



MKT 610- Strategic Marketing Analysis
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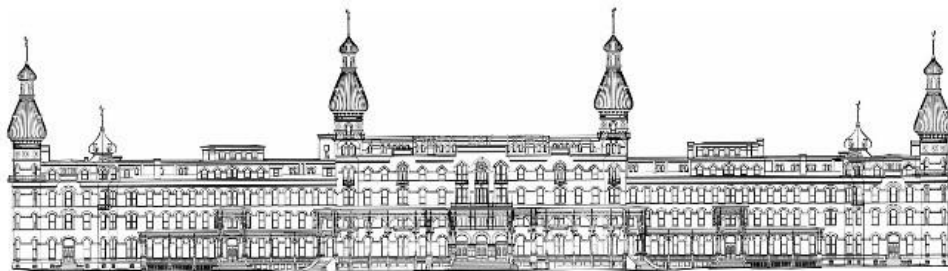
CASE ANALYSIS: ThermoFlex

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INTRODUCTION

Who are we?

Introducing the all-in-one temperature controlled ThermoFlex combo which includes a smart lunch box and a smart bottle that allows you to enjoy your favorite food and drinks at the right temperature anytime and anywhere with functions like air frying, microwaving, heating, freezing and cooling. The patented Insta-freeze® and Insta-heat® technologies, leak-proof feature, and premium insulation will keep meals fresh and tasty for over 12 hours. Made with the most durable and safest stainless steel along with app connectivity, it is not only safe for adults but also for your little ones. The app can be connected through Near Field Communication (NFC) technology, allowing users to continue using their phones while controlling the temperature for their meal anytime anywhere.

ThermoFlex Story

One day, while we were brainstorming for a project, Amee's brain got foggy because she was really hungry. She stared down at her cold meal that she had brought from home, wishing she could reheat it in an oven, but there was none around. That is when she wished one of her Indian Gods could come and heat it up for her and prepare her favourite iced tea. That did not happen, but it did give us the idea for these revolutionary products built to work around your busy schedule.

Mission and Vision

We at ThermoFlex have a mission, "To empower people with products that give them flexibility and convenience, making it easier to focus on their health" and a vision, "To provide busy individuals with innovative products that improve their health in the long run."

Current Problem

There is a gap in the market for lunch boxes. There is no lunchbox or bottle in the market that has cooling or freezing features along with other features. ThermoFlex would be the first of its kind that would include key features and still be portable. People who eat outside of the house

throughout the day do not always have the necessary appliances (like a mini fridge or oven or microwave) or the time to prepare or heat up their home-made meal. That is why we were determined to find the right team of suppliers and engineers to develop the ideal product for busy individuals.

Competitive advantage

Our Insta-freeze® and Insta-heat® technologies received a patent for 20 years helping us to be the market leaders. Being the first company to invent a technology like this we have the first mover advantage which helps us establish ourselves in the market and earn loyal customers. Moreover, our human capital, the mechanical engineers and R&D team are graduates from top universities like MIT. He had a fantastic opportunity to bag good relations with our supplier who is in a top position in their respective markets. Finally, our products with app connectivity are so safe and easy to use for children that mothers are worry-free.

Target Markets

Target Segment - US

The United States is the first geographic market Thermoflex entered recently. Within the US, we are targeting two specific segments. Regarding target market strategies, rather than choosing a very concentrated one like a single-segment approach or a broad approach like the full market coverage, we are implementing the selective specialization, or multiple-segment strategy, which uses different marketing mixes for different segments. It is important to keep in mind that while the promotional messages and distribution channels may change, the product offerings do not (NetMBA).

The first target segment is working professionals, both males & females, Millennials, aged 25-40 in the middle and upper socioeconomic class. According to the US Bureau of Labor Statistics, the size of this specific segment in 2021 was 40.6 million. This segment is comprised of individuals whose jobs are classified as service, management, professional, and related occupations (BLS). These individuals lead busy lives, and they sometimes are unable to take an entire hour or so in

the middle of their workday to go home for lunch or to go out to a restaurant for lunch. Although 40.6 million seems like a substantial number, the team would estimate that about 50% of them would be willing to buy such a premium product that will free up time during their busy days.

The second segment is comprised of college students, mostly Gen Z, who lead busy lives but also want to prioritize health. Most students live a hectic life, running between classes, studying, working part-time jobs, cooking healthy meals, and trying to find time to socialize. We've been there and we understand how hard it can be to keep up with all this while trying to stay healthy, too. According to the National Center for Education Statistics, there are approximately 20 million college students in the US as of late 2020 ([NCES](#)). Although this is a substantial number, we can only target those consumers who can afford our premium products and who seek convenience and flexibility. We are taking a conservative estimate that approximately 4 million students, or 20% of the total US students, will be able to afford the ThermoFlex smart bottle and smart lunchbox. This more financially stable group of students is willing to pay a premium price for these products that will give them flexibility and more time to do the other activities they must balance in their busy schedules.

Some common traits between these two groups are that while seeking balance in their lives, they also want to prioritize a healthy lifestyle and may even do meal-prepping every week to balance all responsibilities. These consumers try to keep a healthy diet or improve their eating habits by preparing homemade meals and not eating out as often. Both the Flex bottle and the Flexbox were designed with features and benefits meant to serve both target segments' needs by keeping virtually any food fresh and delicious for over 12 hours. In addition, our products provide convenience to these on-the-go consumers.

Target Segment - India

After successfully establishing our brand in the US market, we have decided to expand into the Indian market. With a population of 1.38 billion people, where on an average, 13.2 hours are spent every week on home cooking (For the US it is 5.9 hours) the Indian market is a promising

opportunity ([Linda Ly](#)). People in India believe in a balanced life and a balanced healthy meal is a huge part of their culture. This closely matches the philosophy and mission of ThermoFlex. The Indian target market is categorized based on psychographic and demographic segmentation methods. Psychographic segmentation is based on psychological characteristics such as lifestyle, social status, attitude, activities and interests. We then applied demographic segmentation to this segment by classifying the segment based on geography, gender, income and education.

In India, only 6.1% men participate in cooking as revealed by Time Use Survey ([Moneycontrol](#)) Hence the major concentration (promotional activities) are directed towards the females as they hold a stronger decision-making power when it comes to nutrition and welfare of the family. This is different from our target markets- which are working professionals and school going students.

Our first segment consists of working professionals- both males and females, aged between 22-45. The economic strata targeted are middle class, upper middle class and the elite. There are 501 million workers in India. 66.8% people live in poverty ([Sos Children's Villages](#)), while 14% are lower middle class. Our target market would be 19.2% of the 501 million workers (96.19 million people).

Our second segment consists of the school going students aged between 12-18 years. In Indian society, children of this age group generally step out of the house at around 8 in the morning for school and stay there for 6-8 hours, followed by other co-curricular activities like tennis or dance, which makes the day really long. Most schools do not provide any meal services and have canteens that provide junk food that concerns the mothers in India. Our product is a perfect solution here. There are 250 million students enrolled in school in India, with 40 million students in Higher Education alone. (Grade 11 and 12) ([Statista](#)).

Marketing Mix

Product - US and India

Regarding the product mix, the flexbox & flex bottle are classified as durable goods since they are meant to be used more than just a few times and can last up to 10,000 cycles if given the proper care and maintenance detailed in the user manual, which is included in the packaging and uploaded on ThermoFlex.com. Based on consumer shopping habits, both products are classified as shopping goods since consumers go to stores to purchase them, and they are heterogeneous products whose features will vary from other similar products, and hence will be compared to other products during the evaluation and decision-making stage of the purchasing process.

Thermoflex products offer plenty of value to consumers through their features and benefits. The primary feature is the variety of functions, ranging from air frying to freezing, offering to consumers the benefit of a large selection of possibilities. The secondary features of the patented Insta-heat® and Insta-freeze® technologies allow time-constrained users to prepare their meals and drinks in under five minutes – 50% faster than other lunchboxes that only heat food in 10-15 minutes (see this [Bento Box](#)). These patented technologies make the products ideal to prepare almost any food or beverage, ranging from crispy air-fried chicken tenders to keeping ice cream completely frozen or re-freeze in minutes. Both products are compatible with the ThermoFlex smartphone application, which works through Near Field Communication (NFC) technology between your phone and the products, like how contactless payments work. The application will be included with the purchase of the products, but we will sell the analytics about usage (while keeping users' personal data private and confidential) to agencies who may want to know how often and in what ways (i.e, which functions) users are utilizing. The ability to set the desired temperature, either on the products or through the app, allows for greater customization. The child-safe mode provides a layer of protection for children under 12 who may not be so savvy or familiar with the heating functions. This mode allows parents to control the functions and specific temperatures needed to prepare their children's meals. Both products have a 30% larger capacity than other similar lunchboxes, providing more space for larger meals. Made with the safest and most durable stainless steel, and designed with ease of portability in mind, both products are

also 75% lighter in weight compared to other similar lunchboxes. The product packaging is eco-friendly and made from recycled paper. Lastly, all products come with a lifetime warranty.

The ThermoFlex products are currently in the introduction phase of the product life cycle, meaning our company has started out with low sales, high costs per product, we attract innovative customers and currently have no direct competitors. We are also at the awareness stage, which is the 1st stage of the adoption process where individuals are becoming aware that the products exist and have little information about them. We are first capturing the innovators who are not afraid to try out our new innovative products. They may then share positive reviews and tell their friends and family about the products. This may lead their friends and family to become the adopters, those who make up the second stage of the adoption process.

Promotion - US

The first media vehicles we want to take advantage of to reach our US professional millennials target market are videos and educational content for Facebook, YouTube, and lifestyle blogs, since those are the platforms where Millennials spend the most time and where they make purchase decision ([PR NewsWire](#)). We want to educate our potential consumers by regularly posting educational branded content featuring our products, such as unboxing, how-to, and inspirational or health-related videos on our official Facebook, YouTube, and website blog. This approach will help build brand awareness and brand image, and strengthen brand resonance in the long run with followers, viewers, and users.

Second, we want to leverage the power of Facebook Ads as an advertising alternative. On our official Facebook business page, posts, and ads, we will promote both products with a unique alphanumeric code so customers can be incentivized to buy both products for a discounted price, similar to the special combo price, that will be explained in the price section of the paper.

The main platforms that will be used to boost engagement and build loyalty with busy students, our second target market, will be Instagram and YouTube. Gen Z rated Instagram as the platform where they follow brands, and they have rated YouTube as the platform they mostly use to

discover new products and make purchase decisions ([PR NewsWire](#)). We will invest in both Instagram ads as well as relationship marketing efforts (i.e., referral campaigns, affiliate marketing) by collaborating with micro and mid-tier influencers on YouTube and Instagram, like @Medicalmyanne, a medical student who posts about her busy lifestyle on Instagram. This approach will build brand awareness and position Thermoflex as the brand that is best suited for our specific Gen Z market segment since we will only partner with influencers whose personal brands resonate with the ThermoFlex brand personality and image.

According to a Statista report, 22% of US Gen Z females ranked Instagram ads as the most influential advertising channel when making purchasing decisions. 23% of them ranked Instagram influencer posts as the most influential. 59% of them ranked recommendations from family and friends the most influential when making purchasing decisions. These are significant numbers that can help us drive our promotional strategies and prioritize the quality of the products, as we will aim for the most excellent user reviews and satisfaction so that our products are highly recommended through word of mouth.

Promotion - India

Like mentioned earlier, though our Indian target market consists of working professionals and students, our promotional activities will focus on women especially urban housewives who have the highest decision-making power when it comes to things like food and lifestyles.

Some of the activities done by our target market are listening to the radio, watching cooking videos on YouTube, watching Indian soaps during their free time and going through their Facebook and Instagram feed. Consumers in India have high trust on advertising done on traditional media. Hence, our promotion strategy involves three platforms: radio (83%), television (83%) and newspaper (86%) ([Tewari](#)).

Radio Advertising: Among the working professionals and the youth, the fastest growing broadcasting medium is the radio, which reached a peak of 51 million users. One of the largest stations is Radio Mirchi which operates in 45 different cities. Advertising through this channel

can help us capture a large segment of customers. Commercials can be played during the prime time that is 7-11 in the morning and 5-10 in the evening. Additionally, these commercials can be played every other day to be more cost effective. Research stated that there was a 22% rise in advertisements on radio stations between January and June of 2021 ([Jha](#)).

Television Commercials: The commercials that have been shot recently can be used in the Indian market to attract customers. In India, housewives generally watch a lot of television in their past time. Presenting our commercials on television can help in capturing their interest. At any given point in time about 222 million people in India are tuned to TV during its prime time. In order to reach a larger target market, we can play our commercials during the time top daily soaps play. For example, Anupama a Hindi Tv serial with the highest TRP rating of 15.23(as of 28th January 2022) nationwide airs at 10 pm Monday to Friday and has a repeat telecast at 9 am and 11:30 am. Another serial Karthika Deepam with a TRP rating of 14.64 (as of 28th January 2022), most popular in the southern states, airs at 7 PM with repeat telecast at 12 PM Monday to Saturday. This can be the best time to air our commercials to capture the audience's interest.

Newspaper: With newspapers being one the most trusted media platforms, we think it is a good idea to place advertisements using this channel to attract more customers. With around 13.5 million readers and a daily circulation of more than 4 million copies, Times of India is one the most read English newspaper. Advertising in this newspaper will help us reach a larger target market.

Facebook and Instagram: Just like how we used Facebook and Instagram in the US market the same strategy will be followed in India. As of October 2021, a total of 651,461,700 were using Facebook and Instagram in India. According to a survey, 50% of them stated that they tend to get attracted towards the company after seeing ads on these platforms ([Maria](#), [Fluidscapes](#)). By using these platforms, we can create brand awareness among potential customers. Moreover, many of Indian mothers are very active on Facebook. We will target many mom groups like Mom's getting ready for school with 27.8k members and Mol (Mom's of India) with 154k members to

spread awareness about our products. Moreover, mom influencers like Harpreet Suri and Anupriya Kapur with 113K and 183K followers on Instagram can be approached to present our products to their followers.

Place - US

Due to the premium nature of the ThermoFlex products, we have decided to implement selective intensity as our channel distribution strategy by handpicking the channels and outlets we want our products sold in. In addition, we are pursuing a hybrid channel distribution which entails direct and indirect channels, making it possible to sell larger volumes of inventory to a wide range of customers. The indirect channels will be four well-known retailers perceived to be relatively upscale; Target, Whole Foods, Williams & Sonoma, and Brookstone.

Due to our limited capital available for the product launches, we launched through pilot tests by selling our flexbox and flex bottle at 400 Target locations, approximately 20% of their total US locations, and target.com. Whole Foods markets are already strategically located in areas of high demand for healthy items and in high-income neighborhoods, which is why we have selected to sell at 100 locations, 20% of their total US stores. They most likely already attract the same Millennial segment we are targeting, and even though they sell expensive stainless-steel bottles at about \$35, they do not sell any bottle or lunchbox with the same functionalities.

Williams and Sonoma stores and Brookstone stores are also strategically placed in dense areas of high-income shoppers and professionals who are willing to spend on premium-priced small domestic appliances that will meet their needs for convenience and flexibility. ThermoFlex products will be sold at 100 Williams and Sonoma locations and at 100 Brookstone locations, 58% of their respective total US stores. The placement of our products at these high-end retailers will enhance the ThermoFlex brand equity and associations that consumers form about our products even if they do not purchase them.

Our products will also be sold directly to consumers through our e-commerce website Thermoflex.com. According to a 2020 Statista Report on consumer shopping trends, 74% of Gen

Z shops in-store, while 73% of them shop online. There is not much of a difference, which is why it is important to have hybrid distribution through brick and mortar as well as online retailers, especially our own e-commerce site. Initially, the team considered selling on Amazon, but after careful consideration, we decided to not pursue that path because of the high fees charged for listing products and because of the knockoffs that are typically sold there.

Place - India

Just like in the US market our Indian target market can find the products in select stores of select retailers. Being in the introductory stage, we have chosen to place our products only in states that have metropolitan cities. Our products will be mostly sold in south India as six out of top ten metropolitan cities are in the Southern part ([Things in India](#)).

After careful analysis of the most popularly visited family oriented stores, we decided to go with Croma, Westside, Ratnadeep, and Flipkart along with our website as our distribution channels.

Croma is a well-known, mid to premium-priced electronic store often visited by families. It has about 300 stores in total all over India, but a higher number of stores are located in south Indian cities like Mumbai, Bangalore, Chennai, Hyderabad followed by Delhi and Ahmedabad in North India. We plan to put our products in 50 different locations (35 in South India and 15 in North India) which is approximately 16% of their total stores. While Westside is a family store that is mostly visited by women. It has a premium section that would promote greater visibility. It has around 200 stores in total located in Hyderabad, Chennai, Bangalore and Mumbai and we plan to put our products in 50 different locations (40 in South India and 10 in North India) which is about 25% of their stores. Ratnadeep is a high-end grocery store located only in South India, where our target market usually visits. With a total of 130 stores in Hyderabad and Bangalore, we plan to put our products in 50 different locations (45 in Hyderabad and 5 in Bangalore), which is 38% of their locations.

Moreover, our products will also be sold directly to customers through our e-commerce website Theromflex.com as well as Flipkart which is a one-stop destination for consumer electronics,

fashion, home essentials, and lifestyle products. In 2018, Walmart acquired Flipkart which saw a 50% increase in the number of new users in 2021 ([Dayalani](#)). This can be a good way to attract the north Indian market.

Price - US

At ThermoFlex, our pricing objectives are to first introduce interest in our new products, and then ensure long-term sustainability. Our short-term pricing strategy is price skimming since these are premium products in their category and we are at the initial launch and introductions phases. The flexbox retails for \$99.99 on our website, while the flex bottle retails for \$49.99. If bought together through our online promotions, the combo is sold for \$129.99 and includes free shipping. Other than the combo promotion, no discounts will be offered since we do not want to damage the brand image during the introduction phase. Research supports that there is a psychological effect with the “99 cents” ending in prices such as \$99.99, by signaling savings, which is why our prices will always end in “.99”.

Lastly, to support our vision of a healthy world, 10% of our profits go to the World Food Programme. The price in the US is different from the planned Indian pricing, which will be discussed in the following section.

Price - India

We at ThermoFlex believe that the pricing objective for the Indian market is similar to that of the US market where we introduce interest in the product and have a long-term sustainability of the product.

As mentioned earlier, we would differ in our pricing strategy compared to that of the US in such a way that we are using a blend of price skimming and market penetration to make the product slightly affordable given the economics of the country and lower level of per capita income. Moreover, as our products are manufactured in China, the transportation costs are slightly lower than compared to the US market, giving more room for higher profits at lower prices.

The Flexbox retails for only Rs. 3499 on our website, while the Flexbottle retails for Rs 1499. If bought together the combo is sold for Rs. 4499 which also includes free shipping through our online promotions.

Finally keeping in mind our vision to support a healthy world, 10% of our profits are dedicated to Akshaya Patra Foundation which implements the Mid-Day meal initiative to ensure students studying in government schools are provided with nutritious meals.

Situation Analysis

Strengths

Thermoflex has the competitive advantage of being a first mover in the small domestic appliances space as the first all-in-one smart lunchbox and smart bottle in the market. There are already similar lunchboxes at around the same price, but they only have a heating function, are made with inferior materials, and take 10-15 minutes to re-heat. Currently there are only bottles that maintain drinks hot or cold, but none that can be temperature controlled or that have functions like freeze or boil. No other company has developed comparable products with the same features as ThermoFlex, allowing us to establish our brand in the US first.

The 250 thousand dollars of seed funding from KKR have been invested into our product development which has proven fruitful (i.e., successfully developed Insta-freeze® and Insta-heat® technologies). We have also had a successful Kickstarter campaign with 2000 units of preorders for the first year, which were very useful for funding and getting set up with production and manufacturing. We have established a relationship with an approved and experienced third-party manufacturer in Hong Kong, which has over 30 years of experience designing, engineering, and manufacturing small domestic appliances, and they even design the heated bento box lunch boxes. Because of the location of this supplier, the shipping and transportation costs for the Indian orders are lower than those for the US, allowing us to enter the Indian market at a lower MSRP. In both markets, we have contracts with large and exclusive retailers such as Whole Foods and Williams & Sonoma. Lastly, we have legal systems in place in such a way that our products

cannot be reverse-engineered to protect our patents from copycats and knock-offs, especially in India.

Weaknesses

In contrast, ThermoFlex does face some challenges at the company and at the brand level. First off is that we are not an established brand, so there is little to no awareness. The promotional efforts of the marketing mix should be strategically utilized to grow this awareness and begin gaining a clientele base and eventually loyalty. Secondly, there is always the risk of our technology being replicated in developing markets like India, where arbitration for IP infringement is complicated and lengthy and where there is weak law enforcement.

Since both products are durable goods that can be used hundreds of times, there will be low repeat purchases. This is where we need to focus on the importance of delivering exceptional quality and customer service to have a positive word of mouth referrals and gain new customers that way.

The flexbox and the flex bottle are premium products sold at high prices compared to other offerings within the bottles and lunch box categories. This means we must strategically tap each of our limited target markets. We will also need to address the consumer skepticism of such products being possible since there is currently nothing else exactly like this in the market. To battle the skepticism and clear any confusion, we must execute strong communication of the features and educating our potential consumers on our advanced patented technologies that make the functionalities possible.

Opportunities

Though our products are positioned to cater to everyone's needs, there is a lot of room for growth.

Little to no competition, for now, will give us some breathing room to expand to newer markets and introduce newer avenues of the products' utility. One avenue is the need for boxes to store

temperature-sensitive medicines while on the go, mainly insulin. In the US, roughly 8.3 million people require insulin to regulate blood glucose levels. ([American Action Forum](#))

Another avenue is to increase interest in the product by bringing out a cookbook of dishes that can be prepared in the Flexbox. This approach has been quite successful by Instant Pot. This will further enhance the vision of healthy eating habits and will reflect positively on the ThermoFlex brand image, thereby creating brand loyalty. Lastly, with healthier trends coming out of Europe and Latin America, we can expand internationally, where home-cooked meals are becoming more prevalent.

Threats

Although the market seems like an ocean full of opportunities, we need to be aware and cautious of external threats. With the increasing trend of people working from home, the demand for our products might be lower than initially planned. In many companies, working from home has become a norm. Companies like Milton, KitchenAid, and Newell Brands command a greater market share and can invest heavily in research and development to create competing products.

With regards to the Indian market and the culture, there may be a risk that parents might not be willing to give their children expensive lunch boxes at school due to the risk of being stolen.

In India, the low-cost meal services like Dabbawalas and tiffin centers, near the IT Parks or business clusters in India along with food delivery services like Zomato and Swiggy cause an extreme concern. The average cost of a meal provided by these meal services lies between ₹50 - ₹150, which is very affordable (approximately \$0.65 - \$2 US dollars). Hence, many customers might not cook at home and prefer to eat out, which can further affect sales. ([Indiamart](#)). As for the US market, services like Hello Fresh, which promote healthy eating habits for time-constrained individuals, can also be considered a potential threat. The cost of a meal for Hello Fresh is around \$4.30 (\$35 for 8 servings) ([HelloFresh](#))

The NAICS code for our products is 335210, which is for the industry primarily involved in manufacturing small electric appliances. Currently, there are 871 businesses registered in the

NAICS industry where we compete (NAICS). This is considered a threat since they have the capabilities to develop competing products.

Foreign Exchange Volatility and depreciation of the Indian Rupee could reduce foreign earnings. Finally, we recognize that there is always some risk attached to an electronic product that may result in a lawsuit due to safety concerns or malfunction.

Control and Evaluation

Financial Forecasts for US Market

We had a successful Kickstarter campaign launched earlier this year where we raised \$259,980 through pre-orders of 2000 units priced at \$129.99. The proceeds were used to select and partner with an experienced manufacturer in Hong Kong. Target and Williams & Sonoma's have agreed on a pilot run of 1000 units each at the price of \$190.99 per unit which would retail for \$129.99. Whole Foods has agreed on a pilot run with 500 units at \$90.99 per unit which would retail at \$129.99. We anticipate that around 500 units will be sold through Thermoflex.com at the price of \$129.99. The retailer fees are calculated at 30% of the retail value of the product, which is what Target charges on average, depending on the goods ([Nandita Bose](#)). With effective marketing, we expect the units sold by 2025 to be 50,000, revenue of \$5.25 million and net profit margin of 24%, in the US market, as can be seen in Exhibit 3 – Forecasted Financials for the US market. We expect that for the Indian Market, as seen in Exhibit 4 – Forecasted Financials for the Indian Market, 50,000 units to be sold by 2025. In the future, we expect to develop additional revenue streams from selling analytics information, however, we fully understand that this needs to be within the framework of the Global Data Protection regulation (GDPR) Standards while respecting privacy laws.

We expect the cost of goods sold to be 60% of revenue initially for the US market (Exhibit 3). The wholesale price of Electric Lunchboxes average between \$8 - \$10 (if ordered in a batch of 500) ([Made in China](#)), while they retail at \$35-\$40 (Bento Electric Lunchbox) ([Amazon](#)). The cost of

goods sold for electric lunch boxes is around 25%. We believe that our cost structure initially would be at 60% of our revenue, because our engineers would have to provide training for innovative technology. Second, we will have excessive costs related to purchasing high quality and expensive raw materials, such as high-grade steel and semiconductor wafer chips. Third, we have high initial set-up costs. We expect the cost structure to decline systematically with greater economies of scale every year and would stabilize after 2025 at 45% (Exhibit 3). The administrative expense is expected to decrease as a percentage of revenue over time due to higher productivity and the “fixed cost” nature. Currently there are eight employees at ThermoFlex, who are compensated partly in regular paychecks and partly equity. Regarding marketing cost, we expect to hire a marketing agency going forward to leverage their expertise and thereby even lower our marketing costs.

The financial statement presented in Exhibit 4, is converted from Indian currency to United States Dollar at the exchange rate of \$1 = INR 75. For the Indian market, we expect to realize sales from next year, 2023. We expect the revenue growth to be much higher due to the size of the target market and the pricing strategy. We expect that the cost of sales would be lower due to the proximity to manufacturing facilities. The lower costs have been transferred to the customers. The introduction of an emerging market has provided cushion to the margins in 2023 and 2024 on a consolidated basis, as seen in Exhibit 5, due to high margin sales in India. Contributions to the World Food Programme will not be made for 2022 and 2023 due to losses in the US market. Contributions to Akshay Patra would be made for all years, given the realization of profits (Exhibit 5).

Marketing Costs Analysis and Budget Allocation

Having gone through the marketing plan and the financials, we can now move on to the marketing budget allocations. For the year 2022, a budget of \$100,000 has been allocated for advertisements on various platforms.

Facebook - The average ad conversion rate for Facebook is 9-10% ([Anna Gotter](#)), while the click-through rate is 0.89% across all industries ([Mark Irvine](#)). Facebook has one of the highest

conversion rates and since a significant part of our target market uses Facebook, we have allocated 25% of our marketing budget (\$25,000). With \$10,000, based on the costs presented above for impressions, 1.39 million impressions can be reached (\$7.19/1000 impressions). With a click through rate of 0.87%, traffic of 12,378.3 unique ids can be expected on the website which would trigger \$12,007 in clicks cost. The remainder of the budget could be allocated to other incidental costs. This makes Facebook a cost-effective marketing platform.

Google Ads - The average conversion rate across Google Ads is 4.4% on Google Search Network and 0.57% on Google Display Boards ([Wordpress](#)). A budget of \$10,000 has been allocated for it.

YouTube Ads - The average conversion rate for YouTube is 0.12% ([Brett Curry](#)) The budget allocated for YouTube is \$20,000. Based on the costs shown above, with this budget, 1 million viewers can be reached. With the conversion of 0.12%, 1200 viewers can be expected to “take action”. The reason for allocating more resources on YouTube is to reach Gen Y and Millennials.

Times of India Ad – With a \$10,000 budget for an advertisement in the Times of India, we would post an ad of size 25 cm x 5 cm (125 sq for \$10,000, with the rate of \$80/sq cm ([Bhavesads](#))). The purpose is to reach a wide audience of 4.4 million daily readers.

Star Plus - The commercials that we currently have would be played on the Star Plus channel during prime time and when popular Indian soap operas are playing. With a budget of \$20,000 and cost of \$3000/10 seconds, we would have one 30 second commercial and three 10 second commercials.

Instagram Ads - The average conversion rate for Instagram Ads is 1.08% ([Contevo](#)). A budget of \$10,000 has been allocated for it.

Radio Mirchi – With 40 million viewers and a lower cost of advertisement, an ad on the radio is one of the most effective and budget friendly option with \$5000 allocated to it.

Key Performance Indicators

Having gone through the marketing strategies, it is now time to talk about periodic checks and balances that will ensure that we are on track for sustainable long-term growth. We have selected key performance indicators (KPIs) for two measures: revenue and customer satisfaction.

Revenue

Conversion Rate - Impressions tell us to how many people the ad was shown to. An impression is used to get an idea of how many potential views the ad may have received. It helps in measuring the effectiveness of the social media campaign. An impression is not a click, it may not even be seen, it just means that the ad was displayed on the device. ([investopedia](https://www.investopedia.com/terms/i/impression.asp)). Conversion rate is calculated based on actions taken by users per thousand impressions.

Clicks – To examine the effectiveness of the marketing program we would monitor the click-through rate of the ads posted on various social media sites to check if it at least meets the industry standard.

Website Engagement and Sales Conversion from Ads – Another effective KPI is to track the traffic on the website from platforms on which the ads are posted.

Customer Satisfaction

Data Analytics from app usage – A powerful KPI is active usage of the product or service. With the help of the app connectivity feature, we monitor the features used, the number of times in a week, the product is used and understand the characteristics of our current customers and improve our product offerings accordingly.

Returns – The return rates for Consumer Electronics are quite high - at 41%. These returns are for products that are non-defective. The survey was conducted in 2019. 65% of these returns have been initiated almost immediately. Returns are expensive and are a waste of resources. We

try to market our products ethically, in a way that we do not want our customer to regret the purchase. ([Andrew Mort](#))

Customer Ratings – Customer ratings is another KPI that we would track to see if the customer is satisfied with the product and try to maintain above industry average ratings.

Customer Care Calls Analysis – Customer Care calls are the closest we would get to the customers and learn from the interactions with them. Our engineers have developed a proprietary tone recognition system, with fed in keywords to analyze the negative sentiment of the customer towards the company and the product. A sentiment index of 45 or above would show the sign of dissatisfaction and we would move swiftly to implement policies to remedy the situation. The negative sentiments are – anger, dissatisfaction, feeling of being cheated, skepticism, annoyance etc.

Net Promoter Score (NPS)– The NPS is an indicator of customer loyalty and suggests how likely current customers would be advocates for our product. It gives the net effect of promoters from detractors, adjusted for passives. The electronics industry has a net promoter score of 14.4 ([Qualtrics XM Institute](#)). We strive to have a net promoter score of a minimum of 20, however a net promoter score between 30 and 60 suggests greater customer loyalty. We would constantly monitor how the brand communicates with the target audience.

Conclusion

Summing up, even though our recent launch will not be profitable, our strategic marketing plan will ensure long-term revenue and sustainable profitability to successfully compete and outperform other established firms. We believe that our marketing strategies focusing on Facebook, YouTube and traditional avenues, such as television, newspaper and radio would help us drive growth organically. Our goal is to drive traffic to the website to generate higher sales from it since it has the least impact on our margins (no retailer fees), that would bolster profitability.

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Appendix

Exhibit 1 – ThermoFlex Team



Exhibit 2- ThermoFlex Combo



Exhibit 3 – Forecasted Financials for the US Market

Line Items	2022	2023	2024	2025
Revenue	454,965	1,175,916	2,537,325	5,249,650
		158%	116%	107%
Average Price	129.99	139.99	144.99	149.99
Retailer Discount (30%)	39.00	42.00	43.50	45.00
Price Per Unit for Us	90.99	97.99	101.49	104.99
Estimated Quantity (in units)	5000	12000	25000	50000
Cost of Sales	272,979	705,550	1,395,529	2,362,343
	60%	60%	55%	45%
Administrative expense	500,000	600,000	700,000	850,000
Marketing expense	100,000	200,000	300,000	400,000
Other Costs	50,000	50,000	100,000	150,000
Earnings before Taxes	(468,014)	(379,634)	41,796	1,487,308
Taxes	-	-	8,777	312,335
Net Income	(468,014)	(379,634)	33,019	1,174,973
World Food Programme Proceeds			3,302	117,497
Net Income after Proceeds to WFP			29,717	1,057,476
	-103%	-32%	1%	20%

Exhibit 4 – Forecasted Financials for the Indian Market

Line Items (\$1=INR 75)	2023	2024	2025
Revenue	143,968	923,795	2,540,435
		542%	175%
Average Price	60	66	73
Retailer Discount (20%)	12	20	22
Price Per Unit for Us	48	46	51
Estimated Quantity (in units)	3,000	20,000	50,000
Cost of Sales	57,587	323,328	762,131
	40%	35%	30%
Administrative expense	28,794	184,759	508,087
Marketing expense	28,794	184,759	508,087
Other Costs	3,599	11,547	63,511
Earnings before Taxes	25,194	219,401	698,620
Taxes	5,543	48,268	153,696
Net Income	19,652	171,133	544,923
Akshaya Patra	1,965	17,113	54,492
Net Income after AP	17,686	154,020	490,431
	14%	19%	21%

Exhibit 5 – Forecasted Financials on a Consolidated Basis

Line Items	2022	2023	2024	2025
Revenue	454,965	1,319,884	3,461,120	7,790,085
		190%	162%	125%
Estimated Quantity (in units)	5000	15,000	45,000	100,000
Cost of Sales	272,979	763,137	1,718,857	3,124,473
	60%	58%	50%	40%
Administrative expense	500,000	628,794	884,759	1,358,087
Marketing expense	100,000	228,794	484,759	908,087
Other Costs	50,000	53,599	111,547	213,511
Earnings before Taxes	(468,014)	(354,439)	261,197	2,185,927
Taxes	-	-	54,851	459,045
Net Income	(468,014)	(354,439)	206,346	1,726,883
Food Charity Proceeds		1,965	20,415	171,990
Net Income after Proceeds to WFP			185,931	1,554,893
	-103%	-27%	5%	20%

Exhibit 6 – Social Media Marketing Costs

	Costs <ul style="list-style-type: none"> Click - \$0.97 Per 1000 Impressions – \$7.19 Like - \$1.07 Download - \$5.47 		Costs <ul style="list-style-type: none"> Click - \$0.03-\$0.3 \$2000 on average to reach 100K viewers
	Costs <ul style="list-style-type: none"> Click - \$0.40-\$0.70 Impressions – \$2.50-\$3.50 Click to destination - \$0.5-0.95 Engagement - \$0.01 - \$0.05 		Costs <ul style="list-style-type: none"> Average cost per click - \$1-\$2 and less than \$1 for Google Search network and Google Display Network

Exhibit 6 – Marketing Costs for Traditional Avenues

	Costs <ul style="list-style-type: none"> • Around 40% of margin • Minimum \$35K-\$40K in preorder 		Costs <ul style="list-style-type: none"> • Delhi - \$80/sq cm
	Costs <ul style="list-style-type: none"> • \$0.7 - \$30 / 10 seconds 		Costs <ul style="list-style-type: none"> • \$2,000 - \$3,000 for 10 seconds
		<p>Yeh Rishta Kya Kehlata Hai Time Slot : 9 : 30 pm , 3 : 30 pm , 2 : 15 pm Target Audience : From- Rs. 220588 /10 sec \$3,000 approx.</p>	

Exhibit 7 – Marketing Budget Allocation (\$100,000)

Medium	Allocation%	Allocation Dollars	Target Market	Place
Facebook	25%	25000	Gen Y, Females	US/India
Instagram	10%	10000	Millennials, Gen Z	US/India
Google	10%	10000	Overall	US/India
Youtube	20%	20000	Gen Y, Millennials	US/India
Radio Mirchi	5%	5000	Females (Mothers)	India
Star Plus	20%	20000	Females (Mothers)	India
Times of India	10%	10000	Overall	India

Exhibit 7 – Marketing Budget Allocation Chart (\$100,000)

