



HUMAN HARMONY: shopping with compassion

Creative Shock'17 Preliminary Case Study

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Business overview

What is “HUMAN HARMONY”

- HUMAN HARMONY is an e-commerce website selling ethically-sourced, environmentally-conscious gifts made by social businesses, organizations and non-profits from around the world.
- E-commerce website is currently working with ~30 partner organizations to bring their products to the website shoppers. “HUMAN HARMONY” is dedicated to amplify stories of these social businesses and organizations and in that way support social causes.
- Each product is individually screened in order to evaluate its quality, social impact, and ethical sourcing approaches. By having rigorous selection process HUMAN HARMONY is building trust with their socially conscious customers, who are able to purchase high quality products with social impact.
- In addition, half of the profits from “HUMAN HARMONY” are allocated to fund social programs selected by the website shoppers



Company is currently selling 3 categories of goods

Category	Sub-categories	Descriptions
 <p data-bbox="410 411 614 444">Accessories</p>	<ul data-bbox="698 287 1065 396" style="list-style-type: none"> • Necklaces & earrings • Bracelets • Scarves 	<ul data-bbox="1207 287 2397 511" style="list-style-type: none"> • Majority of the products in this category are sourced from organizations and social businesses working with socially vulnerable communities in poor regions (e.g. single mothers). These communities are producing and selling eco-friendly goods to increase their income while social organizations and businesses provide them personalized, hands-on training to refine their skills, teach eco-friendly production processes, and manage their growing businesses.
 <p data-bbox="410 753 563 786">Footwear</p>	<ul data-bbox="698 629 1116 696" style="list-style-type: none"> • Men's shoes & socks • Women's shoes & socks 	<ul data-bbox="1207 629 2397 853" style="list-style-type: none"> • Currently footwear category products are sourced from multiple social businesses that are using 1 for 1 social business model. For each pair of shoes sold business gives something in return to communities they are working with (e.g. pair of shoes to children in poor communities, plant a tree in selected community or support development of children by giving free school appliance baskets to poor families)
 <p data-bbox="410 1096 614 1129">Bath & beauty</p>	<ul data-bbox="698 972 1065 1082" style="list-style-type: none"> • Soaps • Moisturizers & balms • Men's care 	<ul data-bbox="1207 972 2397 1158" style="list-style-type: none"> • HUMAN HARMONY is selling only natural bath & beauty products, which follow eco-friendly production processes. In addition, producers are sourcing natural product ingredients from socially vulnerable communities in poor regions (e.g. farming communities for ex-convicts, people who lost their home due to natural disasters, etc.)

HUMAN HARMONY is currently shipping products to 3 regions of Creativtonia

Category	Human Harmony sales 2015-2017E, USD	Description								
<p>Honeyton</p> <p><i>Population: ~500.000</i></p>	<table border="1"> <tr><th>Year</th><th>Sales (USD)</th></tr> <tr><td>2015</td><td>181.762</td></tr> <tr><td>2016</td><td>193.234</td></tr> <tr><td>2017E*</td><td>199.000</td></tr> </table>	Year	Sales (USD)	2015	181.762	2016	193.234	2017E*	199.000	<ul style="list-style-type: none"> Financial center of Creativtonia. It is home to a large number of international banks, businesses and financial institutions, therefore it is a substantially richer region with majority of the households in upper-middle income class.
Year	Sales (USD)									
2015	181.762									
2016	193.234									
2017E*	199.000									
<p>Techton</p> <p><i>Population: ~900.000</i></p>	<table border="1"> <tr><th>Year</th><th>Sales (USD)</th></tr> <tr><td>2015</td><td>179.678</td></tr> <tr><td>2016</td><td>184.345</td></tr> <tr><td>2017E*</td><td>202.000</td></tr> </table>	Year	Sales (USD)	2015	179.678	2016	184.345	2017E*	202.000	<ul style="list-style-type: none"> Largest region population-wise in Creativtonia. All the largest manufacturing companies based their facilities in Techton, due to relatively good quality and substantially cheaper workforce. It is an economically stable & low growth region, however government started to encourage development of the region by subsidizing entrepreneurs seeking to start their business in the region. Also, majority of people who are working in Honeyton own houses in Techton due to lower living costs and good transport connections
Year	Sales (USD)									
2015	179.678									
2016	184.345									
2017E*	202.000									
<p>Oldton</p> <p><i>Population: ~490.000</i></p>	<table border="1"> <tr><th>Year</th><th>Sales (USD)</th></tr> <tr><td>2015</td><td>139.121</td></tr> <tr><td>2016</td><td>142.321</td></tr> <tr><td>2017E*</td><td>144.000</td></tr> </table>	Year	Sales (USD)	2015	139.121	2016	142.321	2017E*	144.000	<ul style="list-style-type: none"> Oldton is most known for its tourism sector due to its historical buildings and monuments. Real estate prices in Oldton is the most expensive in Creativtonia, therefore majority of the households belong to upper-middle class. Office of Human Harmony is located in the region.
Year	Sales (USD)									
2015	139.121									
2016	142.321									
2017E*	144.000									

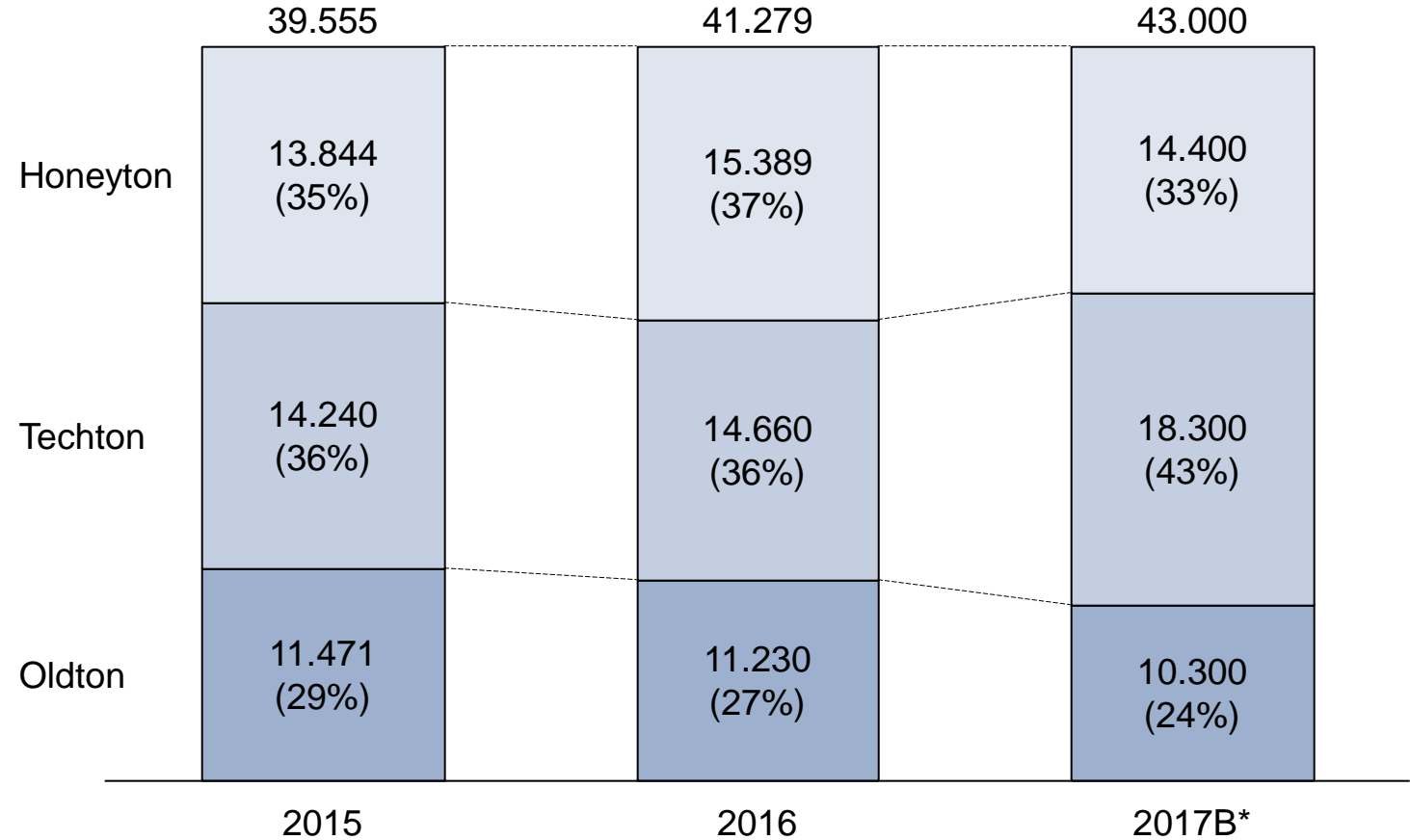
*Estimate for the end of year

Overview of marketing expenses

Overview of marketing activities

- Large share of company’s marketing budget is spent during the holiday season, when people are searching for presents. During this season Human Harmony usually launches a TV ad promoting their holiday offers
- Company is also trying to reach people interested in social topics using social media channels, like Facebook and Twitter.
- Company is also trying to increase traffic to their website by advertising on Google. Specifically they are targeting people searching for gifts or specific products from categories they are currently selling on website

Share of Human Harmony marketing expenses by region 2015-2017E, USD



*Budget for the end of year

Your Task

Situation

- Human Harmony's Board of Directors is meeting to discuss company's performance in the three regions
- CFO of the company is responsible for assessing financial results and presenting them during the BOD meeting
- Management of the company hired your team of consultants to help CFO with this task
- After discussion with the management team you agreed to focus on 2 key questions:

Your Task

- 1 What were the main profit drivers/KPIs in each region during the last 12 months? Specify which of the KPIs best explain the performance differences among regions.
- 2 In your opinion, which of the regions has the biggest opportunity for Human Harmony? Provide the reasoning for your choice.

Financial team shared the raw transaction data from their e-commerce website for you to examine and provide your recommendations.