

CandyQ-ty

SMART VOICE-AUTOMATED CANDY DISPENSER

TEAM 5

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INTRODUCTION & POSITIONING

CandyQt-y

Team 5

POSITIONING HERSHEY'S



Target Customer

- Dual-income suburban families
- Young children ages 4–10
- High smart-home adoption households

Value Proposition

- Makes treat-giving fun, hygienic, fair, and interactive
- Seasonal magic: Halloween, birthdays, holidays

For suburban parents with young children, CandyQt-y is the only smart, voice-activated candy dispenser that makes treat-giving fun, safe, and controlled because it combines Hershey's trusted brand with interactive, hygienic, portion-controlled technology.

EXECUTIVE SUMMARY

Product

1. Smart dispenser with voice activation + app control
2. Seasonal modes increase engagement

Cost: Development \$211K, COGS ~\$35–40

Price

MSRP: \$149.99
Rationale: CPG 4× markup, smart-toy benchmarks

Expected Margin ≈ \$65/unit

Promotion

1. “Say the Magic Phrase” campaign
2. Halloween-themed launch
3. Influencer & kid-safe platforms
4. App-based Golden Ticket activation

Place

1. McLane → Walmart, Target, CVS, Costco
2. Amazon + Hershey.com

Financials:

- Launch Cost: **\$19M**
- Breakeven: **~300,000 units**
- Profitability achievable in **Year 2**

SITUATION ANALYSIS

Industry Trends:

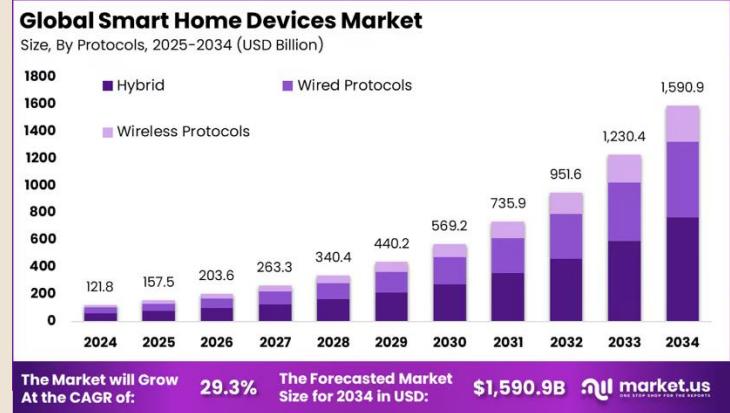
- Smart-home category growing rapidly (double-digit annual growth).
- Smart toys market ~\$21B globally.
- Post-pandemic hygiene awareness boosts touch-free products.

Environmental Factors:

- **Social:** Parents prefer low-touch interactions at events (supported by research in HW 4A)
- **Economic:** Upper-middle-income suburban families spend on seasonal products.
- **Technological:** Majority of U.S. households with kids own smart devices.

Category Insights

- No major confectionery company sells smart dispensing hardware
- High differentiation opportunity
- Allows Hershey to enter “connected home” gifting category



SITUATION ANALYSIS - 5CS

CandyQt-y

Team 5

SWOT

Customer

- Parents want hygiene, fairness, portion control
- Kids want excitement, lights, interactive play
- Households with children = 62% of smart-device adoption

Company

- Strong brand trust + emotional equity in family rituals
- #1 chocolate recognition in the U.S.
- Powerful retail network & seasonal sales strength

Competition

- Traditional candy bowls, generic dispensers, smart pet feeders
- No branded smart candy dispenser
- Opportunity for brand-led innovation

Strengths

Brand, distribution, seasonal dominance

S

Weaknesses

No hardware experience

W

Opportunities

Smart-home integration, Halloween tie-ins

O

T

Threats

Commodity volatility, copycat devices

PRIMARY RESEARCH - EXPERT

Industry Expert Interview: Amy Landenwich

- Consumer Expert
- William Penn Elementary School (District 5)
- Union of Federated Teachers

Interview Format: Email correspondence

Why Amy?

Amy is a working parent of a 3-year-old and an active buyer in the toy/home-tech category. As a teacher and union leader, she brings insight into child safety expectations and how families with young kids make purchase decisions.

Key Insights:

- Parents pay more for tech that solves real problems (fairness, hygiene, convenience).
- CandyQt-y must include volume control, age-appropriate design, and clear safety reassurance.
- For this demographic, **convenience outweighs price sensitivity**.

STRATEGY

Product

Core Features

- Voice-activated candy dispensing 
- Motion detection 
- App-based parental control 
- Child-safe, portion-controlled mechanism 
- Seasonal modes (Halloween/Birthday/Holiday) 

Benefits

- Fun and magical for kids
- Fair and hygienic for parents
- Unique seasonal centerpiece
- Drives repeat candy purchases for Hershey

Promotion

Phase 1 — Pre-Launch

- Golden Ticket ARG via QR codes on Hershey bags
- Countdown teaser content
- Early influencer seeding (family bloggers)

Phase 2 — Launch

- TikTok/Instagram parent creators
- 6-second YouTube bumpers targeting kids/family households
- Retail endcaps at Walmart & Target

Phase 3 — Retention

- Seasonal updates through the app
- Birthday Mode unlocks shareable “voice reactions”
- Referral rewards for parents

PRICING STRATEGY

Channel Type	Margin
Big-Box Retailers (Target, Walmart, Costco, Best Buy)	30%
Distributors / Wholesalers (McLane, Ingram Micro, Tech Data)	10%
Amazon – Seller Central (3P seller)	25%
Amazon – Vendor Central (Amazon buys wholesale)	30%
Direct-to-Consumer (Hershey.com)	8% cost / 92% retention
Seasonal Retailers (Spirit Halloween, Party City)	30%

Pricing Model

- COGS: \$35–40
- Retail MSRP: \$149.99 (4× COGS rule)

Strategy

Market Skimming (Year 1)

- Target early adopters
- Recover development & marketing investment

Light Penetration (Year 2)

- Promo price: \$129.99
- Seasonal bundles with Hershey candy (\$159.99)

Rationale

- Smart toy/electronics benchmark pricing
- Positive value perception at sub-\$150
- High margin → healthy channel incentives

DISTRIBUTION STRATEGY

Primary Channel – Mass Retail (via McLane)

- Walmart
- Target
- CVS
- Costco

Secondary – E-Commerce

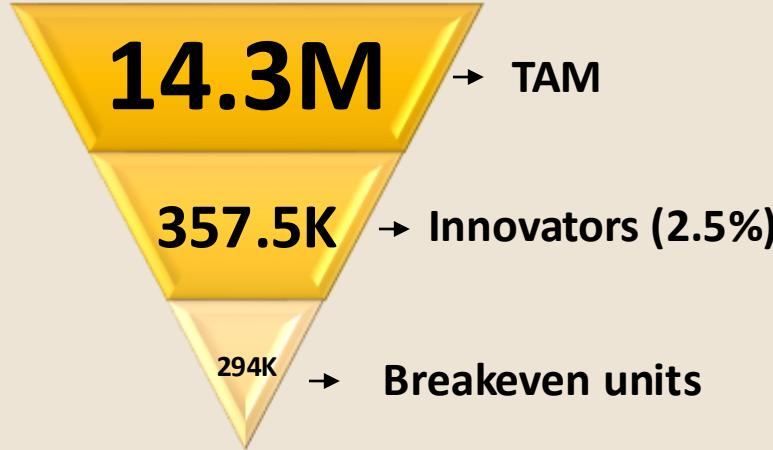
- Amazon
- Hershey.com

Seasonal & Event Channels

- Spirit Halloween
- Party City

Channel	% of Unit Sales
Brick-and-Mortar Retail (Target, Walmart, Costco, CVS)	60%
Amazon + online marketplaces	30%
Hershey.com (Direct-to-Consumer)	5%
Other specialty seasonal stores (Spirit Halloween, Party City)	5%

QUANTITATIVE ANALYSIS



Unit Economics

Metric	Value
MSRP (Retail Price)	\$149.99
Average Revenue to Hershey (after retailer, distributor, Amazon cuts)	\$102.06
COGS (midpoint)	\$37.50
Contribution Margin per Unit	\$64.56 (~\$65)

Marketing Budget

Category	Cost (USD)
1. Golden Ticket ARG + App Integration	\$50,789
2. YouTube Bumper Ads (ARG Launch)	\$104,000
3. Influencer Marketing	\$92,500
4. Seasonal Commercials (5 total)	\$130,000
5. Always-On YouTube Awareness Campaign	\$18,520,066
TOTAL MARKETING BUDGET	\$18,897,355

Breakeven Analysis

Cost Category	Amount
Development Cost	\$211,000
Marketing Budget (1-year IMC)	\$18,897,355
Total Fixed Cost	\$19,108,355
Contribution Margin per Unit	\$64.56 (~\$65)
Breakeven Units	~294,000 units
Innovator Market Size	357,000
Innovators needed to Break even	82%