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Case study

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Introduction

The case study is about a business idea that was created to solve an everyday problem faced by many people around the world. Peter Nemec and his classmates found a solution to eco-friendly laundry detergent without the bulky packaging of gels or powders.

PRAMI: ECONOMICAL AND ECOLOGICAL DETERGENT FOR EVERYONE

BACKGROUND AND CHALLENGES

The story of the Lavi company begins with a small shopping accident. When Adela Horváthová, a student, was returning home from the store, she carried a large package of washing gel in one of her bags. Her bag tore, the bottle broke and spilled all over the floor. It was a very messy, unpleasant situation.

The next day she came to school and asked her classmates if they could come up with something as part of the JA Slovensko company program that would replace washing gel, be equally effective, easier to transport and ecological. That's when she and her classmates, among whom was Peter Nemec, co-founder of the Lavi company, invented laundry soap. You might say that this is nothing new, but their product has exceptional qualities.

We know various washing gels, washing tablets, washing powders and soaps. The founders of the Lavi company did their research into the existence of simpler and more efficient washing options. However, none of the current solutions suited them. They were looking for something with easy dosing like washing gel, but easy to transport like laundry soap. However, they faced several obstacles.

First, the creation of their product was not easy at all. They tried different natural-based ingredients known to have a good washing effect. However, the product did not meet their expectations at the beginning. It was either too soft, not very effective, or difficult to produce. They did not give up and continued to try different ratios and natural ingredients until they found the most suitable composition with which they achieved the desired effect. That's how Prami was born.

Prami is an ecological detergent in the form of soap. Approximately 4 liters of washing gel can be made from one soap, enough for 80 washes, while 50 ml of Prami is sufficient for one normal wash. It is sold in recyclable paper packaging, which gives it a huge advantage over ordinary washing gels and powders that are packed in plastic packaging. Prami also prevents the problem of polluting water with microplastics, which other washing gels use to achieve a foaming effect. Prami contains natural saponin from soap nuts, which are the fruits of the Sapindus mukorossi tree. In addition to the classic Prami without aroma, there are also 3 fragrant variants on offer.

Marketing a new product in a saturated market proved difficult at first. Lavi was faced with the challenge of finding the right target group. In the beginning, the team determined that their target group would be adults, the age of their parents, who do laundry. The initial survey confirmed this target group. It was a natural decision since their product is intended for washing. However, they found that this target group is too broad and already has its proven detergents. Sales figures were low. They had to change their approach and their target group. They started focusing on younger people and accentuated the main advantages of their product and the reasons for its existence. These were mainly protecting the environment, small dimensions, simple handling and dosing. The new target group mainly comprised young people who live in dormitories, but also young mothers with children and all those who do not want to carry heavy detergents from the store and do not even have a place to store bulky containers with washing gels.

In the beginning, reaching the target group was not easy at all. To address them, they used now-common tools, such as advertising on social networks. However, they had to deal with a lot of competition in this segment. They finally reached a breakthrough with sales demonstrations they did in shopping centers. It was here that people could see for themselves why their product is unique and how it works. In addition, a piece about their product on local television

helped them greatly. After the piece aired they sold more than 1000 pieces of their product in one week. Using TV as a medium helped them reach a broader market segment of residents. Their main segment at the moment is mainly younger people and students, but also all those who are environmentally conscious. Their current main communication channels are social networks. They do not actively use traditional advertising on TV or print media.

In addition to correctly identifying and reaching the target group, they also struggled with other issues. For example, they had to change one of the product's ingredients because of its undue influence on the final product. They also had difficulties in managing their time, as they were (and still are at the moment) high school students. They also had to deal with the issue of premises, which they had to rent because the chemical reactions involved in the production of their product were not suited to a school or home environment.

After the initial sales success, they established successful cooperation with e-shops from the Czech Republic that sold their products. Prami is also regularly sold in smaller local stores. The product started reaching foreign markets as well. They started to receive orders from Geneva, Budapest, and Vienna. Distribution is primarily by order from their website https://lavi.sk/, through a courier company with which they have a classic contractual cooperation. This way of distributing their product however came only after dealing with the problem with distribution costs of the Slovak post office which they addressed at first. Another distribution channel is their partner stores, which buy the soaps and sell them in their stores. So in this case it is a B2B cooperation. Currently, they have established cooperation with the company DM-Drogerie Markt, which is one of the largest companies in Central and Eastern Europe that deals with the sale of drugstore goods.

Like other companies, Lavi also has long-term goals. Thus, they are contemplating expanding to the American market. Thanks to statistics from the traffic of their website, they discovered that traffic from the USA has increased recently and they also received several emails asking if they can deliver the goods there as well. However, they do not offer this service yet for logistical reasons.

Combining a student life with leading a company has not been easy, but it has been very fulfilling for Peter and the team. Looking forward to the challenges and successes of Lavi is quite exciting for the team that started enthusiastically and without prior business experience. They are carefully planning their next steps, although they are currently busy with their matriculation examinations.

QUESTIONS FOR DISCUSSION:

1. Would you start a business in an area where there is already quite a lot of competition?
2. How can competition be beneficial for companies? Discuss the competitive advantage and try to find a practical example in your area.
3. What makes Lavi's product special and how does it differ from the competition?
4. Why is it important to correctly define the target group for your product? What lessons can be learned from Lavi's story?
5. Why is it important for the company to set long-term goals? Think about how it can help her in the development of her products and the company itself.

Developed by: Peter Kalčevský
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