new product or service cannot be imitated thanks to network externalities. Network externalities occurs when the product/service's benefits to each individual user increases with the number of other users (Teece, 1986).

		Freely available or not important	Well controlled or important
		Protection Regime	Weak (Easy to imitate)
Strong (Difficult to imitate)	Innovator Wins Angry Birds		Absolute Dominance Drugs Chemicals
		Complementary Assets	

Its benefits can be direct externality network benefits (connectedness), where other users are required to have value or indirect externality compatibility benefits, (part of a system) where its value relies through having other consumers use inter-operable product.

**Source – TEECE, D. 1986 – Complementary Asset Model.
Author's adaptation.**

From the table presented we can see the relation between the protection regime and the complementary assets, enabling us to place a certain product into one category. A strong protection regime aligned with well controlled, important complementary assets retains all necessary conditions to maintain a dominant position in the industry, granting a strong leadership.

From this table, we can place many products as an innovator win, as the app game “Angry Birds”, where their protection regime was strong, but their complementary assets free or even, in this case, non-existent, meaning it was hard to imitate, due to their idea, which was crucial in order to gain clients. Even if similar products appear, they wouldn’t achieve as much success as the existent one, since they were pioneers and had a clear established position in the market. We can also place products as owners of assets dominates, as the diet coke example, where the company had the idea, which can be easily copied, but the company’s complementary assets, well controlled and important, in the sense it is required a vast product development and knowledge in the field before entering in the market with such products. We can also see the example of the drug chemicals, which represent a strong protection regime aligned with strong complementary assets, enabling them to control the market, with very low, or even sometimes, inexistent competition.

BLUE OCEAN STRATEGY

The blue ocean strategy is a study based on 150 strategic moves, covering more than a hundred years of examination and over thirty industries. The study explains the importance of creating “blue oceans” of unexplored market space in order for companies to succeed, opposing the idea of the “red oceans” where there exist fights for dominance and market leadership between all competitors. (W. Chan Kim & Renée Mauborgne, 2005)

A blue ocean exists where no firms currently operate, leaving the company to expand without competition. This strategy is very often associated with high potential profits, since instead of vicious competition, organizations find a way to work in a free of competition marketplace, allowing them to access 100% of the market potential.

In order to discover and explore these blue oceans, this strategy relies on four main actions framework:

- Raise – Which factors should be raised well above the industry standards in terms of product, pricing or service standards.?
- Eliminate - Which factors that the industry has long competed on, should be eliminated to reduce costs and to create an entirely new market?
- Reduce - Which factors are not entirely necessary but play a significant role within the industry, should be reduced well below the industry's standard?

- Create - Which factors should be created that the industry has never offered? Here, companies create their own market through differentiation from their competition

IV-TEACHING NOTES

SYNOPSIS

This case study focuses on one of Vorwerk's segments, Thermomix, mostly known as Bimby, and its industry. This specific product will be taken in consideration regarding the Portuguese market. Bimby is a kitchen robot which revolutionized the cooking habits of many families and is now present in most houses in the country.

As part of its strategy, Bimby has had the urge to adapt and look for innovative features and revolutionizing products in order to keep up with the market demands. Aligning these innovations with the company's core business has been a challenge and has also proven to be uncertain about the future company's success in the long-run. Its market presence was clearly superior but the market has changed and they need to adapt to it.

In 2014 the company launched a new product which represents the adoption of the technology in this industry. Expanding its network and reaching out to the new generations through technology was a path the company took, allowing them the ability to leverage their business. However, some of their former clients, (oldest generations) may not "connect" to this specific path, therefore dissociating themselves from the company's identity, grinding to the old models and values. Most of their customers, may not really be found of these disruptive innovations.

Throughout this case study will be given the necessary information to evaluate Bimby's strategic decisions. It is important to understand the path this industry is leading to, and comprehend if Bimby needs to adapt to the changes that might rise with it. It is also important to understand the changes that led to the present conjuncture and shaped the industry over the years. Having a deep focus into the principal competitors in Portugal and comparing each differences to evaluate what the future might hold to each one.

TEACHING OBJECTIVES

The presented case aims to explore and highlight the importance the business model of a company and their values have on a competitive industry. Understand how Bimby was able to explore an unexplored market and obtain all benefits from it. Leveraging their position and acquiring a vast network of clients enabling them to thrive and prosper in this vast industry before any other.

It also is provided in this case the opportunity to be discussed a real practical case where several topics can be taken into consideration. Moreover, there can be explored by students, the competitive advantage from one company and all the advantages they had in being the innovative product and the opportunity presented in others when faced with a successful business case.

The professor must submit the case previously to the class in order for students to prepare for it and to furtherly discuss it. Students should focus on the company's business model and understand how it was able to have such a competitive advantage regarding other competitors and what are the strategic options that allow the company to be market leader. The case discussion should also have to parts. One part discussing the disruptive technology the product is and all the changes it has brought to the world, and on a second part the rising of competitors well prepared to face this competitive business model and what are the best practical options to steal market share from its leader.

In this second part is also important to evaluate how competitors are facing the market and what might the future hold. How will consumers see these new products appearing in the market and if Bimby will maintain itself faithful to its business model and current strategies. After analyzing, in the first part of the case study, the overall industry the students should be able to have some speculations and insights on the future and discuss some possible outcomes.

In order to analyze this case, students can use a set of frameworks learned in classes. The SWOT analysis is an example, highlighting than the importance in transiting to the new SWOt, as the Porter's 5 forces or the industry key success factors. Moreover, regarding the analysis of these topic, students should be able to provide an opinion regarding the company's strategy path as their strategic options for the future.

SUGGESTED ASSIGNMENT QUESTIONS

The following assignment questions are meant to help students comprehend and better analyze the case study, applying what they have learnt in classes.

1. Analyze the specific industry, discussing its potential before and after the entering of Bimby.
2. What are Bimby's sources of competitive advantage entering this business? How were they able to maintain and explore them?
3. Identify its key success factors and respective competitor's ones, as well as Bimby's main strengths and weaknesses. Provide a new SWOT analysis discussing the differences between them.
4. Analyze a possible decision of a new entrant in this industry and what should it be its business model comparing to Bimby.
5. Discuss the possibility of Bimby uniting forces with other companies in order to improve its value and performance. Why does the company prefer a higher fixed cost rather than outsourcing most activities?
6. What could be Bimby's strategy path for the future? What are their best practices to continue leading this market and even improve its position in it?

ANALYSIS AND DISCUSSION

1. Analyze the specific industry, discussing its potential before and after the entering of Bimby.

In order to discuss the industry Bimby is inserted in, as the industry definition states, it's necessary to comprehend the involving reality the company is inserted in, and then discuss their strategic options.

Porter's Five Forces

The analysis of this industry must be supported by the Porter's Five Forces model. Bimby is inserted in the home kitchen robot's industry and can also belong in the kitchen appliances industry, since the product compete directly in both, and therefore, a deeper knowledge of this industry is required.

Home kitchen appliances / Kitchen robot's segment

Potential of New Entries – From the case study analysis, it is obvious the potential this industry still presents. Evaluating the barriers to the entrance of new competitors in these industries is a concern for the company and a useful tool to delimit a strategy.

From the analysis of this case, it's notable the major initial investment costs for producing a product of these preferences, with all the demanded qualities while assuring a rather high-performance rate. Hence, not all companies can, and have interest in entering the market.

Even though, the prospects of future profits are extremely high and some companies, as it was previously stated in the case study, are entering with many competing features, rivaling with Bimby in many different aspects, the initial costs are very high, revealing impossible for most companies to compete in it.

Consequently, the risk of potential new entries in the market is assessed as medium as it has a high initial cost but also interesting future prospects.

Pressure from Substitutes – The threat of substitute products can be classified as high according to some decisive factors:

- Substitute product is cheaper than industry product
- Consumer switching costs are low
- Substitute product quality is equal to industry product quality
- Substitute performance is equal to industry product performance

As mentioned before there are many competitors offering similar quality products at a lower price in the in this industry. The consumer switching costs can be classified as medium since the knowledge and expertise acquired from using Bimby can be easily replicated in their substitutes. However, the money invested in Bimby is still a factor consumers have to measure, representing a major investment for them, that will lose its value once the product is replaced by a substitute one.

Even though, the performance indicator is a differentiating factor in this segment. A cheaper product most times represents a decrease in quality, and when investing in a premium product, clients want the assurance of its highest performance and best quality possible.

The pressure from substitutes will always be present, and bearing in mind these factors, we can consider that pressure as medium.

Bargaining Power of Buyers – This segment can be classified according to some crucial aspects:

- Switching costs are medium
- Threat of backward integration doesn't exist
- Buyer is very price sensitive
- Buyer purchases products in low volume
- Buyers are very much educated regarding the product
- Substitutes are available with differentiation from Bimby

Once again, the medium switching costs to a different product, for already existent clients is somehow important in this analysis. This aspect difficulties the buyers position. Therefore, the power to dictate prices in the buyers' perspective is somehow affected. Since buyers are more concentrated than sellers, backward integration seems unlikely.

Buyers are well-educated regarding the product, perceive it, somehow as undifferentiated and therefore very sensitive to price changes, enables us to classify its power in this point as high. However, in the beginning, as Bimby was the first to enter the market and establish a well-developed network of clients, their power increased as their network grew, decreasing some of the buyer's power.

In order to classify this segment, the purchase volume and the availability of substitutes are also taken into consideration, in one hand reducing the buyers power, although giving alternatives for substitute and more affordable solutions, enabling the competitors in the industry to take advantage from this situation.

However, Bimby has a reputation built over their innovation and product quality all over the years. Overall, the brand has been able to build customer loyalty through its efforts and focus on quality. This acts to limit the bargaining power of buyers, accessing this as medium.

Bargaining Power of Suppliers – Regarding the bargaining power of the suppliers, Bimby has its own private company engineers who develop the software, all functionalities and specifications required.

In terms of the company's' suppliers, these are represented mainly by plastic producers and some other component materials for the assembly of the equipment itself. Since these products have a vast industry and very competitive prices, it does not represent a threat for the company.

Therefore, it's not easy for the company's suppliers to increase prices or demand high

specifications, as there exist plenty other suppliers in the industry. However, there is always associated the time developing a relationship between supplier and company which also has some switching costs affiliated.

Even though the number of suppliers is somehow high, this established relationship between company and supplier, well aligned and the assuring the best quality for its products, prevents the company to change very often from one supplier to another. Baring this in mind, we can consider the bargaining power of the suppliers as medium/low.

Competitive Rivalry – In this home kitchen appliances segment, there exist some fierce competitors, many of which appeared not so long ago, within a 5-year timeline, entering this business and trying to catch up with its leader. Mainly, in Portugal, there exist two strong rivals, previously referred, Moulinex and Yammi.

Their rivals adopted a price strategy, choosing a differentiation strategy from the industry's leader through a reduction in price. Another used strategy was the high-impact marketing campaigns in order to gain brand awareness and position themselves in the market, stealing market share from the market leader. These strategies proved to be successful in the beginning, however, in the long term, they had some complaints regarding their products quality.

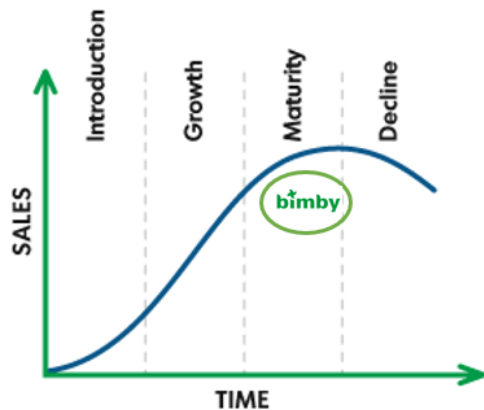
As in the last years, this industry suffered a clear adjustment regarding its players, we can see here a major issue for Bimby to be aware of, since it was a market dominated essentially by them and it's now gaining interest, as many others tend to enter in it.

Thus, this competitive rivalry for this segment can be considered as high.

Overall, this segment attractiveness can be assessed as **moderate**.

Industry Life Cycle

Through the analysis of the industry, it's also a good practice to evaluate and place Bimby and discuss its life cycle position. From the analysis of the graph presented below, we can conclude



Source – Author's analysis

Bimby between these two phases where its dominant position is started to be challenged by its competitors. As consequence from this phase, and this industry high competition, market share is starting to be more equally distributed even though its market value is increasing (see exhibits 1 & 5).

The market is still expanding the ascension of new competitor products is proof of this factor. Bimby has established a dominant position, where they can benefit from the maturity position they are but must be aware of the new entrants in the market, which also benefit from the industry growth and intend to overtake Bimby, by stealing their market share.

As we can see from this previous analysis, the potential this home kitchen appliances industry showed before the entry of Bimby was extremely high, but in order to take advantage of it, only a disruptive and innovative product could benefit from it, which was the case. With the creation of Bimby, Vorwerk was able to benefit from the first takers advantage, where the hole market was available to them as potential clients. This opportunity was well used by Bimby as they established their network of clients, promoting a great relationship with them.

However, the potential shown by this industry is still very promising, in the sense there still exist many clients which, for example, lack of funds for this very expensive product and therefore require an alternative, less expensive product. This industry can still be improved due to the rising of technological developments which have proven to be a consideration factor in the future, as new versions of existent products arrive to the market, more and more often.

**2. What are Bimby's sources of competitive advantage entering this business?
How were they able to maintain and explore them?**

Competitive Advantage

Benefiting from the first takers advantage, enabled Bimby to obtain advantages from exploring an unexplored market. The technology developed by Vorwerk, where they integrated all kitchen appliances into only one, enabled the company to build a unique business model around their product, establishing a dominant position and changing the dynamics of an undeveloped industry.

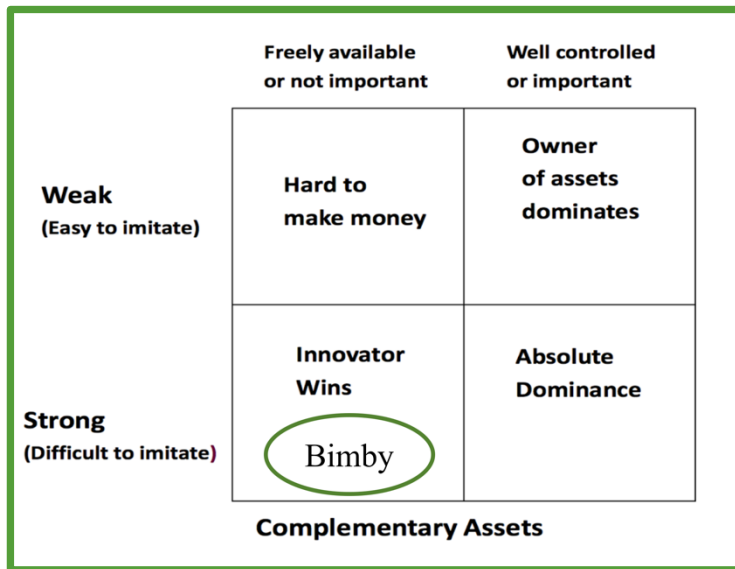
Regarding the competitive advantage the company benefits from, in this special case, tends to dissociate from the classical definition of competitive advantage, where the two main courses are to reduce costs and therefore sell an existent product by a lower price or maintain the price, benefiting from the profits generated by the cost reduction, or through a differentiation strategy where they increase the willingness to pay of their clients, enabling them to increase price or increase market share.

In this specific case, throughout a creation of a new product, Bimby was able to increase their clients' willingness to pay, in the sense they preferred to pay more for a single product, rather than, few for more single products, as the scale, the blender, etc. Bimby enter here as a substitute for 10 kitchen appliances putting in practice a blue ocean strategy, which allowed them to have a clear competitive advantage in the sense there was no competition, or the one existent was very small.

Once this advantage was established, it allowed the company to grow and develop an important position in their clients' lives. From there, maintaining that relationship, raising brand awareness and increasing their brand recognition become the only objectives of the company, expanding their business and strengthening their position in the market before competitors arrive.

Position in the Industry

It is possible for us to analyze and place Bimby in this industry, comparing the protection regime and the complementary assets. Regarding its protection regime, it's known that tends to be strong in the sense that is a difficult business model to imitate. In terms of complementary assets, these can be difficult to obtain but not impossible.



Therefore, Bimby's position is as an innovator win. In the beginning, their position could assume the place of absolute dominance, but through the years, the company has adjusted its position to the innovator win side, as we can see from the table.

Their appearance in the market enabled them to establish a

Source – Author's analysis

dominant position since they possessed the assets and their business model was difficult to imitate. However, the appearance of some competitors positions them as an innovator win, since their complementary assets are freely available for already established companies in the market, as the Yammi example, which belongs to Sonae, Portugal's main distribution company. In this case, for Continente, the complementary assets were freely available, since they had an already established retail company, leading them to have easy access to the assets required to support a product in this industry.

Although its complementary assets are considered freely available or not important, in the sense that there are present some network externalities. which is one aspect contesting this situation. As the product was pioneer and implemented a well-structured network of loyal clients, some will remain faithful to the brand even when competitors try to steal them.

In this sense, it is difficult for new competitors to steal market share from Bimby. Their well-structured business model, and the connection established with their clients when they were the only competing brand in the market empowered their position. In order to explore this position,

the company relies on constant connection with their clients and strengthening their relationships, increasing the willingness to pay for a more expensive product.

3. Identify its key success factors and respective competitor’s ones, as well as Bimby’s main strengths and weaknesses. Provide a SWOT analysis discussing the differences between them.

Key Success Factors

There will be provided a table in order to analyze and understand this industry key success factors. To do so, the focus will rely on the key purchasing and competition factors, leading ultimately to the pretended key success factors. The table presented below provides a discussion of the kitchen home appliances industry key success factors.

Key Purchase Factors	Key Competition Factors	Key Success Factors
High Quality	Differentiation	Durable Products
Trust	Product Development	Brand Loyalty
Design	Product Innovation	Quality of Products
Performance Rates	Talented Designers / Developers	Unique Distribution Channel
Integrated Experience	Low manufacturing costs	Technology
Customer Experience	Complimentary Reviews	Customer Relationship
Durability	Distribution Channel	Brand Image

Source – Author’s analysis

Regarding the key purchase factors, from the clients’ perspective, it’s important to highlight the extremely high quality of Bimby’s products and almost perfect performance rates, coordinated with the trust relation built with them, enabling them to feel valued and guaranteeing their loyalty.

Concerning their competitors (key competition factors), we can feature aspects as the differentiation, regarding competition, in terms of business model, or even the constant product innovation and complementary reviews do to the established relationship from the previous years. These aspects contribute for the establishment as market leader from Bimby.

Lastly, these factors merge into the key success factors for this industry. Clients value the time and importance given to them. This brand image and loyalty contributes for the significant success of this company. Also, their unique distribution channel, represents a distinctive factor, of high importance for its success. This well-oiled process and vastly development, contributes for the positioning of the brand in the market and represents one of the main reasons of their distinct and difficult to imitate business model.

Value Proposition

Comparing Bimby with Yammi and Moulinex, Portuguese main competitors, we can provide a graphical analysis of their distinct value propositions, to comprehend better their main differences, comparing their attributes with their relative performances.



From a scale from one to five, we will compare Bimby’s value proposition, comparing it with its two main Portugal competitors. Firstly, regarding price, Bimby preforms the worst, having the most expensive price feature. Yammi has the best price indicator,

Source – Author’s analysis

maintain it at 349€, flowed by Moulinex, 899€. Regarding quality, Bimby leads and the two competitors position themselves with a quantification of 3 due to some issues and quality related problems in the past. In terms of recognition, Bimby once again has the upper hand, followed by Yammi and then Moulinex. However, the marketing indicator reveals a clear downside of Bimby and a major bet by Yammi, revealing their objectives of gaining market share to Bimby. Finally, a well-established network due to long term relations, allows a gap between Bimby and its competitors, in this aspect.

This value proposition comparison, allows us to comprehend better how Bimby orients its preferences and the value order they attribute to each aspect, focusing on the client, rather than on the selling process. They are able to do so, since they had much time to establish a position in the market due to being the only competitor in it.

New SWOT analysis

Resultant from the key success factors and value proposition analysis where the strengths and weaknesses of the company and respective industry competitors in done, it is now possible to proceed to the new SWOT analysis.

New SWOT Analysis		
Strengths and Weaknesses	Short and medium-term opportunities	Medium and long-term opportunities
Strengths		
Product Quality	Relying on personal engineers and developers, in order to fulfill their clients demands and being able to offer the best possible solution for their problems, represents a short and medium-term strength to maintain their high expectations and to back up their above average prices. Assuring their clients satisfaction in short-term problem solution with their in-house engineers, facilitating the problem solution is crucial for their business model to work.	Developing a high-quality product is one of Bimby's highest concern. In-house developments and trusting their own to produce and design their products assure the pretended and desired quality for their products in the long-term. Controlling in a close range, how their product is being developed and assuring the best possible outcome to fulfill their clients' preferences.
Brand Recognition	Brand recognition is one of the biggest strengths Bimby has, allowing them the opportunity of being always the first brand to be "brought up" when the topic is kitchen robots. With the provision of new services and solutions, Bimby is always the first mean of comparison.	Their recognition and reputation are a crucial point in all businesses, since they pretend long lasting clients who will partner up, develop and grow its business with, and not only be providing for them. In this sense, the brand awareness developed in the early stages come to its highest level of performance when consolidated all over the years.
Trust	Trust fills an important mark in this business in the sense clients need to	As the company operates in the market for many years the sense of trust was built in

	<p>trust a brand in order to be willing to pay the extra fee for their product. From their preceding clients' opinions, they can develop a sense of trust around their brand and build a strong positioning for it.</p>	<p>their clients and tends to continue to last as the years go by. Trust plays an important role in the expensive-end products, as their competitors develop similar ones, less expensive.</p>
Network	<p>Network developed in the short and medium-term is important but not much significant. As explained before, their growing network benefits their own clients as it grows but it's important their clients will maintain themselves faithful to their brand.</p>	<p>In the long-run, network plays an important role in their company's business model since relying on the mouth-to-mouth practice proved to be a winning strategy. Bimby believes this form of marketing if preferable for their business model, instead of the classical marketing strategies.</p>
Innovation & Technological Expertise	<p>Their innovations and technological advances though the years believed to be positive strategies to maintain their clients pleased with their product. The online platform or the Cook-Key revealed an important role in the company's strategy as they appeared as technological improvements to a product launched by Bimby.</p>	<p>The innovation and technological experience in the long run are of major importance. However, for a product of this dimension is not always easy to develop new products every year. Bimby launched its new model two years ago, possessing many new features and shaped into their clients' current demands. A model inclined into the digitalization the world is passing through.</p>
Weaknesses		
Price	<p>Their above average price constitutes a major issue for the brand. Producing a product, three times more expensive than their direct competitors is truly a downside their clients see as an opportunity to save some money. When in search for a new product, most customers want the most</p>	<p>In the long run, this issue gains concern, since future clients will be composed mainly by new formed families or living alone people, and these will not have the financial power to acquire a product this expensive.</p>

	affordable and available solution. Clearly not the one Bimby provides.	
Marketing	Bimby's marketing strategy does not rely on the typical marketing strategies their competitors follow. Relying almost only on the mouth-to-mouth factor, an "ancient" tool. Following the digitalization of everything, there is a gap presented here, that can be proven to be an issue for Bimby.	Bimby always relied on the same strategy to promote their brand. However, there are more and more possible clients surging in the market, and Bimby might need to adapt to the typical marketing strategies or they might fall behind regarding competition in this aspect. Although, this strategy tends to doge Bimby's typical business model, so the marketing strategy represents a controversial concern for the company to be aware of.

Source – Author's analysis

4. Analyze a possible decision of a new entrant in this industry and what should be its position comparing to Bimby.

Blue ocean Strategy

Bearing in mind the blue ocean strategy, when Bimby entered the market, the company faced no competition, so their profits achieved their maximum possible potential. For many years, Bimby benefited from these blue ocean benefits.

The company was able to raise the important factors and develop them, well above the industry standards, developing the ultimate, durable product, and disregarding its price, since there was no other substitute product. They eliminated the use of many kitchen appliances and converted them all into one, creating a new market niche with the kitchen robots. This new market allowed its customers to reduce time spent in the kitchen, leading to an improvement in life quality. Bimby was able to differentiate from all others and provide a new meaning to the existent industry (Home kitchen appliances) and develop a new one (Kitchen robots).

However, the case is no longer so "blue". There are more and fiercer competitors in the market, willingly to compete for the same clients.

According to Ansoff, one major issue to be aware of, entering a new market with a new product, is the very little or even non-existent experience companies have, when making the decision to enter it.

		Product	
		Existing	New
Market	Existing	Market Penetration	Product Development
	New	Market Development	Diversification

Source – Author’s analysis

Bimby

However, this aspect was well surpassed by Bimby. As Vorwerk had established many products in many different countries according to those countries lifestyles and preferences, Vorwerk was able to penetrate a new

market segment introducing a new product, already bearing in mind its clients’ preferences, being able to mitigate possible risks.

Bearing in mind a not so longer blue but reddish “ocean”, where there already exist some well positioned companies with their own products, the benefits and potential of this market are now being shared by more players. Regarding the entry of new competitors, their focus should be of differentiation from Bimby. Bimby has a well-structured strategy focusing on the personal relationship developed with their clients, however, our society is leading more to a digitalized e-commerce so the focus of a new entrant should bear in mind these preferences.

The increase in market share, stealing from its market leader, securing a dominant growth of their product, drive out the other competitors and finally, increase usage from existent clients are some of the goals for new entrant to achieve.

The focus of a new player in this industry should be on the markets new clients, since the changing process from Bimby to a new kitchen robot is much more difficult and expensive. Bimby has its well-developed customer base and loyal clientele, so establishing a clear position in the digitalization and effectiveness of their product could represent a clear threat to Bimby’s business model and change the industries preferences, developing a more affordable product, shaped into the new generations desires.

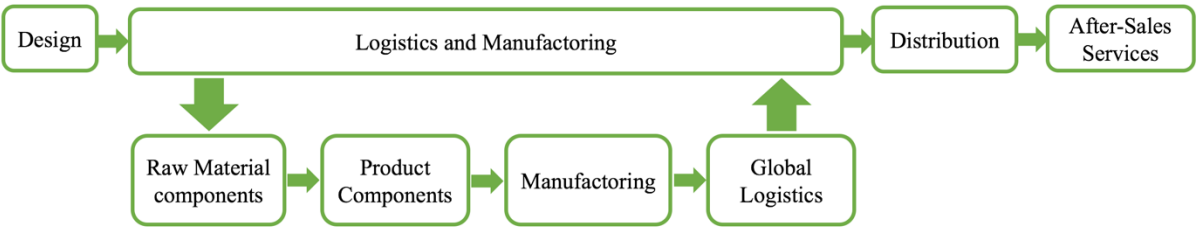
This path requires a differentiation strategy in the sense, the focus should be on future generations and not in the changing process of stealing clients from its competitors, once they

already have invested a lot in those. Therefore, perusing a clear strategy apart from the difficult process of convincing a client to change its preferences and “betray” a company that has been with them for so long.

5. Discuss the possibility of Bimby uniting forces with other companies in order to improve its value and performance. Why does the company prefer a higher fixed cost rather than outsourcing most activities?

In many industries, it has been proved to be a winning strategy to unite strengths with other companies and many times even benefit from synergies. In this case, as we will be able to understand, Bimby’s value chain and consequent vertical integrated model, allows this company to adapt such strategies and possibly benefit from them.

Value chain



Source – Author’s analysis

From the graph, we can see Bimby’s value chain path. From the design to the after sales service, only some of the raw materials are bought elsewhere. This, allows the company to produce in-house and have a close-range look into their products, enabling them to assure the correct usage of their products and therefore, guarantee the best possible product quality.

Vertical Integration - From this case analysis, we can understand how the value chain of the product is vertically integrated in the sense, the company benefits from its structure. By aligning the manufacturing process and all other activities, the company will pay less than it would have if it had outsourced this activity to other companies. Nonetheless, their fixed costs are superior, which translates into a higher operational risk.

The company focuses on the quality of their products. Outsourcing activities could reveal a decrease in quality control which doesn’t match with the company’s values, so the preference is in quality and not quantity. Being a well-developed and experient structure allows Bimby to

work alone, assuring their business catch up with their standards.

Vertical Integration happens because it usually produces efficiencies in the production process. Bearing this in mind, we can discard the possibility of Bimby uniting forces with other companies in order to increase its advantage since they already benefit from all these advantages inherent in their business model and value chain structure.

6. What could be Bimby's strategy path for the future? What are their best practices to continue leading this market and even improve its position in it?

From this case analysis, and after an extensive comparison between industry competitors, we can discuss now the strategies for the future to come. The maintenance of their business model is their path, once it has proven to be very efficient, and has shown very positive feedback.

Anticipate future technology trends and being able to integrate these trends into product solutions is another important and crucial objective of the company towards the future. Their new model TM5 development, connected with the internet, linking the company to its new generations, represents a clear example of adaption and understanding of the present industry and its components.

Bimby's core business was founded on the base of facilitating the cooking process and saving time while doing it. Nowadays, society is shaped into a much more digitalized structure and with the introduction of the COOKIDOO and the Cook-key Bimby came closer to these client's preferences. For the future, it's important to fulfill their clients desires and maybe shape their business model and adapt to the new trends technology brings to the table.

It's true that Bimby understood and adapted to its customers' needs and preferences, so their leadership wouldn't be threatened. Bimby's dissociation from the typical marketing strategies helped the company to grow, providing to its clients with the unique sense and personal touch they deserve and this helped to develop a wide customer base, proven to be significant for future potential clients. Even though, a deep understanding and acknowledgement of the future generations is still required in order for the company to maintain its leadership.

V-CONCLUSION

“Bimby, the game changing innovative technology” is a dissertation in the form of a case study, which purpose is to provide a deeper comprehension of the products history and development through the years, focusing on the Portuguese case. It is understandable how the company, with this product was able to achieve a competitive advantage and use their unique business model to maintain the lead in the industry for so long.

Firstly, it's important to connect the strategic management theories to a specific industry, analyzing them in a real company, therefore providing important and accurate recommendations.

Alongside this dissertation, in order to help students, read, analyze and discuss the case, a set of contextualization of the industry and company is provided. Also, an internal analysis and perception, and a strategy overview is discussed, enabling the readers to furtherly structure their deductions.

Vorwerk has always been able to respond to different mindsets and cultures, focusing their products and placing them according to the different preferences of their targeted clients. Therefore, the vast investment in Bimby for Europe, most specifically, Portugal, enabled them a fast understanding of their client's requests and demands.

Comparing two different time sets, helps the analysis of the crucial factors and the shift in these as the social demands also suffered a transformation. At the beginning penetrating the market was a simple task, in the sense that it was still an unexplored market place. Their business model proved to be efficient and the differentiation and personalization the company is proud to classify as its biggest asset, has been proving to be valued by its clients. However, technological and digital trends that appeared in the last years, proved to be the ones of most importance for clients.

This digitalization process represented a crucial shifting point in the mold of this market, and Bimby seized its opportunity, taking the lead in the launch of a digitalized, internet connected product. Many followed and the market is now developed around the technological features and digitalized solutions.

Even though, this digitalization is present, still there exists some uncertainty for the future regarding marketing strategies and some indetermination about Bimby's business model.

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