Summary/Brief
Nuciano is a high-fashion accessories brand, inspired from humble beginnings, targeted to provide women with striking quality, effortless functionality and a luxurious image at competitive prices. The brand seeks to bridge the gap between luxury and affordability while possessing the natural ability to express a woman's attitude and grace. With an ultimate goal to become the staple accessory within a woman's closet, Nuciano intends to broaden its range of product offerings, improve its business-to-business (B2B) model, strengthen its marketing strategy and internally readjust to grow into a multi-million dollar international enterprise.

Market Opportunity
Nuciano competes within the US handbag, luggage and accessory industry as an online retailer and as a product manufacturer that relies on distribution channels within this market (ref. Appendix A). As of the 2016 industry report from IBISWorld (US segment)4, the industry revenue totaled at $14.1 billion, which profits constitute $689.6 million. The average growth projections during 2016-2021 are forecasted at 3.5%, a 0.6-point increase from the previous five years. Of the 28,438 businesses, the companies with the largest market share include Michael Kors and Coach Inc., who have led the modern fashion era of providing more “affordable indulgences” to consumers who dictate demand through their consumer confidence levels, amount of disposable income and international traveling.

Target Customers
The Nuciano brand is crafted for a niche target segment that is often recognized as the “H.E.N.R.Y.s” (High-Earners-Not-Rich-Yet), a previously understated customer who cannot yet purchase high-priced luxury brands, but possesses a comfortable disposable income. According to a trend report published by New Unity Marketing4, the segment belongs to 24.3 million households that economically reside between the middle class and ultra-wealthy; they generally earn between $100,000-$250,000 and are often home to younger affluents, age 25-45. These consumers value lower-priced high-quality products that fulfill the expectation of the high-fashion runway aesthetic and luxurious lifestyle. The H.E.N.R.Y.s are not whimsical spenders, but affluent savers who buy into a brand’s perceived sense of prestige. In addition to interviewing relevant distribution channels, Nuciano will conduct a current and prospective customer survey for further analysis of this target segment.

Market Problem & Current Solutions
In the retail industry, the modern consumer either becomes entrapped within the flurry of fast fashion, a cycle of purchasing wearable trends for an inexpensive bargain, or betrayed by high-luxury commodities, exclusive and refined-quality pieces that are too precious for use; the handbag and accessories market has a dichotomous appeal, with few exceptions that entice the contemporary woman. Co-founders Joy and Jude Egbejimba recognized the problem—few brands properly integrated genuine elegance, practicality and affordability in their accessories. The founders believe in democratizing luxury fashion accessories and concluded that those who desire a structured and tasteful purse should have access to it. Through timeless inspirations, Nuciano has grown to provide likeminded women with an accessory that is an extension of their femininity and independence.

Product/Service Solution
At the crossroads between luxury and affordability, Nuciano’s handbags range from classic leather silhouettes to chic crystal clutches that both provide each customer with class, quality and design. Ultimately, the leather purses are a woman’s “everything” bag; from desk to dinner and the office to her evening out, Nuciano bridges the threshold without requiring a change of accessory. Its crystal clutches, embossed with Swarovski crystals, deliver that million-dollar look at an incomparable offer from other luxury lines. The Nuciano brand was established as a testament to the idea that the first impression of a woman, in any occasion, deserves a timeless accessory, both practical and expressive of her sophistication and style.
Competitors & Competitive Advantage

By targeting the niche between the mass market and the high-end customers, Nuciano does not compete against designers that manufacture and distribute luxury commodities, but against a smaller cohort that competes on a similar platform to the company (ref. Appendix B). These established companies include:

- **Michael Kors** — As an industry leader and household name that has successfully established operations in more than 100 countries, the Michael Kors brand has generated a global revenue of $4.7 billion in 2015 by promoting its affordable luxury line in recent years.
- **Kate Spade** — The charming designer appeals to the vibrant image of the New York city woman. Kate spade reports that the $1.2 billion in 2015 sales is accredited to diversifying its product offerings to men, children and home décor.
- **Tory Burch** — Launched in 2004, Tory Burch is a budding designer label that features ready-to-wear vacation accessories catered to the effortless look. It heavily invests in expanding its brand through maintaining multiple social media outlets.

These businesses have successfully integrated their designer name into affordable luxury fashion through brand recognition of their accomplishments in the high-end market. However, Nuciano directly positions itself within the H.E.N.R.Y. demand, allowing design of its top-grain leather and crystals, matching or exceeding its competitors’ quality to be focused on those consumers.

Business Model

Nuciano will implement two phases of action to revise the operations of business efforts. Phase One will focus on increasing prevalence and market share within the U.S. market. Once Nuciano demonstrates sustainable integration, Phase Two will initiate efforts to penetrate West Africa, specifically Nigeria, because of its positive response and potential through the co-founders’ unique experience within and connections to the local fashion industry. After proving a viable customer demand for its products during the last three years, Nuciano will expand its focus from singularly establishing and maintaining relationships with its customers to allocating that consumer interface to sustainable distribution channels. This business model, in order of priority, can be summed up thusly:

1. Maintain a product price point minimum of $120 across its line of Nuciano leather purses and $850 maximum for its crystal clutches,
2. Redirect B2C and small B2B engagements to more established chains and departmental stores,
3. Recruit sale representatives working to initiate those B2B communications,
4. Secure timely product releases,
5. Improve Nuciano branding, advertising and online presence (ref. Sales & Marketing Strategy),
6. Continue business research of the customer market and product design processes to ensure stable sales, and
7. Fully expand into the emerging West Africa market by replicating the above models.

Sales & Marketing Strategy

Early marketing endeavors in limited trials have validated the company’s efforts and will continue to extend and improve the current sales and marketing strategy. This primarily includes:

1. Continuing in-store branding, advertising in brick-and-mortar shops, networking within the fashion community and partaking in trunk shows,
2. Attending nationwide tradeshows and events through sales representatives and independent contractors,
3. Collaborating with high-fashion designers in addition to red-carpet and runway shows,
4. Establishing affiliate and referral programs for bloggers and small business vendors who advertise and distribute Nuciano products from their site, and
5. Developing a stronger and more engaging online presence on website and social media platforms.
Traction/Performance/Awards

In its first few years, Nuciano has made many appearances in the fashion industry through collaborations with top designers and participation in press features, runway shows, Hollywood award shows and online and boutique stores (Ref. Appendix D). Nuciano’s products have been received positively, especially for their the quality, designs and price points. For example, the initial foray into the Nigerian market yielded corporate orders from a key client to gift appreciation for their employees and customers.

Company Financials (3 – 5 year)/Funding Needed & Use of Funds

Previous funding of $275,000 has been fully provided by the co-founders and was prudently invested in Nuciano’s conception and business lifecycle including design, sourcing and production. An initial cash fusion of $350,000 will boost back-end making and front-end distribution, which can potentially result in a breakeven about 26 months after its relaunch and surpassing one million in sales by year five (ref. Appendix E). Specifically, the brand will focus on curating a stronger B2B focus, while further improving product design, supply chain and material sourcing, production costs, customer experience, internal operations and overall marketing to support the expected increased volume of business. The bulk of Nuciano’s expenditures mainly derive from product production, shipping costs and outsourced advertising, such as editorial-style modeling and photography for products. However, with an increase of demand, product volume will increase and landed costs will decrease due to bulk operations.

Teams

Joy Egbejimba (Co-Founder & Creative Director)

From an early age, Joy Egbejimba has always admired her grandmother’s elegance and critical eye towards the sophistication of a woman’s appearance. Tastefully embracing one’s feminine charisma through simple and classic silhouettes has influenced Joy in her past work as a model and in establishing Nuciano, a handbag brand dedicated to her grandmother. Joy integrates her devotion to fashion with a technical background in industrial chemistry and accounting to bridge the gap between quality and affordability without compromising merit. She is inspired by the women who reflect herself – strong, sexy, fun and fearless.

Jude Egbejimba (Co-Founder & Chief Operations Officer)

Jude's project management and business expertise allows him to manage Nuciano’s supply chain and material sourcing, technical operations and sales representation. With a background as a top software engineer in the Pacific Northwest, Jude has built the Nuciano information technology assets from the ground up to include the e-commerce site and other software projects that support the efficient growth of the business.

Alicia Tang (Marketing Manager)

Nuciano’s marketing manager and visual enthusiast, Alicia believes that communication is best portrayed through visible recognition. Her multiple market research experiences with firms in the Pacific Region and a passion for the studio arts mix to provide Alicia with competence for organization, insight and artistry. She has explored multiple outlets, including architectural sketching, clothing design and everything craft-related.

Advisors

- **Steve Brilling** — Currently as a family business director at Clark Nuber, an adjunct professor at Seattle University and a member of multiple advisory boards, Steve has held multiple executive titles in the financial, educational and consulting services for over 30 years.

- **Rubiná Mahsud** — Rubiná, an associate professor at Albers School of Business, teaches business strategy to graduate and undergraduate students. She has most recently disclosed research on the relationship between the effectiveness of a firm's management and its performance in Strategic Management Journal.

- **Sarah Kinum** — A certified public state accountant, Sarah has over 18 years of accounting, finance and auditing experience through positions in digital marketing to software solutions in the greater Seattle area. She began her professional career in financial auditing and seeks to earn a Leadership Executive MBA in the spring of 2017.
Appendix A: Handbag, Luggage and Accessory Market Opportunity Overview

Key Statistics Snapshot

Revenue $14.1bn
Profit $689.6m
Annual Growth 11-16 2.9%
Wages $1.8bn
Annual Growth 16-21 3.5%
Businesses 28,438

Key External Drivers
Consumer spending
Per capita disposable income
Inbound trips by non-US residents
International trips by US residents
Percentage of services conducted online

Market Share
Michael Kors 16.1%
Coach Inc. 12.7%
Genesco Inc. 7.0%

Revenue vs. employment growth

Per capita disposable income

Products and services segmentation (2015)

26.4% Handbags
17.9% Costume and novelty jewelry
15.0% Luggage, briefcases and sports bags
15.2% Other women’s accessories
17.5% Men's accessories
8.0% Hats and other headwear

Source: www.360world.com
### Appendix B: Competition Analysis

<table>
<thead>
<tr>
<th></th>
<th>Nuciano</th>
<th>Michael Kors</th>
<th>Kate Spade</th>
<th>Tory Burch</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value Proposition</strong></td>
<td>To express strength and femininity</td>
<td>To be effortlessly chic and contemporary</td>
<td>To live fresh; vibrant, playful and youthful</td>
<td>To stylishly relax in classy comfort wear</td>
</tr>
<tr>
<td><strong>Target Customer</strong></td>
<td>The working businesswoman</td>
<td>Confident, trend-inspired women</td>
<td>The city gal; fashionista</td>
<td>Young mothers in urban lifestyles</td>
</tr>
<tr>
<td><strong>Range of Products</strong></td>
<td>Women’s accessories</td>
<td>Men’s and women’s accessories, clothes, footwear and fragrances</td>
<td>Women’s and baby accessories, clothes and fragrances</td>
<td>Women’s accessories, clothes, footwear and fragrances</td>
</tr>
<tr>
<td><strong>Product Design/Style</strong></td>
<td>Minimal, classic, chic and functional</td>
<td>Timelessly sophisticated, yet versatile</td>
<td>From weekend fun to weekday work</td>
<td>Print and texture designer pieces</td>
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<tr>
<td><strong>Product Price Range</strong></td>
<td>$120-$850</td>
<td>$168-$8,000</td>
<td>$100-$698</td>
<td>$175-$895</td>
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<tr>
<td><strong>Annual Company Total Sales (U.S.)</strong></td>
<td>$66,000</td>
<td>$4,712,000$(^{v})</td>
<td>$1,242,000$(^{vi})</td>
<td>$499,000$(^{vii})</td>
</tr>
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*Based on current online, non-sale purses

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### Appendix D: Traction & Performance

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<tbody>
<tr>
<td>1. Press Mentions</td>
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<tr>
<td>2. Strategic Partnership: Sales Reps</td>
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<tr>
<td>3. Strategic Partnership: Fashion Designers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+9</td>
<td></td>
<td></td>
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<tr>
<td>4. Strategic Partnership: Bulk sales outlets</td>
<td></td>
<td>+1</td>
<td>+2</td>
<td></td>
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<tr>
<td>5. Runway Shows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+4</td>
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<tr>
<td>6. Trade Shows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+3</td>
<td>+3</td>
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<tr>
<td>7. Online Stores</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+1</td>
<td>+1</td>
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<tr>
<td>8. Pop-up Stores</td>
<td></td>
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<tr>
<td>9. Small Physical Stores (boutiques)</td>
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<td>10. Market growth</td>
<td></td>
<td></td>
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<tr>
<td>11. Large Physical Stores (department stores)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+1</td>
<td>+3</td>
<td></td>
</tr>
</tbody>
</table>
1. **Press Mentions** — 3 Inside Wedding appearances, Home and family TV, E-news, Gladys
2. **Fashion Designers** — Daniel Hernandez Couture, Gustavo Apiti Couture, A thousand croset
3. **Runway Shows** — Seattle Fashion Week, Laz Anderson Museum Boston Fashion show, London Fashion Week, Boston Fashion show
4. **Bulk Sales outlets** — Zulily.com
5. **Trade shows** — Las Vegas Magic show, Miami Coast show, LA market show, AR New York
6. **Market growth** — UK, Canada and Nigeria
7. **Online stores** — AH Concept in Morocco, Wolf & Badger (UK), thePommier (UK), Illudio (Nigeria)
8. **Boutiques** — Lior at the Venetian in Vegas, Wolf and Badger in London, La Boutique Jolie in Issaquah, Divalani Style in Bellevue

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**Appendix E: Pro Forma Income Statement (Years 0-5)**

<table>
<thead>
<tr>
<th>Proforma Income Statement</th>
<th>Startup</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$ 105,040</td>
<td>$ 410,109</td>
<td>$ 533,078</td>
<td>$ 695,075</td>
<td>$ 903,076</td>
<td>$ 1,074,891</td>
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<tr>
<td>Cost of Goods Sold</td>
<td>$ 102,141</td>
<td>$ 159,283</td>
<td>$ 203,448</td>
<td>$ 265,310</td>
<td>$ 344,671</td>
<td>$ 411,483</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$ 2,899</td>
<td>$ 250,826</td>
<td>$ 329,630</td>
<td>$ 429,755</td>
<td>$ 558,405</td>
<td>$ 663,406</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>$ 77,358</td>
<td>$ 78,661</td>
<td>$ 100,470</td>
<td>$ 137,917</td>
<td>$ 133,074</td>
<td>$ 144,631</td>
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<tr>
<td>Marketing Expenses</td>
<td>$ 95,319</td>
<td>$ 126,750</td>
<td>$ -</td>
<td>$ 64,865</td>
<td>$ 35,871</td>
<td>$ 20,350</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$ 172,678</td>
<td>$ 189,386</td>
<td>$ 149,205</td>
<td>$ 186,757</td>
<td>$ 167,719</td>
<td>$ 164,756</td>
</tr>
<tr>
<td>Earnings Before Interests &amp; Taxes</td>
<td>$ (169,779)</td>
<td>$ 61,439</td>
<td>$ 180,425</td>
<td>$ 243,008</td>
<td>$ 390,686</td>
<td>$ 498,652</td>
</tr>
<tr>
<td>Taxes</td>
<td>$ (50,933.60)</td>
<td>$ 18,431.83</td>
<td>$ 54,127.50</td>
<td>$ 72,903</td>
<td>$ 117,205.90</td>
<td>$ 149,595.66</td>
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<tr>
<td>Net Income</td>
<td>$(118,845.06)</td>
<td>$ 43,007.59</td>
<td>$ 126,297.74</td>
<td>$170,105.91</td>
<td>$ 273,480.44</td>
<td>$ 349,056.54</td>
</tr>
</tbody>
</table>
End Notes & References


iv Kate Spade, Kate Spade 2015 Annual Report, 2016, p. 4., from Kate Spade and Company website, http://nasdaqomx.mobular.net/nasdaqomx/7/3507/5006/.

