Assessing the potential for Banana Guards

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Abstract:
Serial entrepreneur Gavin Megnauth has been offered the opportunity to purchase an exclusive three-year UK sales franchise for an innovative plastic carrying case for bananas. He loves the novelty Banana Guard concept, is sure they will be popular, but is worried that the franchise fee is too high. Should he take the plunge? This interdisciplinary case uses five questions to facilitate students to develop an outline marketing plan from fundamental customer insights and analytically assess the marketing budget and business opportunity using financial models. Initially students consider the various challenges of eating fresh fruit on the go. Learners use their own experience in discussion to discern key consumer pain points, then linking these to the solutions a Banana Guard offers for mobile, banana loving consumers. Using limited information, students will need to apply relevant financial and accounting techniques to conduct breakeven analysis to help the entrepreneur to evaluate opportunity and risk of this franchise. Having linked observed product features with customer benefits, students should then be able to start formulating ideas for an appropriate marketing campaign, with due consideration of the competition. The final question invites students, if they were in the case protagonist Gavin’s shoes, to make decision on this attractive business opportunity.

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Abstract

Serial entrepreneur Gavin Megnauth has been offered the opportunity to purchase an exclusive three-year UK sales franchise for an innovative plastic carrying case for bananas. He loves the novelty Banana Guard concept, is sure they will be popular, but is worried that the franchise fee is too high. Should he take the plunge? This interdisciplinary case uses five questions to facilitate students to develop an outline marketing plan from fundamental customer insights and analytically assess the marketing budget and business opportunity using financial models. Initially students consider the various challenges of eating fresh fruit on the go. Students are invited to use their own experience in discussion to discern key fruit consumption pain points and consider what problems the Banana Guard might solve. Using limited information, students will need to apply relevant financial and accounting techniques to conduct breakeven analysis to help the entrepreneur evaluate opportunity and risk of this franchise. Having linked observed product features with customer benefits, students should then be able to start formulating ideas for an appropriate marketing campaign, with due consideration of the Banana Guard competition. The final question invites students, if they were in the case protagonist Gavin’s shoes, to make a decision on this attractive business opportunity.

Learning Outcomes

By the end of this case study, students should be able to:

1. Use inductive, personal experience to analyse popular fruit consumption challenges and discern the key pain points of eating bananas on the go.
2. Link eating experience problems to the solutions a Banana Guard might offer and frame these product features as customer benefit statements.

3. Synthesise sparse base data, with inferences, to create a cost and revenue forecast break-even point and infer a possible marketing budget.

4. Create a marketing plan outline for the UK market.

5. Critically assess the overall attractiveness of a business opportunity.

Introduction

British Caribbean IT executive Gavin Megnauth was offered—via associates of his Canadian cousins—the chance to procure the exclusive UK sales franchise for an intriguing new consumer product, the Banana Guard. Gavin’s initial views of the product designed by an Emergency Room medic, David Algunik, were:

I loved the novelty of it. It was unique, colourful and eye-catching. I believed the product had first mover advantage and that it would be a novelty purchase item amongst the middle-classes. It felt lovely to hold and I believed it would do the job.

Early in the first decade of the 2000s, the UK consumer economy was strong, and healthy eating was high on the governmental social agenda, with the 5-a-day social marketing campaign (NHS, 2019) trying to encourage Britons to eat more fruit and vegetables to help counter the obesity epidemic. Gavin felt this it was an opportune moment to launch this innovative health related gadget.

The Banana Guard product design

As nearly every child knows, discovering a smashed banana in the bottom of a bag at lunchtime is a double disappointment, an inedible snack and messy headache you do not want to deal with.
Product inventor Doctor David Algunik had faced this very same challenge with his preferred fruit fix on his regular journeys to work at the hospital, and set about finding a solution to the banana transportation problem (John Lewis, 2019). The Banana Guard was conceived as a pistol shaped plastic tube casing that would enclose and protect more than 90% of all bananas (Banana Guards, 2019), the world's best-known tropical fruit and a cheap, nutritious foodstuff (Fleming, 2018). The feature colour of the launch—and most popular colour for Banana Guards—was, of course, bright banana yellow. However, with time other vivid colours were also introduced, and some creative retailers used the full range of colourways for their displays and promotional imagery.

**Figure 1: Green, red. and yellow ‘united colours’ of Banana Guard**

![Image of Banana Guards in green, red, and yellow]

Source: Author photo. Used with permission.

Cast as a single, folding, curved L-shape in responsible BPA free plastic, with clinically regular, circular ventilation holes, the Banana Guard design case was aesthetically pleasing with a solid, durable feel and matt texture. Bisphenol A (BPA), a common building block in resins and some plastics, was frequently used in various forms of food packaging, although evidence suggested its disrupting chemical composition could affect hormone behaviour (Wei-Haas, 2018). A key
selling point was, therefore, using more responsible BPA free plastic. The Banana Guard was very much the type of gadget Gavin could easily imagine appearing near a kitchen fruit bowl in a glossy lifestyle magazine feature. Food magazines were starting to become more popular in the UK and Gavin was confident he could secure free editorials coverage to build awareness.

**Figure 2: Initial design in banana yellow, with broken clasp**

Source: Author photo. Used with permission.

The first version of the Canadian manufactured guard had flimsy looking clasps, which given the playful attention of a curious child, were shown to not last long. Gavin was a little anxious:

I was concerned about the durability and ease of the locking mechanism in the hands of 5-8 year olds. Would kids find it too tricky to open or break it because they lacked the manual dexterity to open it without causing residual stress on the moveable plastic joint?

**Figure 3: Version 2.0 design with robust clasps**
Version 2.0 addressed this design shortcoming by implementing more robust twist off connectors at the top and bottom of the case, and a central fixing point described as a “sturdy locking mechanism” that “do not break” on the Banana Guards website (2018, Pg. 1). This less fragile solution was found, however, to be more difficult to operate, particularly for those with larger fingers and lower levels of dexterity.

The customer sales pitch

The Banana Guard website, which had already launched in North America but not yet in Great Britain, asked provocatively “Are you fed up with bringing bananas to work or school…bruised and squashed?” Its key benefit proposition proclaimed; “enjoy perfect bananas anytime, anywhere”. The guard’s multiple ventilation holes claimed to slow banana browning, ensuring a more pleasant eating experience. In a nod to the founder’s medical profession, the sales pitch highlighted a design that “prevents trauma drama during transport”. Other key selling features identified explicitly included being composed of BPA free plastic that would not break and being
‘made in Canada’ (Banana Guard, 2018). The customer proposition was quite straight forwards, it “fits just about any size or shape…snap the guard shut…toss it in your bag…your banana won’t get squashed” (John Lewis, 2019). Seemingly, the Banana Guard was a perfect solution for resolving a universal problem, namely overcoming the challenging soft skins of the Cavendish banana. (The English Lord Cavendish propagated a disease resistant banana clone, which now accounts for the overwhelming majority of banana exports globally).

**Inventors needing a sales and marketing specialist**

Gavin had had a very successful career working his way up the ranks of the Information Technology (IT) organisation in a global airline. He was renowned for being very intrapreneurial in his approach, finding creative, pragmatic and cost-effective solutions to problems faced by his internal customers in a large and bureaucratic organisation. His ability to find cunningly cost-effective and timely solutions had seen him promoted quickly and fast tracked on the company’s MBA development programme. At the time of the Banana Guard opportunity, Gavin was professionally renowned for his ability to leverage nimble partnerships, leading to the development of a number of side technology businesses, often using his natural selling guile and problem-solving prowess to reliably match low-cost computer coders (often university students) with complex business problems. Still in his late twenties, Gavin was interested in exploring potentially life changing business opportunities, namely ones where he felt he could use his skills and experience to build a highly lucrative business in a relatively short time.

Working with high-end precision plastic moulding engineers (Gavin’s cousins’ contacts whose main business was manufacturing premium moulded plastics for the automotive industry, e.g., for lights), inventor Doctor Algunik used his clinic instrument experience to design a highly innovative one-piece plastic cover that would not have looked out of place amongst the
instruments found in his operating theatre. The collaborators were inventors and design engineers who were concerned with quality and the final product, but who critically had no sales or wider marketing competence. Initially, they were asking for a £100,000 franchise fee, but Gavin thought he would be able to obtain, via negotiations, an agreement of about £20,000 for a three-year exclusive UK importer deal. Their experience was steeped in high cost production values; that is, they were not accustomed to producing low cost, mass market goods that relied on economies of scale. Gavin anticipated that potential competitors would enter the market using lower cost, lower quality production facilities. Although the web facing sales pitch seemed quite effective, and first impressions were quite positive, Gavin’s experience of actually working with the Canadian based Banana Guard team was a little different:

The reality is that they were experts in plastic mould injection engineering and production but were not really businessmen and had never run a franchise. By contrast, I had strong direct experience of franchising at British Airways, where I was part of a team that had franchised eight independent airlines. In asking some fairly basic questions about whether they had a franchise rule book, marketing guidelines, and so on, I exposed blind spots in their plan, and they felt that I would then be a valuable partner to help them build a global franchise strategy. However, my initial impressions from my professional engagement with the Canadian team were rather disappointing. They were often unreliable, for example being late to attend conference calls, and could be slow to respond to emails. They had not at that time worked out a great distribution network and had set a poor precedent for pricing and distribution margins with a US e-tailer. They lacked their own website with a shopping basket, something I could have developed easily. They recruited an individual to be the key business development lead, but this person did not last very long.
Gavin felt in addition to exploiting the UK market, as the sole national franchisee importing product from the Canadian factory, there was a potentially lucrative role for him to become more deeply involved in designing and implementing a fully functional global franchise concept, an idea that had initially received a warm reception.

**High-growth, low-margin, banana-fuelled exploitation**

Bananas historically have been a staple foodstuff in Latin America and Sub-Saharan Africa. For example, in rural Uganda and Rwanda consumption of abundant bananas can be as much as 1kg (2.2 pounds) per day per person, representing as much as 25% of total energy intake (Ploetz, 2005). Nearly one-half of UK imported bananas are eaten for breakfast. But bananas are also a popular sweet desert or snack food, which is cherished for its ease of eating. These characteristics are particularly valued by athletes for its easily digested energy boost (Bananalink, 2019). A medium sized banana provides 95 calories, with no fat, cholesterol, or sodium. Furthermore, bananas provide wide health benefits. They are a good source of fibre, potassium, manganese, and vitamins B₂, B₃, B₆, and C, although a high proportion of the calories come from sugars (BBC, 2019). Bananas are unsurprisingly popular with parents needing to revive their young children when out and about, as a banana provides its own packaging, requires no cutting or cleaning, and offers an easy mouth experience, which is particularly appealing to those with tender gums caused by erupting new teeth. Not only do banana skins provide naturally biodegradable packaging, they can also be used to clean shoes, soothe burns, and reduce itching from mosquito bites (Pereira & Maraschin, 2015; BBC, 2019).

On average, British citizens eat 100 bananas (10kg, 22 pounds) each year, which means that more than 5 billion are annually imported. Even with bananas benefitting from support from the Fairtrade movement (Shreck, 2002) of £1 per kilogram, imported tropical Cavendish bananas are
cheaper than apples (sustainably produced in UK) and oranges (Reynolds, 2018). This ubiquity developed in part due to the historically dominant market oligopoly established by vertically integrated multinational enterprises (Read, 1993). Due to the large scale, low margin agricultural exploitation in the tropics and subtropics by brands such as Dole, Del Monte, Chiquita, Noble, and Fyffes, bananas became the world's most popular fruit (Bananalink, 2019). Global production grew from 68 in 1999 to 118 metric tonnes in 2015 (Dunn, 2017), and bananas have been the largest exports for Costa Rica, Ecuador, Panama, and Belize, and the second largest for Colombia, Guatemala, and Honduras. Foreign control of this key industry in many countries, perhaps without prioritising the best interests of the local population, led to the term banana republic. Dunn (2017) is critical of the over reliance on a single, sterile species, caused by profit-driven companies competing to deliver the highest crop yields, at the lowest possible prices (Fleming, 2018). But the Cavendish herb (strictly it is not a tree or plant) is relatively short, withstands hurricane winds well, is easy to apply pesticides to, and grows a reliable and abundant crop, making it the most profitable choice for most plantation owners (Reynolds, 2018). However, its continued ubiquitous prevalence is in doubt, due to the emergence of the banana wilt pathogen, also known as the Panama disease.

**Gavin’s assessment of the market opportunity**

Bananas were growing in popularity in the UK market. My market research indicated that banana sales had overtaken apples and their demand continued to look strong.

I felt in my genes that there was "novelty" appeal as a new gadget on the market, but after an initial surge of sales the product was not going to have sustainably strong turnover, owing to the relatively high price-point. I modelled my forecasts around the fad appeal of "Big Mouth Billy Bass" which had a strong showing initially because of the novelty
factor, but it was not going to be an enduring, big volume sales proposition, perhaps totalling 300,000 sales +/-50,000.

Gavin was given some slightly imperfect Banana Guard samples to help him assess the business opportunity. He felt retail pricing at £4.99 per unit was optimistic but achievable in the first year of operation before the competition entered, and each one would cost him 87 Canadian cents. However, Gavin’s summary was:

Through primary research of friends with children, the cost outlay for a guard (at a £5 price point) was felt to be a little high. There was no worldwide patent, and in any case it would be easy to make a derivative product that was fractionally different, by-passing any patent protection. The threat of much cheaper Chinese and Far Eastern imitation products, produced using a significantly lower cost base, would be a key threat to the viability of the Banana Guard, which by comparison was being produced in Canada, a developed economy which was seeing high inflation on wages and production costs.

Gavin ran trials with parents and sports lovers from his friendship groups by giving away the factory samples he had, in return for feedback. Trialists found the cases to be surprisingly large (and wished for a mini-version), the shape to be rather humorous, but it was also warmly embraced as a novelty gift item, ideal for active lifestyle banana lovers. Several issues were identified, however, including the challenge of operating the clasps, which were found to be difficult to open. And there was some incredulity that the casing would actually fit 90% of bananas. ‘Fits nearly all bananas’ was an important element of the proposition, but a little judicious bending was sometimes needed.

Figure 4: Version 2.0 Banana Guard with enhanced clips that do not easily break
What happened next?

Having successfully launched the Banana Guard in numerous markets worldwide, the company went on to develop different shapes for other fruits, dubbed Froot Guards for larger items such as apples, oranges, and peaches and the Froot Case for smaller items such as kiwis, grapes, and cherries (Banana Guard, 2019). In an attempt to wrap up the packed lunch container market, they extended their product range to include a S’wich Guard range, for sandwiches. This broadening of scope required a new branding architecture, using the Fruit Guard umbrella (Banana Guard, 2019). It seems clear from viewing the basic website, and sparsely populated Facebook page, that very little investment was put into creating marketing collateral to support the sales.
promotional efforts. Local market promotion was clearly left to the national sales entities. The choice to limit marketing efforts was intriguing given a number of clear points of differentiation: precision design from an Emergency Room medic, BPA free plastic, ‘made in Canada’ country of origin appeal, and a nearly humorous mission to prevent banana transport trauma.

It seemed to Gavin, when he was offered the chance to take Canadian manufactured Banana Guards into the UK market, that this was a premium product concept that was in need of brand personality; that is, creative storytelling could easily build powerful emotional connections with consumers. Although we know that the wider fruit guard concept was launched in markets worldwide, but did IT entrepreneur Gavin choose to take up the UK sales franchise operation? Consider the following five stepping-stone questions to analyse the Banana Guard franchise opportunity and justify your own recommendation for Gavin.

**Discussion Questions**

1. What are the advantages and disadvantages of consuming bananas compared with apples and oranges? In particular, what are the pain points associated with eating bananas?

2. What are the features and benefits of the Banana Guard?

3. If the units cost 87 Canadian cents each, the three-year sales franchise costs £20,000, and a retail selling price of £4.99 is set, how many units need to be sold to break even?

4. How would you consider promoting this concept in the UK marketplace?

5. If you were in Gavin’s shoes, would you buy the UK Banana Guard sales franchise? Explain your answer.
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**Further Readings**

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Assessing the potential for Banana Guards

Teaching Notes

Case Study Summary

The case tells the real story of serial entrepreneur Gavin Megnauth, as he evaluated the opportunity he was offered via his Canadian cousins, to purchase an exclusive three-year UK franchise for an innovative plastic carrying case for bananas. The concept has some novelty appeal, but with agile, low-cost imitators likely to offer stiff, low price competition, Gavin needed to evaluate the business fundamentals to evaluate whether or not he should take the plunge?

The case is designed to work for accountancy, marketing and entrepreneurship student groups, with a strong focus on offering a real world context to apply their business education to. The case requires students to tap into their own experience to inductively identify banana consumption pain points and undertake a competitor analysis comparing bananas with apples and oranges. This provides a low barrier to entry the discussions and should encourage class engagement. Having identified key pain points students are invited to link key product features with customer benefits, a practical but often over-looked marketing concept that emphasises the point that consumers buy benefits, not features. Using embedded basic data that is harvested from the case, students develop a sensitivity analysis on their sales and cost forecast, inferring a potential marketing budget, and a evaluate the break-even point. Depending on the time available and ability of students, instructors can choose to share (or not) some or much of the worked answers in the teaching note. Here, students must learn to make assumptions for any
missing information and operate in a more ambiguous space, where there are many unknowns. The penultimate step is to create a UK marketing plan. The case concludes in inviting students to make a clear recommendation as to whether Gavin should proceed with the franchise investment opportunity, knowing that the concept did launch in markets worldwide.

**Teaching Objectives**

This interdisciplinary case invites international undergraduate and post-graduate marketing and entrepreneurship students to evaluate the business opportunity and risk associated with the exclusive UK sales franchise holder for Banana Guard. The case uses five interlinked questions to facilitate students to develop an outline marketing plan from fundamental customer insights and analytically assess the marketing budget and business opportunity using financial models. This inductive case approach initially leads students to consider the various challenges of eating fresh fruit on the go. Learners use their own inductive, experience in discussion, comparing three different fruits, to discern key consumer pain points. They then link these problems to the solution(s) a Banana Guard offers for mobile, banana loving consumers. Using limited information, students will need to apply relevant financial and accounting techniques to conduct breakeven analysis to help the entrepreneur to evaluate opportunity and risk of this franchise. Having linked observed product features with customer benefits, students should then be able to start formulating ideas for an appropriate marketing campaign, with due consideration of the competition. The case context and answers, whilst detailed and rich, emulate a real entrepreneurial business context where there are many unknowns, as is typical in the real world. Students are provided with some financial data, but gaps are left consciously and provocatively to encourage deep engagement with uncertainty and to build resilience. The fifth and final question invites students, if they were in the case protagonist Gavin’s shoes, to assess the
attractiveness of the business opportunity. Students and instructors should avoid falling into the trap of believing there is just one right answer, but rather many feasible correct answers. Using a multi-group class, the instructor can elicit a range of divergent answers, a function of different base assumptions, and explore these during discussion. This case can be used in the traditional ‘read case and discuss question answers’ style or utilise a grounded, inductive, co-creational approach where the instructor pulls the insight and analysis from the student body adapting the questions outlined in this teaching guide. Instructors may even choose to embrace an experiential orientation by investigating the properties of physical fruit specimens and deliver their class using an unsettling performance dimension, by tapping into the trend for costumes and wearing a banana suit. Both these elements have garnered strong, positive responses from student groups in the authors’ experience.

Instructional objectives of this case are to:

1. Analyse a concept using personal experience to discern the key pain points.
2. Assess product features to create customer benefit statements.
3. Apply relevant financial and accounting techniques to conduct a breakeven and sensitivity analysis to evaluate opportunities and risks, using inferences appropriately.
4. Create an outline marketing plan.
5. Critically evaluate the overall attractiveness of a business opportunity.

Target Audience

This retrospective and reflective case is suitable for a range of intermediate and advanced international undergraduate and postgraduate courses in marketing, accounting, sales and entrepreneurship. Specific courses that may be suitable for this case include: BSc/Msc
Accounting and Finance, MSc/BSc/BA Business and Management, and MSc/MA/BSc Marketing. The case was iteratively designed in an international postgraduate MSc Entrepreneurship and Innovation course.

Related theory and linkages to the academic literature are as follows:

- Features and benefits (see Brockman & Jones, 1998)
- Problem-solution selling (see Moncrief & Marshall, 2005)
- Market entry strategies (see Buckley & Casson, 1998)
- Leveraging intellectual property rights for competitive advantage (see Hall, 1993)
- Calculating break even points (see Donoho and Huber, 1983)
- Sensitivity analysis (see Saltelli, Chan and Scott, 2000)

Suggested Teaching Strategy

This Gen Z friendly case is presented using a concise format, enabling students to spend more time on analysis and addressing the set questions. Two possible teaching approaches are suggested; (1) traditional method, where students read the case and prepare answers in anticipation of instructor facilitated discussions or (2) an inductive approach that allows for the case to be used without pre-class preparation, ideal for use near to exams and assessment deadlines. Instructors are encouraged to consider ‘Teaching Naked’ (Bowen & Watson, 2017) and delivering the case without using slide projection, and as needed, encourage students to access additional materials using links on the virtual learning environment to their own smart devices. The case authors have introduced some theatre to the delivery by handing out real bananas and other fruits, and even by sporting a banana costume, bringing humour and additional energy into the class.
The case can be presented using an inductive approach to ‘pull’ the case study out of a class discussion. Students are often surprised at how much they collectively know and how the analytical sequencing of the instructor’s questions can lead to some insightful elucidations.

Consider starting by playing the ‘Who are Banana Link’ video clip available at:

http://www.bananalink.org.uk/films-online.

In the pre-amble, share examples of Lord Cavendish’s cloned bananas around the class. Invite discussion of what is the ideal colour for eating, to draw out some clear preferences for less ripe, less sweet, green fingers, whilst some prefer the fully yellow skins or rarely, even the nearly over ripe brown skins.

As a secondary warm up question to encourage students to think out of the box ask what is the best way to open or peel a banana? The most popular answer is likely to be by pulling on the ‘handle’ (stalk), which whilst usually effective can snap and result in a messy dissection recovery process. Others may disagree and point at the other end. In a multi-cultural classroom this conversation can become quite animated when opinions differ.

To equip students with project evaluation skills, this case study also involves standard financial techniques such as break-even and sensitivity analysis to evaluate the business opportunity and risk. Sensitivity analysis is an important tool that determines how the net present value (NPV) varies as a single underlying variable such as cost, selling price and sales is changed. It serves as a risk analysis which could help Gavin to gauge forecasting errors. However, it does not tell us what to do about the possible errors. Breakeven point (Donoho and Huber, 1983) complements the sensitivity analysis because it sheds light on the severity of incorrect forecasts. It often turns out that the most critical variable for a project is sales volume, and here breakeven analysis enables exploration of the relationship between sales and profitability, which is crucial for Gavin
to assess the feasibility of the franchise business. In the case, Gavin states his gut feel for the
total sales falling in a range between 250,000 and 350,000, students are asked to apply a
sensitivity analysis to examine what-if sales for the best and worse scenarios.

**Suggested Answers to Discussion Questions**

We present here two approaches to discussion questions. First, the no-preparation inductive
option and second the traditional pre-prepared method.

**Inductive approach**

CLASS QUESTION: What do you know about bananas? (Flip chart plenary responses).

Close discussion by filling some of the missing information gaps from the case content.

In a post COVID-19 world, if budget and class size allows, share round examples of bananas,
apples and oranges.

CLASS QUESTION: What are the advantages and disadvantages of consuming bananas
compared with apples and oranges? (Encourage buzz group discussions).

CLASS QUESTION: If you think about the banana-eating user experience, what are the pain
points? (Encourage groups to plot a series of typical customer journeys, noting that around half
of all bananas are eaten for breakfast).

CLASS QUESTION: Where are the business opportunities?

Show Banana Guard images (figures 1-4 drawn from case) and ideally purchased physical
examples of Banana Guards to the class.

CLASS QUESTION: What are the features and benefits of the Banana Guard?
CLASS QUESTION: If the units cost 87 Canadian cents each, the three-year franchise costs £20,000 and a retail selling price of £4.99 is set, how many units need to be sold to break even?

Please evaluate risks through a sensitivity analysis based on the totalling sales could range between 300,000 sales +/-50,000.

CLASS QUESTION: How would you consider promoting this concept in the UK marketplace?

CLASS QUESTIONS: If there is a worldwide patent on this design at launch, what is likely to happen? How long would you expect to have a unique proposition?

**Traditional Question and Answer outline**

Alternatively, the case can be presented using the more traditional approach using the following questions and example answers.

1. **What are the advantages and disadvantages of consuming bananas compared with apples and oranges? In particular, what are the pain points associated with eating bananas?**

Apples are robust and rarely leak fluid. However, they bruise easily when knocked, the damaged brown flesh is unappetising to most. The fruit is crisp, difficult for small mouths and sensitive teeth (old and young) to bite into. They can generate loud crunching noise. The apple core and pips (seeds) are unappetising and potentially messy to dispose of. Skins may need to be cleaned before consumption. Some prefer to slice apples before eating them, requiring cutting equipment, which reduces their portability convenience.

Oranges are difficult to bruise, thanks to an often, thick skin. However, they can be difficult to peel, spraying a pungent citric zest, getting pulp under fingernails and making hands sticky.

Separating segments into mouth-sized pieces can often result in sugary juice dripping mess. Pre-
slicing into triangular sections can make oranges easier to consume on the go, and is a popular healthy team snack at half time, but this then requires a suitably water-tight container. The seeds, or pips, can be quite large and are difficult to remove before consumption. Farmers have bred ‘easy peeler’ fruits that have thin, loose skins to attempt to address some of these shortcomings. Some variants (e.g. Satsuma, Clementine) have been cultivated to grow without pips and thinner skins.

Cavendish Banana clones do not have pips and have a soft skin that bruises easily, it can be smashed into a pulp in short order. It is relatively easy to peel, although the skins are quite wet and odorous (messy).

This question can be drawn to a close by considering the important characteristic ratings e.g. durability for travel, consumption convenience, mouth feel and challenges, perhaps scoring each of the three fruit to establish a category ‘winner’.

Banana consumption pain points:

- Selecting a banana at the chosen level of ripeness.
- Avoiding having half a bunch of bananas that have gone off*. [*A Korean supermarket K Mart (Blake, 2018) has sought to address this very issue by boxing up individual bananas across the green-yellow colour range of ripeness (ideally each ripening a day apart) to offer a working week’s worth of ripe bananas.]
- Opening a banana without breaking the skin or creating a mess.
- Disposing of the smelly, wet skin.
- Transporting a banana without bruising or smashing it.
2. What are the features and benefits of the Banana Guard?

The Appendix shows images of several banana guards. Students often find identifying features quite straightforward, but benefits more challenging. Consumers tend to literally buy into benefit statements that solve a conscious or unconscious problem that they have. To make this question more challenging, invite students to identify a feature and then link this to a potential customer benefit statement.

- Translating Features into Benefits (non-exhaustive examples)
  - Ventilation holes - Slows down the skin browning process
  - Large void – Relax, it fits all bananas (~90%+)
  - BPA free plastic – Protecting my family’s health
  - Single moulding - Durable and there when I need it, won’t let me down
  - 3 robust clasps - Confidence that the banana will not drop out and smash
  - Brightly coloured - Easy to spot in bag, kudos talking point with friends
  - Tactile shape - Amusement for social contacts or baby entertainment
  - Banana safety - Happy child (nutrition/energy) or enhanced athletic performance
  - Unusual design - Psychological boost from peers, perception of perfect parenting

A key teaching point here might be to encourage students to consider that the benefits might well differ according to customer types and their reasons for needing a banana guard.

3. If the units cost 87 Canadian cents each, the three-year franchise costs £20,000 and a retail selling price of £4.99 is set, how many units need to be sold to break even? [£ = British pounds, where £1=CA$ 1.74 at the time of writing]. Please evaluate risks through a sensitivity analysis based on the totalling sales could range between 300,000 sales +/-50,000.
Sensitivity analysis using mid and +/-16% cases

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Unit sales ( +/-16%)</th>
<th>NPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>300000</td>
<td>71641</td>
</tr>
<tr>
<td>-0.16%</td>
<td>250000</td>
<td>59520</td>
</tr>
<tr>
<td>0.16%</td>
<td>350000</td>
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<table>
<thead>
<tr>
<th>Scenario</th>
<th>Selling price (+/- 16%)</th>
<th>NPV</th>
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<tbody>
<tr>
<td>0</td>
<td>4.99</td>
<td>71641</td>
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<tr>
<td>-0.16%</td>
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<td>58684</td>
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<tr>
<td>0.16%</td>
<td>5.79</td>
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<table>
<thead>
<tr>
<th>Scenario</th>
<th>Unit cost (+/- 16%)</th>
<th>NPV</th>
</tr>
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<tbody>
<tr>
<td>0</td>
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<td>71641</td>
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<tr>
<td>-0.16%</td>
<td>0.42</td>
<td>57388</td>
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<tr>
<td>0.16%</td>
<td>0.58</td>
<td>85893</td>
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Breakeven Analysis:

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</thead>
<tbody>
<tr>
<td>Variable cost (per unit in £)</td>
<td>0.50</td>
</tr>
<tr>
<td>retailing price (per unit)</td>
<td>4.99</td>
</tr>
<tr>
<td>unit increments for X axis display</td>
<td>2000.00</td>
</tr>
<tr>
<td>Breakeven point (Units)</td>
<td>4454</td>
</tr>
<tr>
<td>Breakeven point (£)</td>
<td>22142</td>
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</table>
Using just the numbers provided in the question, an initial attempt might simply look at the number of contributions (selling price – production cost, £4.99-£0.49 (87 Canadian cents)) needed to pay back the franchise cost, by dividing £20,000 by £4.49, resulting in an answer of 4,454 units.

However, this does not take account of a range of costs; customs/import taxes, storage and transportation, company overheads or fixed costs, sales and marketing expenses, labour, returns to investors, cost of any bank borrowing and any volume discounts for retailers (the standard retail mark up would likely be around 50% of the selling price).

If Gavin were able to squeeze out an optimistic £1 margin after all his operating costs (that equates to an impressive 20% profit margin) he would need to sell 20,000 units just to cover the franchise fee, which he assumed would need to be at least partially paid up front. Optimistically Gavin felt that he could achieve sales of 250,000 - 350,000 units.
4. How would you consider promoting this concept in the UK marketplace?

Gavin thought there was an obvious opportunity to launch the Banana Guards at consumer expos and events, such as the Ideal Home Show. Stands at such prestigious events would typically cost in excess of £5,000 before costs of labour, stock and marketing materials to decorate the stand. Smaller events would cost less, but offer less footfall and lower sales volumes. He was not particularly interested in spending his own time at such events.

Retail distribution deals via kitchen shops, department stores and supermarkets could be achieved, but securing a long term, high volume deal would likely require sharing more than half the selling price. Supermarket procurement teams are known to be very difficult to get into and drive agreements with very meagre commercial terms.

Another channel that was considered was the merchandising or SWAG (Stuff We All Get) industry, leveraging the Banana Guard’s novelty shape and function to carry other company brands or logos to be used as promotional giveaways. Free items sold in high volumes tend to be low cost, so it was assumed that white labelling in this space would require very low ball pricing, and had the danger of undermining sales through other channels. Gavin was keen to partner with the BTA (now ECBTA, the European Community Banana Trade Association) to support the protection of their prized product and help with marketing. However, the Banana Guard founders were against building partnerships with bodies for fear of losing the growth through other sales channels.

Typically, lifestyle gadgets are promoted using free PR plugging via magazines (and these days social influencers; see https://www.bananaguard.com/media-buzz) keen to exploit any novelty value, which Gavin felt could support some initial sales, but would be unpredictable and unlikely to sustain. A big promotional spend, developing the brand awareness would be quite risky,
require additional up-front investment and may or may not pay back. Unlike a big franchise, such as Subway or McDonald’s, there was absolutely zero marketing support from the Canadian inventors. Gavin’s background was in relationship building and putting in place creative deals in the tech space. Bold brand building investment was not something he felt comfortable with at all, and he was concerned about the speed and aggressiveness of low cost imitators, who would be well positioned to benefit from widespread consumer awareness of the Banana Guard concept that a master brand campaign would have financed.

5. If you were in Gavin’s shoes would you buy the UK Banana Guard sales franchise?

Explain your answer.

A market trader or someone with the experience and passion for direct selling might wish to take the risk here. With an exclusive sales territory for a new product category there was clearly an opportunity to leverage the novelty appeal using a price skimming strategy for the innovators and early adopters. The challenge would of course be, how, as a modest entrepreneur, to establish at scale quickly before competition emerged. Confidence in being able to land a high volume, lower margin deal with a major national retailer would also make this opportunity feel more exciting. This could become the first in a long funnel of consumer gadgets and setting up an efficient and effective route to market for other people’s inventions could be an interesting business proposition. The case is set just before the emergence of social media and this may have been an interesting opportunity, but this was not a skill set that Gavin possessed at that time.

Gavin did not feel that he understood the retail market and his initial discussions with large retail buyers highlighted just how little he knew and how strong their bargaining power was.

But inevitably there would be low-cost imitators (selling as low as £1/unit) entering this space and the relatively high costs from the Canadian production would likely see trickle level sales.
volume flowing through a small number of premium niche outlets at maturity. Then the hunt would be on for the next new thing. Concurrently of course, online marketplaces such as Alibaba and Amazon were growing in the direct-to-consumer space, allowing small and medium sized businesses to go toe-to-toe with global brands thanks to their global reach ecommerce platforms, efficient logistics, strong consumer trust, and robust payment systems. With cheap global distribution and price transparency online marketplaces were challenging existing historic retail distribution models.

Gavin’s appraisal of the opportunity was that he would have needed to give up his successful IT career and dedicate himself full time to Banana Guards. He felt he lacked some critical retail branding experience and the financial reserves to support such a venture. He believed he could have confidently sold between 250,000-350,000 units, but the risks were too high, and the idea of dedicating year or so of his time in front line sales was not appealing to him, the Banana Guard franchise did not seem to offer a big enough reward for this.

Therefore, it may be surprising to note that the UK Banana Guard franchise was indeed taken on and operated for a number of years. Unfortunately, we do not have access to the financials to assess how successful the business actually was.

**Strategies to Enhance the Learning Experience**

- Develop marketing collateral visualisations suitable for use in a digital marketing campaign, that emphasise key product benefits for key segments.
- Develop at least three marketing personas for the largest anticipated segments.
**Statement of the research method**

This armchair teaching case study was developed by blending together initial discussions with entrepreneur Gavin Megnauth (the real-life protagonist and co-author) at the turn of the twenty-first century when he was considering the invitation to purchase the UK franchise. Secondary research into the real-world Banana Guard offering from websites was augmented by the lead author’s experience of using numerous models of both versions of the guards with his own family.

**Dramatic Final Reveal**

Gavin decided not to invest. He did not want to be involved in retailing individual units himself, the margin return for time taken (or opportunity cost) was unattractive compared with the other IT projects he was involved in. Having identified his optimal route to market, wholesaling through one of the big five supermarkets, Gavin felt he did not have the connections or tenacity to be able to negotiate a deal, particularly given the ease with which a powerful procurement team would have been able to liaise directly with the manufacturer, or to commission its own generic alternative. He was also acutely aware of the likely short time window between launch and non-copyright infringing facsimiles from lower cost production centres. He rightly anticipated that they would flood the market with inferior, but significantly cheaper variants within 6-18 months. Sustaining a strong price premium through national brand building was considered to be expensive, risky and beyond Gavin’s tech-led entrepreneurial experience.

Gavin reflected:

> It was a fun journey and I learnt a lot from my experience investigating this opportunity. It is lovely to see so many of the samples I gave away still in the kitchens of my friends. Very occasionally I see the Banana Guard as a product or in a food utensil store...
and have a smile to myself. I have no regrets. I don't believe I could have made a success of the product and it wasn't the right venture for me. I suspect it would have taken focus away from other technology ventures that I have since been involved in and would not have achieved the modest success I have achieved today.

At the time of writing the UK Bananaguard.co.uk website, which had operated for more than a decade, carried a closure message “after many years of helping customers protect their fruit”, to be hosted under the wider fruitguard.co.uk identity. UK distribution (typically at an inflation lagging £5-6/unit) continued through a small number of specialist kitchenware retailers, including the John Lewis Partnership and Lakeland, although they faced significant, low price competition through online direct-to-consumer (D2C) marketplaces such as Amazon.

The numerous geographic franchise set-ups (covering North America, Europe and Oceania) have declined or diversified away from focussed selling of Banana Guards, by 2018, few were still actively selling. With the benefit of hindsight Gavin ruminated:

Now it is easy to conduct very targeted digital marketing at low cost to specific demographics e.g., Healthy eating forums, Mumsnet type websites, even school Facebook or Instagram groups can be leveraged as marketing platforms. This simply didn't exist back at the turn of the century, pre-smart phones. Potential digital reseller channels lacked traction with the target market e.g. Iwantoneofthose.com (now bankrupt) mostly aimed at 20-30 year old men. Amazon.com were predominantly an online bookstore with the fastest growth market being music CDs. The Amazon and eBay marketplaces allowing third parties to have their own store were in their infancy and not geared towards start-ups, but as a new channel for bricks-and-mortar businesses.

Additional Assessment and/or Discussion Questions
• Create a three-year forecast of revenue, costs and profitability and apply a 5%, 10% and 20% favourable and unfavourable sensitivity analysis to the revenue only. (Assume that all costs and exchange rates remain fixed. Detail carefully all your assumptions).

• Develop a business plan to present to potential co-investors.

References


Further Readings


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