

Report On
ENTREPRENEURIAL GROWTH OF BEAN BAGS AND IT'S
FUTURE IN BANGLADESH

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelor of business Administration

BRAC Business School
BRAC University
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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

Fabiha Enam
Senior Lecturer
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship report.

Dear Madam,

I am pleased to submit the report of my internship experience at Cozy Sitters as a part of the requirement for my BUS400 course. In this report, I have tried to include my experience along with some relevant information to make the report informative and comprehensive. Throughout this whole process I have attempted to follow your guidelines in every aspect of preparing this report and tried to include as much details as possible of my working experience at Cozy Sitters.

It was a very enriching experience for me to prepare his report. I hope this report will be up to your satisfaction.

Sincerely yours,

Fahim Zaman
Student ID: 14304150
BRAC Business School
BRAC University
Date: December 09, 2019

Executive Summary

This report is a research paper focusing on “Entrepreneurial growth of bean bags and it’s future in Bangladesh.” This report describes the overall condition of the industry and what possible outcome will be there in near future in Bangladesh. The total report is divided into four chapters with decorated information.

The first chapter contains the history of the company, how it all started and what fueled the intention of the entrepreneur to do the business. In the second chapter it is about the overview of the company. The third part is the analysis part where it has written what is the present situation in the market in respect of this industry and what could possibly be in near future if more people try to come and most importantly the tools that were used always as theories and finally connected with real life business situations and finally the forth part talks about the experience I had working as an intern in this company to learn practical work in the real business world.

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Chapter 1: Introduction of the Report

Origin of the report

To become someone great or to build something very big we all go through phases where we see things that we never did, learn something that we never learned, face problems that we probably never thought we could ever do and finally experience something that if we never started would never really realize. The phase of learning new things requires hard work, dedication, hunger for more and thirst for new knowledge. Internship is a program where as a fresh graduate ready to be hired in any business institutions as a corporate person gets a good reality check of the practical world of the harsh business scenario.

I myself, as a fresh graduate worked as an intern in a rising industry aiming to bring luxury, creativity and more comfort in sitting. The name of the company is Cozy Sitters, a good start up that aimed bringing more luxury and variation in sitting. Providing an easy to carry, convenient to sit on and creatively lucrative design to look at made enough sound to the niche market we are trying to grab. Working as an intern I had to work under constant supervision which made me more focused on work as a whole, disciplined and responsible. Also, real world business and trading experience required a lot of communication skills that threw a challenge to me which I embraced and dealt with passion, patience and consistency. In the later part of the report I tried to put that reflection and the effort to make it as enriched as possible.

Objective

The objective of this report is to showcase my experience, ability and the challenges I had throughout the past three months working as an intern in Cozy Sitters. The promising market, it's size and the behavior of the customers are the things I learned and that learning will be put in this paper which is the part of the objective. In this process I learned to create, solve and overcome the major challenges of an internship and a major objective for an internee.

Limitations

Creating the whole report was a real hassle because of three factors. The first factor is time constraint. Because of time shortage I couldn't put my whole effort into the report in order to make it very informative and useful for everyone. I think three months is not very adequate for writing a comprehensive report. The second factor was lack of research data. No one before us tried this product to bring in the market. We were the first to discover this necessity of bean bags in Bangladeshi market so, we had to walk alone. There were no secondary data available in the internet which could guide us forward for further experiment, learning or innovation I wanted to put in this paper. Lastly, the excessive work pressure did not allow me to work constantly on the report that I am supposed to do. I have to run this place to that and take pressure of delivery, manufacturing, communication and being there to purchase raw materials where in most of the cases I have to be working physically. For these reasons my report has some drawbacks.

Chapter 2: Business Overview

Cozy Sitters was founded in October, 2014 keeping all the possibility in mind that it can bring a creative change in the industry of comfortable sitting. This bean bag manufacturing process has similarity with readymade garment products in terms of sewing, cutting and fitting. The raw materials were all available in the local market and to some extent better and cheaper than European and Chinese market. In Europe, America, Australia bean bags are widely popular to those people who like to watch games, tv shows or spend hours in front of tv set playing video games. The founders figured out a very few people knew about bean bags in the country and no one actually realized the fact that a huge bunch of people will love the product if it lands to the local market. This particular need gap blessed founders with all the necessary equipment they needed and technical know how they figured out by themselves and made them the first mover in the market.

Vision

Become the leader in the current market and reach global market.

Mission

Providing affordable priced bean bag to cater the niche demand by eliminating middle and directly supplying bean bags from the factory plant.

Company profile

Address	Block b, Road 12, House 220, Mirpur 12, Dhaka 1216
Telephone	01673625186

Email address	cozysitters@gmail.com
Year of establishment	2014
Total Employees	10
Key services	Manufacturing and sales of bean bags

Table 1: Company Profile

Business partners

- Ashek Ahmed
- Shakila Ahmed
- Fahim Zaman

Management Team

- Chief Executive Officer–Ashek Ahmed
- Chief Operation Officer-Shakila Ahmed
- Fahim Zaman-General Manager

Products and services

Cozy Sitters have wide range of products which includes multiple categories of bean bags that includes

- Premium collection
- Regular bean bags

- Fabric bean bags
- Fatbottom bean bags
- Fur collection

These products come with different shapes, colors, quality of fabric and textures. In general, we make XXL, XL, L and medium. Medium size is used for fabric bean bags. Our fur products come only in one size that is XL. In festive seasons we offer pillows made of fur cover. All the products are available all the year round. Fabric bean bags are budget friendly for all the customers. Premium bags are for those willing to spend high for their sitting with bright color and luxury. Regular and fat bottoms are comparatively lower in price. We have wide range of color and the options open for personal customization. We use plastic bean balls inside every bean bag which we call Virgin Beans.

Services we provide:

- Doorstep delivery throughout Bangladesh.
- Product repairs and refurbishment.

Chapter 3: Entrepreneurial growth of bean bags and its future in Bangladesh

In this report I will be discussing about the growth of the industry among the people of Bangladesh and where it is going to go in near future. This report will contain the business canvas model, analysis and interpretation. For the convenience to explain the topic I will be

dividing the discussion into two different parts. One is analysis and the other is interpretation.

The analysis part will be discussed with the help of three tools. They are:

- Competitor’s analysis
- SWOT analysis
- Porter’s five forces
- Business canvas model

In this industry an ideal business model is being followed. The following business canvas

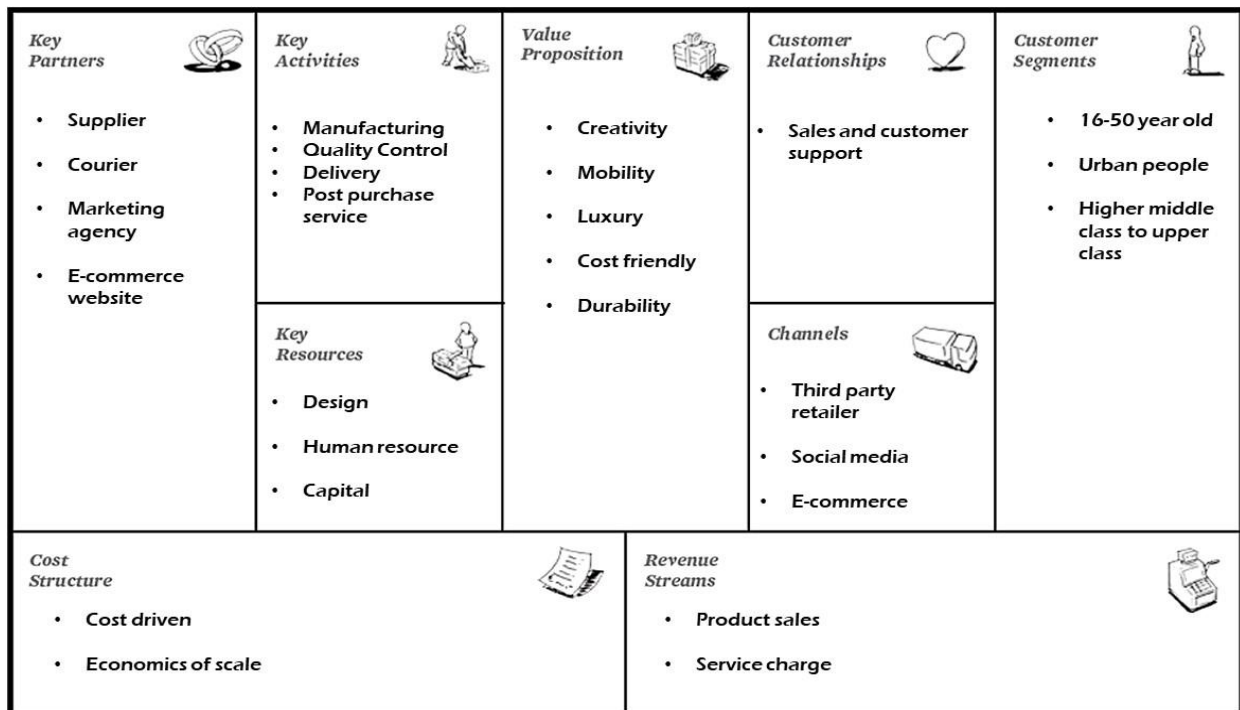


Figure 1: Ideal Business Canvas Model

model is being followed by more or less everyone.

According to the graphical presentation Cozy sitters maintain these activities such as key partners, key activities, value proposition, customer relationships, customer segments, key resources, channels, cost structure, revenue streams. The key partners are suppliers from who the raw materials are bought such as fur, pvc, zippers, machine oil etc that are used to manufacture bean bags. Then delivery channel such as courier service (Sundarban courier

service), Aramex, delivery man. Then comes marketing agencies and e-commerce sites who take care of product advertisement and bring orders from e-commerce users such as bikroy.com, Daraz online, Ajker deal etc. In the key activities part manufacturing, quality control, delivery, post purchase service is included. The bean bags should be checked twice before production and delivery. After the delivery if necessary, post purchase service needs to be provided. As per bean bags are different than the other sitting arrangement so, the value proposition will have to be unique and solid. With that being written channels of the business, revenue streams, cost structure have to be maintained good.

Industry Analysis

In this segment I will be discussing the analysis of the total industry scenario. Here the risk, opportunity and possibility of growth will be discussed. There are certain tools to justify the condition of the present state of the industry. The tools that will be used for analyzing the industry are:

- Competitor’s analysis
- Porter’s Five Forces
- SWOT analysis

Competitor’s analysis

There are four companies in Bangladesh market who manufacture bean bags. They are Cozy Sitters, 21st June, Bean Bag BD, LAZY DUDE. The following box shall represent the social media presence of the businesses.

<u>Company name</u>	<u>Page like</u>	<u>Response time</u>
Cozy Sitters	26,791	Every two hours

LAZY DUDE	17,144	Every four hours
Bean Bag BD	66,668	Every three hours
21st June	16,551	Every four hours

Figure 2: Business Performance Index

Porter's Five forces

In this part I shall try to connect the real-life scenario of the business with Porter's five forces theory. Michael Porter introduced this theory model which was published in 1979. According to him there are 5 forces that influences a business in a competition territory. These factors are:

Competitive rivalry: Medium. There are three other companies in the same city. It is still a growing market.

Supplier power: Low. As per mentioned in the beginning there are enough raw materials in the market so there are enough suppliers because in the market place there are lot of vendors who provide the same quality materials so, the price is negotiable.

Buyer power: High. Customers can be offered with multiple companies, design and prices. Since, there are other options for sitting arrangement people may rethink the prices and product.

Threat of substitutes: High. People can buy other sitting arrangements such as couch, sofa, gaming chairs etc. So, there are options for sitting but since this is a luxury product and has possessed a certain differentiation so people will still buy it.

Threat of new entrance: High. Since there are enough materials in this country and machineries are very much available with cheap labor. So, the threat is real and overall market is competitive.

SWOT analysis

SWOT means S- Strength, W- Weakness, O- Opportunity, T- Threat

Porters five forces analysis depicts how highly volatile Bangladesh industry is. Now based on SWOT analysis the following is Cozy Sitters position in the industry.

Strength: Temporary contractual workers left the brand in advantage because there is no fixed expense on them.

Weakness: Low scalability and expensive delivery cost made Cozy Sitters weak. Specially shortage of man power brought the company in a weak position.

Opportunity: Availability of raw materials, machine parts and cheap labor specially in international market promising price made the brand very hopeful. Local govt is not imposing too much tax and rising public demand is making Cozy Sitters more hopeful on every day.

Threat: Knowing the fact that the abundance of suppliers, materials and cheap labors can trigger a lot of hungry entrepreneurs to come to this sector. A new entrance of a vendor may decrease the revenue or market share of Cozy Sitters.

Cozy Sitter's Strategic March

The growth of the business in the industry is divided into three phases for better understanding. They are:

- Phase 1: The launch and branding

- Phase 2: Marketing and retention
- Phase 3: Business and expansion

Phase 1: The launch and branding

This phase lasted for 3 months. Which is October 1 to December 31. On October 2014 Cozy Sitters started their journey in a small scale. In this phase their goal was to let people know about the brand and get exposure in the market. As a part of the strategy the company started their promotional activities and as a marketing expense, they manufactured 10 bean bags initially and gifted all those to their friends and family. People who got those bean bags were influenced on social media and had good business going on in the ecommerce industry. The word of mouth strategy for marketing as it is very effective way of marketing. The friends, family members and relatives did their job and posted pictures on the internet and wrote their good experience about it. The word of mouth strategy worked well and after the ending of November Cozy sitters got thirteen orders by emails, text and phone calls.

Phase 1 brief:

Time frame	October – December, 2014
Focus	Word of mouth and opinion leader
Amount of sales in units	13
Remarks on strategy	Somewhat successful

Table 2: Strategy Phase 1

Phase 2: Marketing and retention

This phase lasted for 6 months. Started in January ended in June. The goal of this phase is to create consideration and conversion among the target customers. In order to create consideration, we implemented social media marketing also retain the brand image established in the previous phase. The goal was to let people know more about bean bags so the messages were designed accordingly. They tried posting every useful detail on Facebook which makes people think about why they need bean bags and why considering bean bags of Cozy sitters over other brands.

For conversion, the idea was to convert the customers towards sales. They needed motivation to purchase and the company needed the drive to sell. Company's Facebook page was launched in September 2014. which is one month before production. People were knocking in the page and asking about the products. The owners conducted a phone call survey where they asked the customers about the products whether they like it or not. Their product's satisfaction rate was 90%. They then use the boosting system on Facebook which brought a very good response and capitalized the wedding seasons, Eid, Puja, New year and Valentine's day eve. The sales rate was going high and they bought more machines for manifesting purpose as they were able to cope with the increasing pressure of the customers. The company believe in customer retention and for that reason whoever want to buy again they get 10% discount. In the dull season company offers discount and special discount for those whoever put a picture on Facebook after buying the product. If the picture or the post of that customer reaches 500 likes then customers received 500-taka cashback. Also, in the dull season we offer free shipping and also discount of at least 10% who come to the plant and carry the products by themselves. Within this 6 month of timeline total sales of bean bags were 113. If taking average rate of sales per month was nineteen.

Phase 2 brief:

Time frame	January-June, 2015
Focus	Creating consideration and conversion
Amount of sales in units	113
Remarks on strategy	Not so satisfactory

*Table 3: Strategy Phase 2***Phase 3: Business and expansion**

This phase lasted for next six months which is July to December. The last phase was about how company attracted potential customers and used the strategy for their benefit. Now, the problem was the company was not getting a good profit margin because of its excessive delivery cost. The delivery cost had to be less and luckily Daraz.com showed up and offered free shipping around Dhaka city. This made the company a huge break and sales got up a boost. The average sales in a month before Daraz was 19-20 units and after Daraz the sales grew up to 28-32 units a month. The benefit of having Daraz as a third-party vendor is Daraz has a powerful image in the industry of ecommerce. Obviously, they were advertising the name of Cozy Sitters and its products through their site. The most important favor Cozy Sitters got from the company is free shipping and the delivery vans come right Infront of the factory door to pick up the products. Even though it might appear that the sales are not that high in number but with increasing sales and very less cost for delivery the profit margin went up. The regular delivery process was going fine but Daraz appeared to be more beneficial as it started adding up at least ten more orders per month.

Phase 3 brief:

Time frame	July-December,2015
Focus	Increasing profit margin and cutting expense

Amount of sales in units	154
Remarks on strategy	Requirements met

Table 4: Strategy Phase 3

The following graph depicts the sales revenue of the business year 2015, with which, the effects of the strategy and the business growth will be discussed.

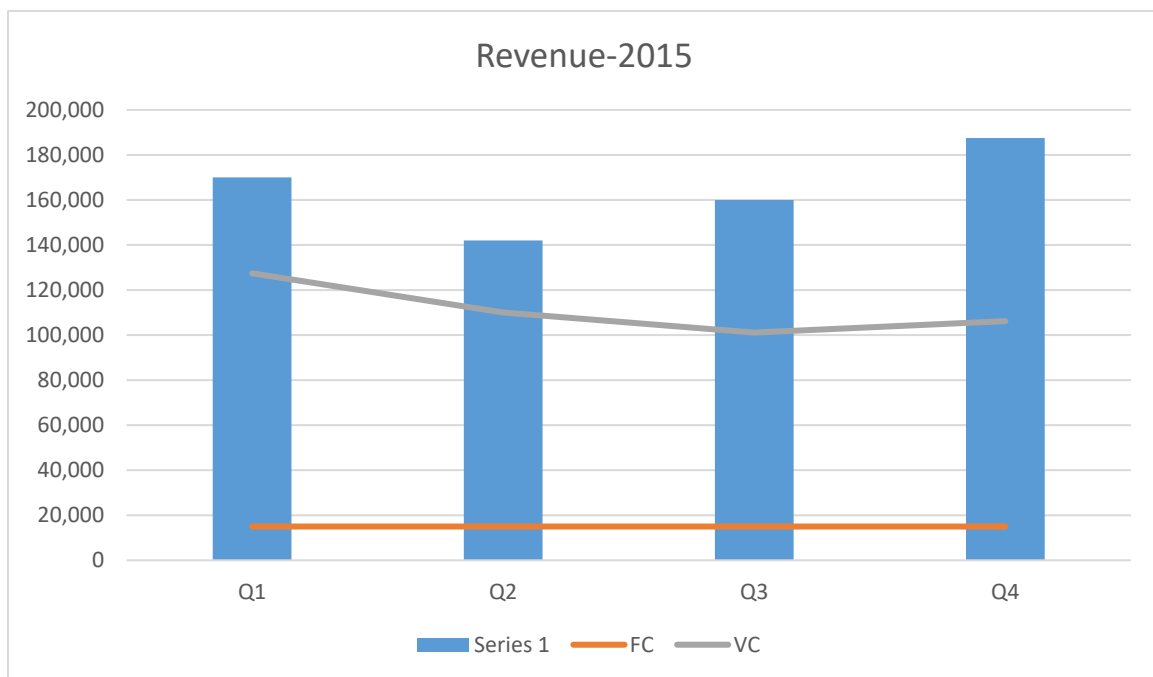


Figure 3: Sales Revenue 2015

The chart represents all the quarters since the beginning of the company. The company incurred variable cost because the company was new and had very little exposure and then a lot of expense for delivery. Then again, marketing cost was there because Facebook boost was incurring money. Once the third party which is Daraz was introduced, delivery cost went down and margin went up.

Current Scenario

As of now, Cozy Sitters is following the same strategy and systems it used to since 2015. But in near future considering the opportunity the competition may increase higher. The company has to expand its operation throughout the country. People have to be educated more about the product and so more sales has to be made. The company should make contacts the foreign market and work as their suppliers. But in Bangladesh right now, it is better to make the brand more differentiated and sophisticated. So, the brand should introduce more product line. The company is now focusing on bean bags which is okay right now but it is also thinking of introducing comfort mattress, pillow, blanket and couch in near future.

Interpretation and findings

After analyzing the industry, I have figured out that this bean bag industry is very volatile in this country. The industry is growing with lots of possibilities but competition is really high. This industry at one stage will be stagnant and there will be no rise in demand. To sustain this business for a while the product range has to be wide. If product range gets wide then direct competitions can be avoided also, there will be new group of customers they can grab. As previously mentioned, that it is related to readymade garment industry in the dull seasons the machines can be used by t-shirt and denim manufacturers. Those sub contracts won't have to be directly related to the brand. In the dull season company properties can bring extra revenue from a different sector which can be used for further capital in future. This is economics of scope that can be used for brand's betterment.

Chapter 4: The Internship Expedition

My internship experiences

I as an intern when started had a fascination over readymade garments and how thing work in this country. But working in a garment factory would be very difficult and I was not done

with my studies. I had few more critical courses left still could not resist the temptation for working in a real-world work experience. A friend came up one day and asked me to visit his friend's new factory and I went with him to see what was going on. I saw machineries that are used in regular garments. I was so happy to see the set up that I offered that friend to land my hand in his work for free. My friend was really happy to hear the offer and he asked me to work with him. Besides I got him a new idea to use the maximum of his factory capacity. Then he offered me partnership and I accepted. After some days I started working with him. I thought all the process that I see in my naked eyes are very simple but when I personally started working, I started making mistakes and taking wrong decisions. Besides I had to put a lot of time communicating with customers, materials suppliers, workers, machine mechanics and my supervisors. I had to work really hard to keep balance and not making mistakes or dissatisfy clients. After someday alongside with normal clients I started to deal with corporate clients including GP house, Robi, digital marketing firms and lot other clients who started placing bulk orders for office decoration. Me as a full-time student was working almost 8 hours a day with nearly no holidays and my classes were going parallel. After working a month straight, I started liking the work and finally it was under my rhythm. I finally became hopeful that I can be in this business and help me and the company grow. It was not a usual job that demands sitting in a desk, replying mails and do paperwork. I wanted to run around and deal with clients, suppliers and workers as I am very energetic and have lot of athletic spirit inside me. After a month of work my friend and the main owner left for Sydney to peruse his masters and I had to carry out every responsibility including maintain production, marketing campaigns, taking orders and ensuring the products are reaching safe and sound on the hands of the customers. Then I had to work in the strategic marketing that were led by my friend and the owner of the business. I realized how much pressure it feels when I am competing with other competitors at the same time the sales, I am looking for but not

happening as per my expectation. It taught me to work relentlessly to reach personal and company goal. It also taught me in business not everything goes according to the plan and there is a necessity of a Plan B always.

Recommendation

After working three months straight I found out I love working in this business however, I found out some shortcomings that are needed to be fixed for example, Cozy Sitters so far do not have a personal vehicle which can be used for delivery service. The company has to rely on third party such as Aramex and the cost is really high which lowers company profit. It decreases the urge of a customer because if delivery price is very high people won't buy it. One more shortcoming is Cozy Sitters do not have permanent production worker. They have two production workers who rely on this job as a part time or secondary income. During Eid and other festive seasons specially in winter they cannot manage time and some orders get out of hand. Lastly, Cozy Sitters supplies products through Daraz, Ajker Deal etc. ecommerce sites. They should approach more ecommerce related brand, local furniture and lifestyle brands which will bring more and more orders as well as wide spread brand value.

Future plan of Cozy Sitters

1. **Increasing product line:** In order to compete in this market where chances of new emergence of competition is very high, product line has to be increased. The company is bringing new policy where customers can order bean bags at an affordable price even customized by their own choice. Cozy Sitters will introduce cozy mattress, couch and customized bean bags for more customer involvement and wide area of potential market exploration.
2. **More brand attachments:** In upcoming April, Cozy Sitters will start working with 'Creativo' another online brand who make T-shirts, Jackets etc. Both of the

companies have reached towards a decision that Creativo will take care of the marketing of Cozy Sitters and advertise in their facebook page and website.

3. **Reducing delivery cost and maximize profit:** The delivery cost is one of the issues why the prize of bean bags are still high and a lot of the potential customers cannot have it. The company has figured out that if delivery charge can be reduced, margin goes up and more customers can have it.
4. **Getting more distribution channel for sales:** It is very understandable that bean bags are not as necessary of an item of a household as furniture but even if it is a luxury item, people who praise it will get it. The company figured out that furniture outlets will be a very convenient place for reaching out more consumers. The company is having regular communications and conversations with multiple furniture outlets in Mirpur and Gulshan. The company has the assurance to cut multiple deals within next three months.

Execution of the plans: The Company is researching the bean bag manufacturers all over the world. Recently, two new prototypes are being worked on. The manufacturing process is figured out and soon to be launched. In that production line the mattress and customized bean bags are also included. By the middle of the year 2020 the mattress will be launched and customized bean bags will start taking orders in March.

Due to the huge delivery charge the total cost of the product goes up and so the company loses customers. The company has found a solution to reduce delivery cost and maximize profit. The beans of the bean bags will be extracted and then the cover will be rolled up and packed separately. It can be sent through Pathao parcel or in a courier. In this process multiple bean bags can be delivered and the cost of delivery will drop down at least one third of the present cost.

Since Creativo will be taking care of the marketing so the product will be able to reach out to a different base of customers. People will get to know more about the products and in a different platform the product will be advertised. The brand Creativo will be advertising of the bean bags and hopefully this will bring more and more customers.

Conclusion

Bean bags have promising customer base and need in Bangladesh because of the increasing buying power and hunger for following new trends. Besides people are more into watching sports and playing video games worldwide. In this report I mentioned Bangladesh being a large contributor in the sector of ready-made garments because of its cheap labor and availability of raw materials. The materials that are used for produce bean bags are very much available in the local market. The demand of bean bags and the price is way higher in the international market. So, reaching up to their customers and grab international market will bring huge currency and remittance to the GDP. The opportunity is real and there are no significant competitors in the market. This report is a small attempt that reflects the significance of the growth and its future in Bangladesh throughout the world as a Bangladeshi start up. The report holds the blueprint of devising campaigns from ground zero to the final end where the ending mark is put. I hope this report may able to help someone know about the start of a great journey of a Bangladeshi company who introduced creativity in the sitting arrangement.

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