

Reach the Target Customers

School of Management, Xiamen University

Michael Shi, Stefanie Lai, Oliver Wu, Allen Chen

content

- Problems
- Recommendations
- Analysis
- Alternatives
- Implementations
- Financial Outlook
- Risks and mitigations
- Conclusion

Problems

Problems

1. How should PromenAid stimulate the market needs to increase its sales revenue to \$15.7 million by 2020 ?
2. Should PromenAid change its subcontracting model to self manufacturing?

Recommendations

By Michael Shi

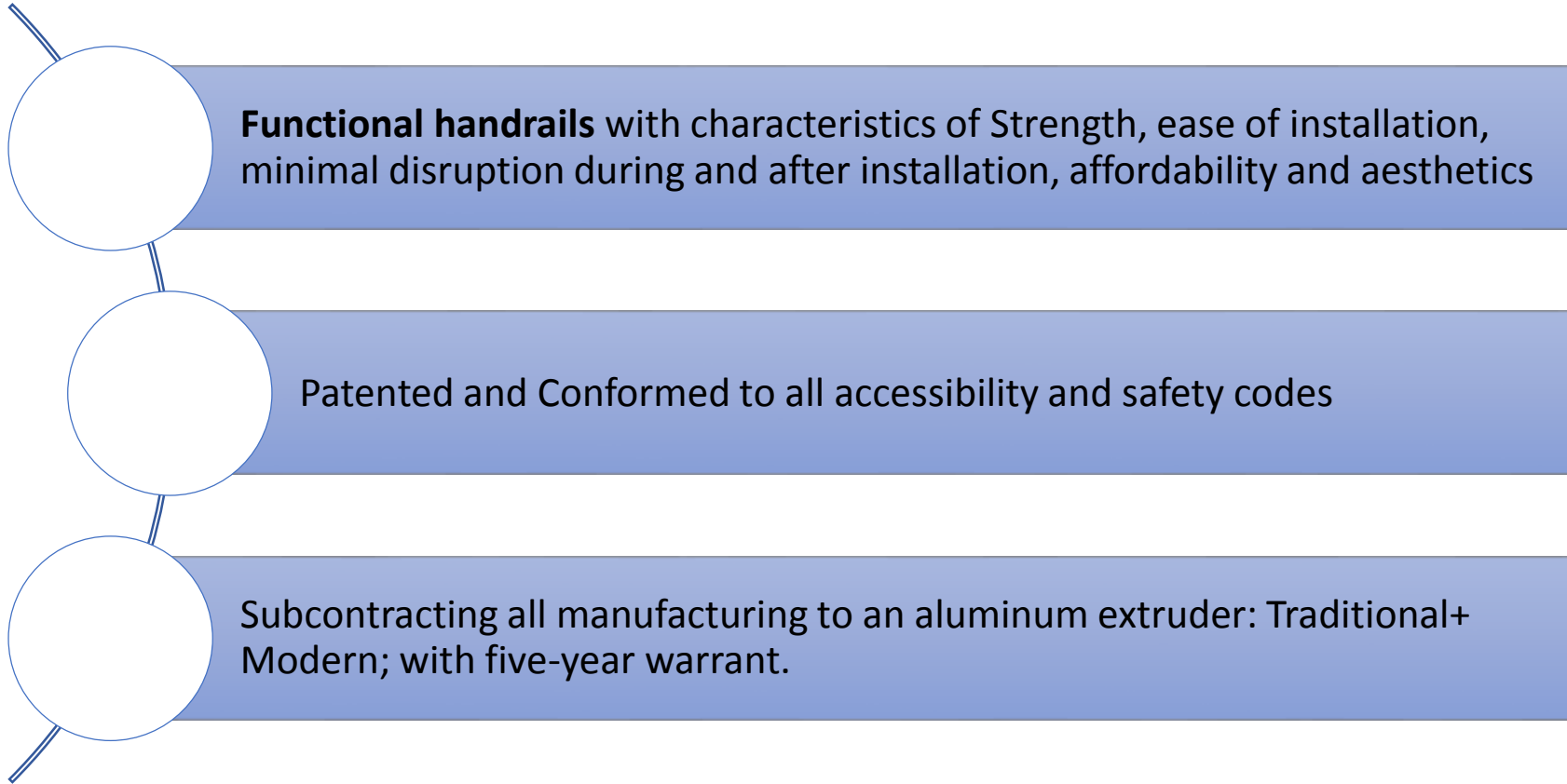
Recommendations

- PromenAid shall develop new professional B2C/B2B channel including special medical stores and CAPS certified contractors.
- PromenAid shall keep current outsource model but keep upgrading its products.

Analysis

By Ms. Stefanie Lai

Analysis – Strong Products



Analysis – Target Market

Target market: The residential specialty segment

- Over the age of 65 years
- Mobility impairment

Private households in North America	149,000,000 pcs
Residential Specialty Segment (30%)	44,700,000 pcs
Residential Specialty Segment - Total Market Value	\$ 4,412,397,345

Analysis - Premium Pricing strategy

China Business
Consulting

Length	Pricing (B2C)		Pricing (B2B) - 70% of retail price	
	Traditional	Modern	Traditional	Modern
12"	\$59.44	\$52.64	\$41.61	\$36.85
18"	\$64.78	\$57.98	\$45.35	\$40.59
24"	\$70.12	\$63.32	\$49.08	\$44.32
36"	\$80.80	\$74.00	\$56.56	\$51.80
48"	\$111.87	\$102.67	\$78.31	\$71.87
60"	\$122.55	\$113.35	\$85.79	\$79.35
72"	\$153.62	\$142.02	\$107.53	\$99.41
84"	\$164.30	\$152.70	\$115.01	\$106.89
96"	\$174.98	\$163.38	\$122.49	\$114.37
108"	\$206.05	\$192.05	\$144.24	\$134.44

Analysis - Channels

Traditional Retail Stores

Current: Brick and mortar stores (120 stores in Canada and 100 stores in the US.)

Options: 25000 home medical equipment dealers in North America

Home Hardware: 1100 independent, owner-operated franchise hardware stores in Canada
online lists of contractors: CAPS

E-commerce

Current: Amazon

Options: Lowe's e-channels

Analysis – Promotion

No Promotion
No differentiation

Analysis


















Strong products
Sufficient manufacturing capacity
Modulization design
Good Margin

Different channels management
Lack of retail experience and talents
Require Sufficient Financing for implementation
Product differentiation

Alternatives

By Michael Shi

Alternatives

	Current Channel in N.A.	Build up new professional Channel in N.A.	International Expansion
Revenue Growth			
Target customer reliveness			
Marketing investment			
IP protection			
Financial risk			

Alternatives

China Business
Consulting

	Current Channel in N.A.	Build up new professional Channel in N.A.	International Expansion
Revenue Growth	●	●	●
Target customer relativity	●	●	●
Marketing investment	●	●	●
IP protection	●	●	●
Financial risk	●	●	●

Alternatives

Build up own manufacturing capacity

China Business
Consulting

- Abundant outsourcing Manufacturing capacity
- Small number of SKU
- Many interchangeable parts
- High capital investment needed

No need to build up own manufacturing capacity!

Implementations

– Reach the target customers

By Oliver Wu

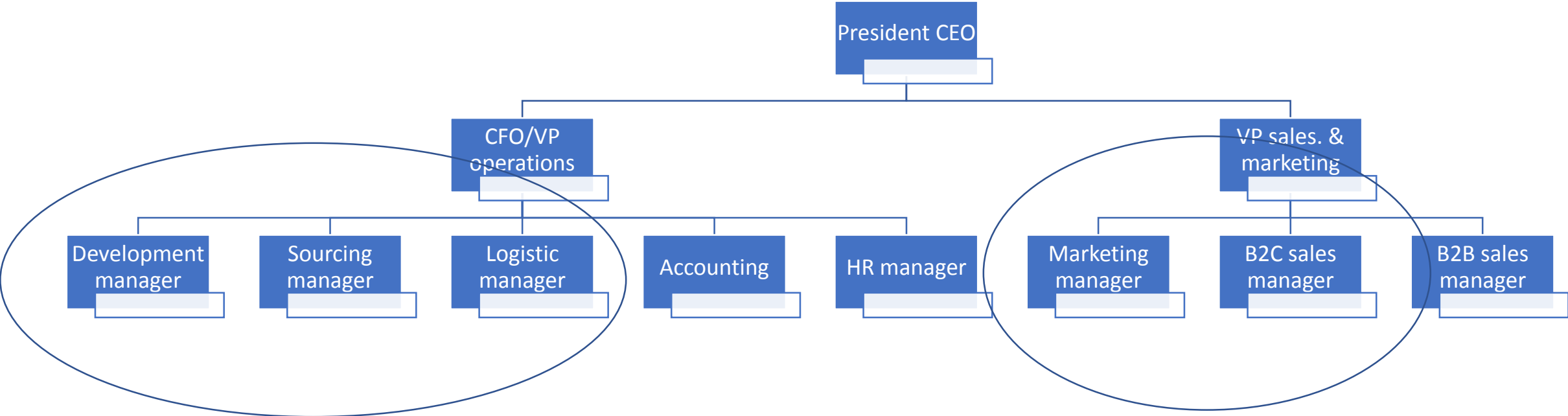
Implementations

build up
channel to the
target
customer

Promotion,
advertisement
and customer
education

Enhance its
sourcing
activities, keep
upgrading its
products

Implementations



Implementations

**China Business
Consulting**

Actions	Who	schedule
build up channel to the target customer		
set up sales channel via professional medical equipment store (online and traditional)	B2C sales manager	in 6 month
Set up B2B (CAPS certificated constructor) channel	B2B sales manager	in 6 month

Implementations

Actions		Who	schedule
build up channel to the target customer			
	set up sales channel via professional medical equipment store (online and traditional)	B2C sales manager	in 6 month
	Set up B2B (CAPS certificated constructor) channel	B2B sales manager	in 6 month

Actions		Who	schedule
Promotion, advertisement and customer education			
	customer education / advertisement via hospital, caring center & clinics	Marketing VP/ manager	continually
	Participate Medical device exhibition > 4 times a year	Marketing VP/ manager	> 4 times/year
	Medical sign on the product to differentitate the products	operational VP	in 3 month

Implementations

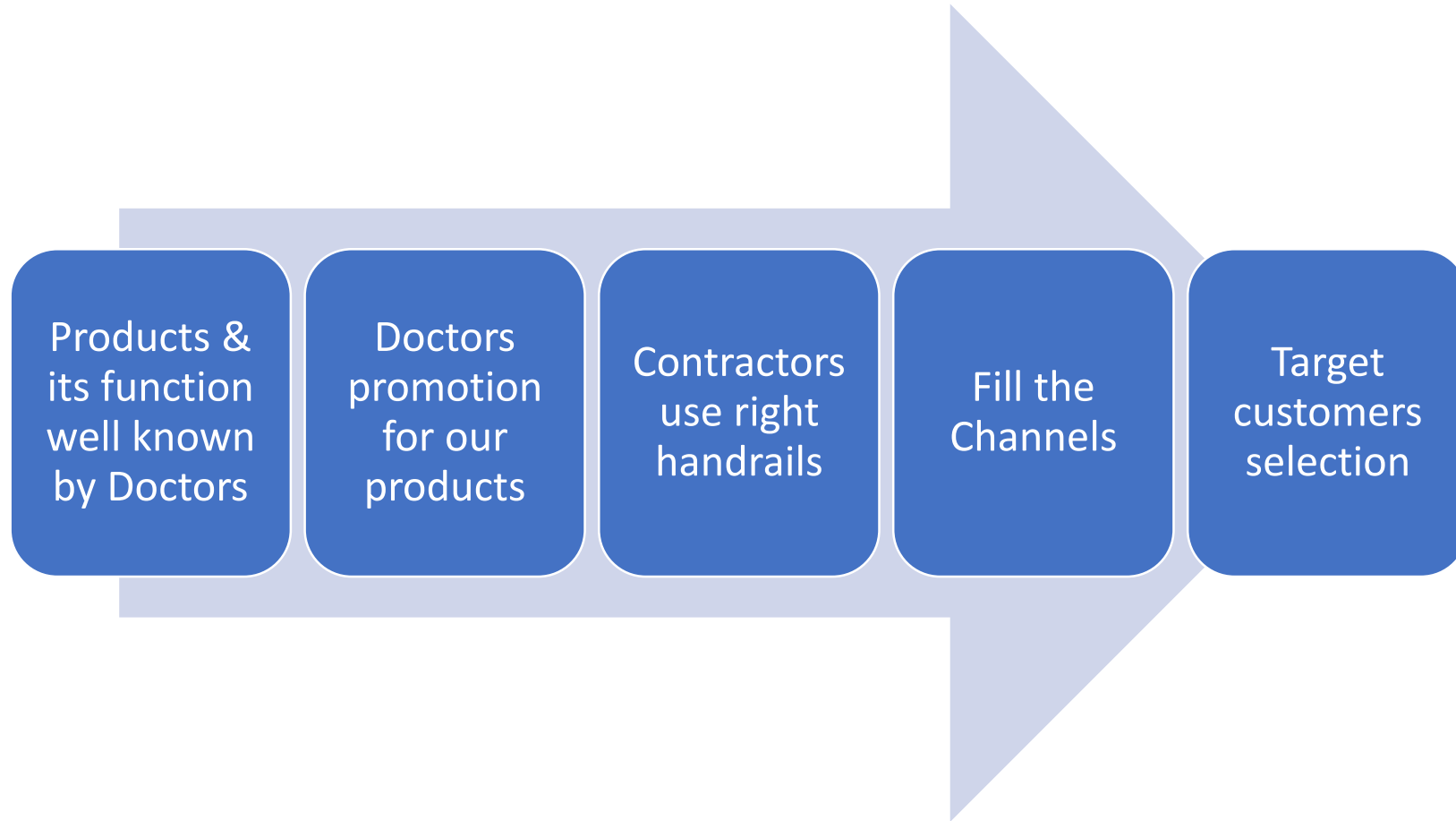
Actions		Who	schedule
build up channel to the target customer			
	set up sales channel via professional medical equipment store (online and traditional)	B2C sales manager	in 6 month
	Set up B2B (CAPS certificated constructor) channel	B2B sales manager	in 6 month

Actions		Who	schedule
Promotion, advertisement and customer education			
	customer education / advertisement via hospital, caring center & clinics	Marketing VP/ manager	continually
	Participate Medical device exhibition > 4 times a year	Marketing VP/ manager	> 4 times/year
	Medical sign on the product to differentitate the products	operational VP	in 3 month

Actions		Who	schedule
Enhance its sourcing activities, keep upgrading its products			
	improve supplier capability to delivery goods faster/ reduce the lead time	operational VP	continually
	upgrade its product with better materials, further customization	Development manager	continually

Implementations

China Business
Consulting

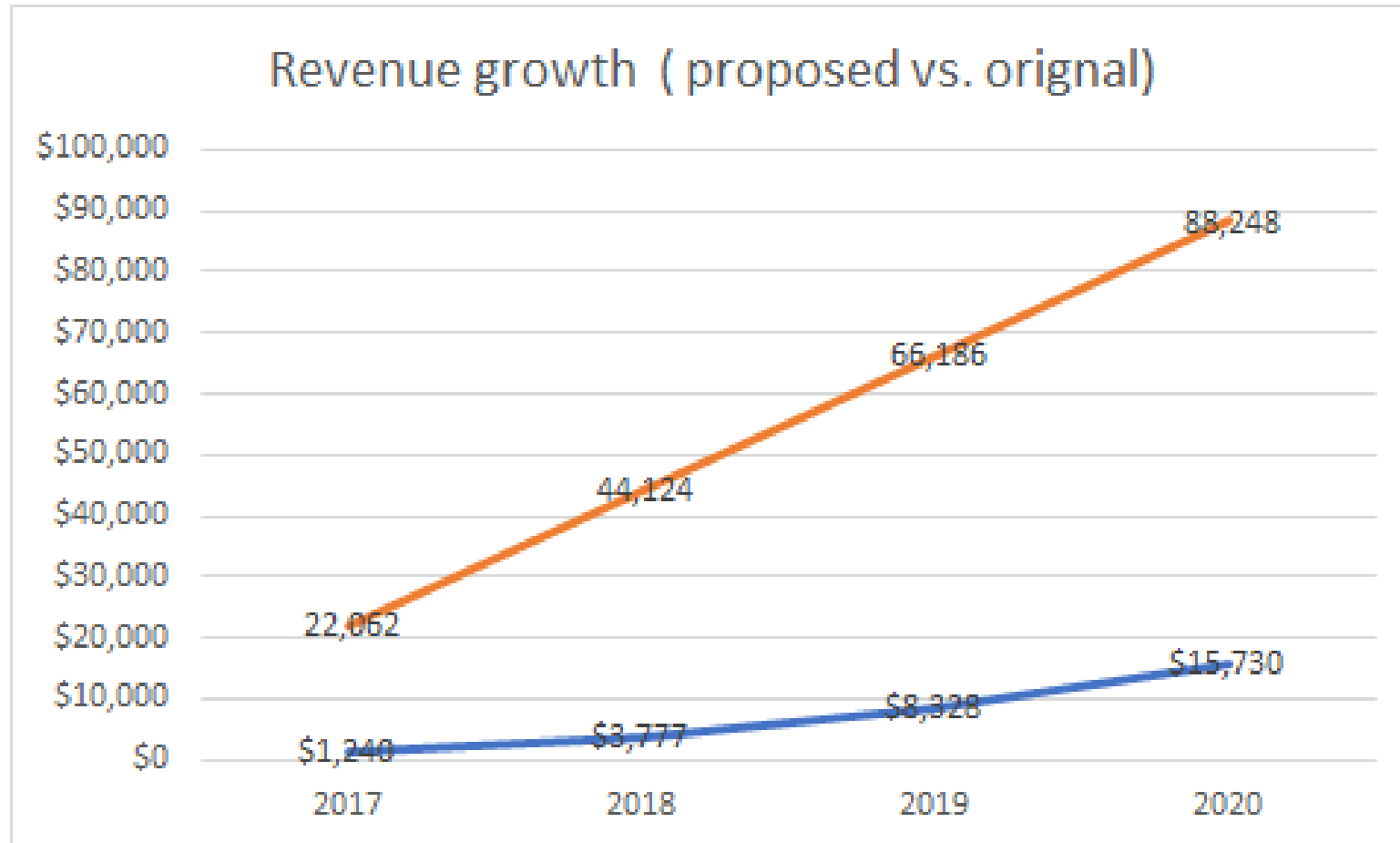


Implementation plan	Budget(Year)	2016	2017	2018	2019	2020	Unit	SS
Organization setup								
<u>Sales & Marketing</u>								
Sales & Marketing VP	fixed \$1M + commission 5%		1	1	1	1	HC	
B2C & B2B sections								
Sales Manager	fixed \$0.5M + commission 5%		2	2	2	2	HC	
Sales Reps.-Canada	fixed \$0.3M + commission 5%		4	6	8	10	HC	
Sales Reps.-USA	fixed \$0.3M + commission 5%		4	6	8	10	HC	
<u>Operations & Finance& HR</u>								
VP	fixed \$1.5M		1.5	1.5	1.5	1.5	HC	
HR	fixed \$0.2M		1	1	1	1	HC	
Finance	fixed \$0.2M		1	1	1	1	HC	
Development manager	fixed \$0.5M		1	1	1	1		
Sourcing manager	fixed \$0.5M		1	1	1	1	HC	
Logistic coordinator	fixed \$0.3M		1	1	1	1	HC	
Budget expenditure			7.6	8.8	10	11.2	(\$m)	
Market Promotion								
- Medeical device exhibition			0.5	1	1.5	2	(\$m)	
- Hostipal /caring center ad.& edu.	1M		1	1	1	1	(\$m)	
Channels								
- Setup the sales channel in professional medical equipment store			1	2	3	4	(\$m)	
Budget expenditure			2.5	4	5.5	7	(\$m)	

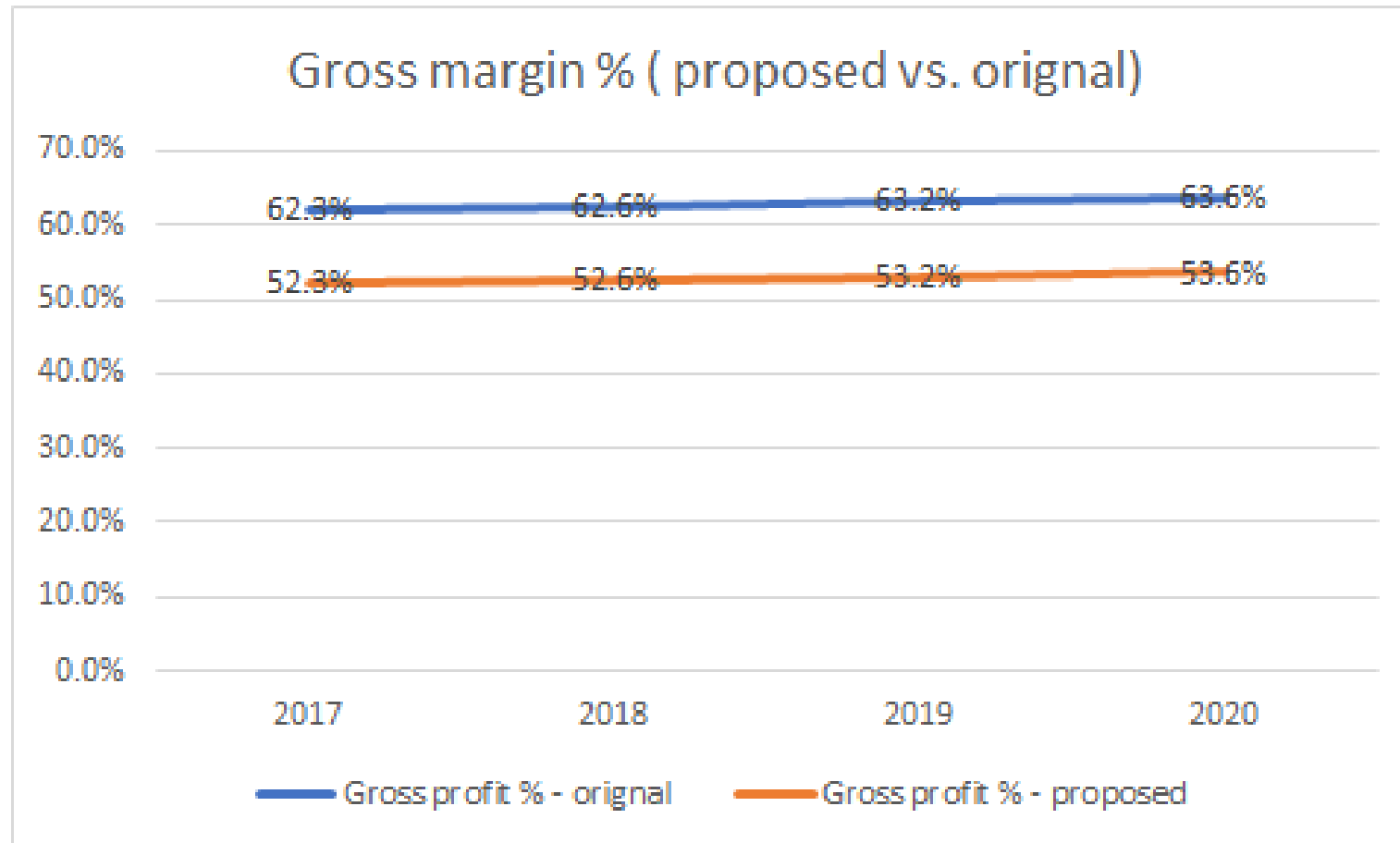
Financial Outlook

By Allen Chen

Financial outlook

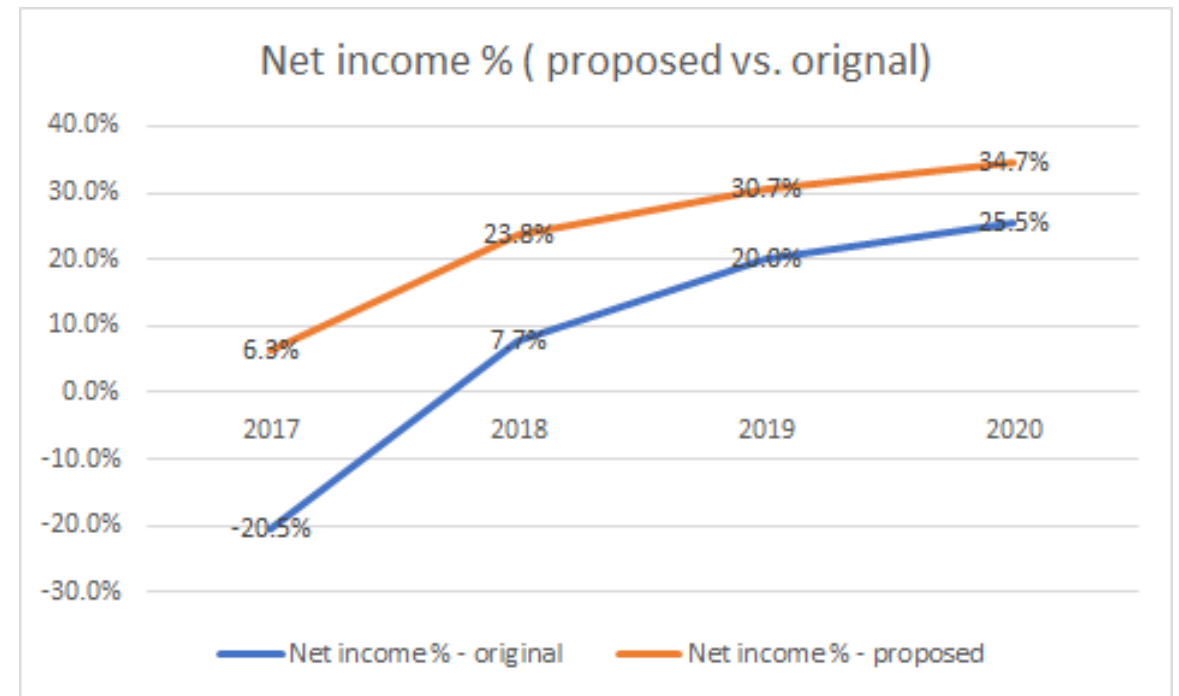
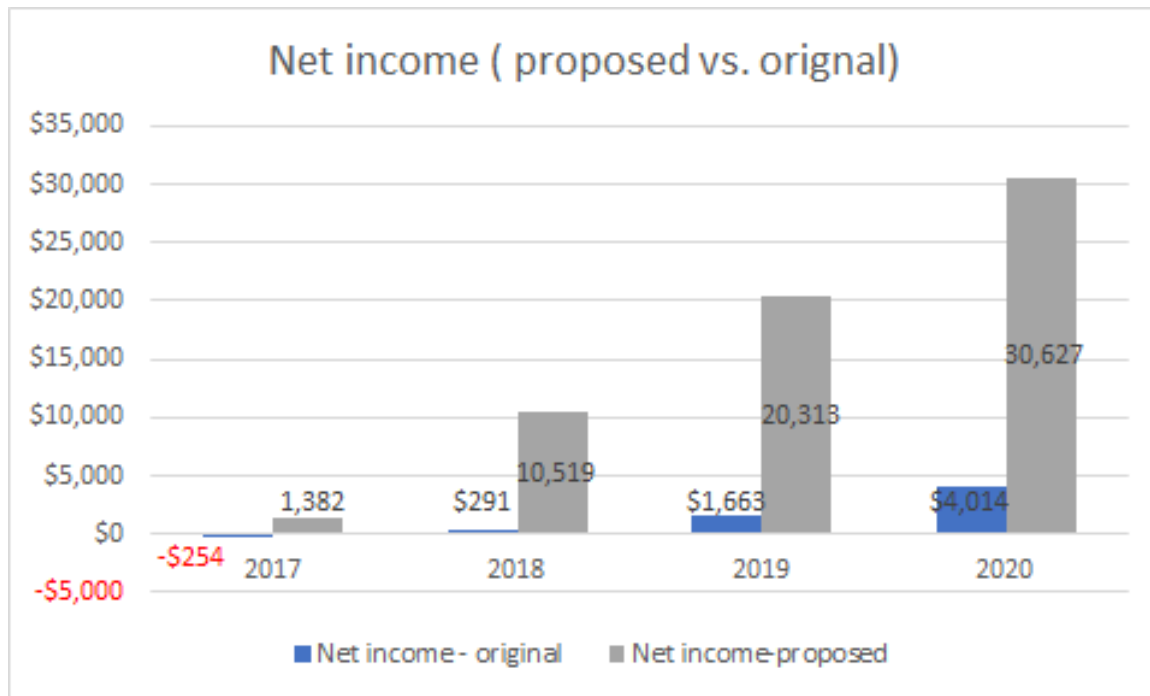


Financial outlook



Financial outlook

**China Business
Consulting**



Risks and Mitigations

By Allen Chen

Risks and Mitigations

Risks	Mitigations
Competitors copy the products	Patent protection Keep upgrading the products
Price conflict between channels	Same recommended prices for online and offline B2C business
Increased Account Receivables	Carefully Manage the B2B business proportion in overall business

Conclusion

- PromenAid shall develop new professional B2C/B2B channel including special medical stores and CAPS certified contractors.
- PromenAid shall keep current outsource model but keep upgrading its products.