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WOGGIE**®** Business Plan

**Confidential Offering Memorandum**

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1. **EXECUTIVE SUMMARY**

The purpose of this business plan is for the development and sale of proprietary dog waste collector devices. The proposed intention is to find and maintain a niche market with a demand for a wearable, adjustable, harness-type dog collection apparatus.

Many venues and public facilities maintain allowances for dog waste bags and trash cans. Despite such allowances, the current dog waste industry has yet to appeal to a theoretical consumer demand for a “hands-free” and easily accessible harness worn by the dog to collect feces before it falls.

Presently, a utility patent and registered trademark have been designated by the United States Patent and Trademark Offices to secure proprietary control for the physical construction and trade name of “Woggie®”. Similarly, an Internet domain, [www.woggiedog.com](http://www.woggiedog.com), has also been acquired to promote online marketing and sales. By securing proprietary, trade name, and domain rights, the expected effect will help corner retail markets long enough to establish a brand name with the intention of limiting direct competition among current like firms and creating a higher barrier of entry for new firms that wish to establish themselves within a similar market.

Retail market selection is crucial for the successful distribution and sale of the Woggie. The selection of a profitable niche market must be based on the market size and saturation, which can be evaluated by considering: demographic audience, potential sales markets, and consumer access to available product stock. Initial projections envision direct interaction between consumers and sales agents via retail booths at public venues and web sales initiated by word-of-mouth consumer buzz. Future sales are expected to extend to web based orders generated by a consumer awareness campaign initiated through target ad campaigns (dog events, tradeshows, running trail booths, etc.), social networks such as YOUTUBE, INSTAGRAM and FACEBOOK, and continued word-of-mouth consumer buzz. Ultimately, interests are focused on wholesale distribution to a variety of retail chains as well as “mom-and-pop stores” and dog spas will be able to reach the target audience more effectively.

1. **WOGGIE®: DESCRIPTION**

WOGGIE**®** is a wearable waste collection apparatus worn by dogs that enables fecal waste to be collected prior to elimination onto surfaces. The current invention not only avoids the solid pet waste problems currently experienced along walking trails and parks, and the contamination of beaches and streams, but also assists pet owners in avoiding the nasty chore of picking up dog piles.

The apparatus is made out of nylon, elastic, and plastic. The harness has one easy to use connection point that wraps around the canine’s waist. The catcher then connects via hook and loop to the harness. Any dog waste bag can then be inserted into the catcher for use. It is placed perfectly for the excretion of waste when the dog takes his/her position. The waste is collected in the bag before it hits the ground thus eliminating the step of picking up the excretion. This bag is then disposed of at the nearest trash container and the Woggie is ready for use again.

1. **INDUSTRY OVERVIEW**

The current dog waste collection industry is composed of a small number of established firms that range in manufacturing poop collectors such as dog scoopers to simple collection services.

The best-known specialized firm, *Pet Butler,* has established a solid reputation in the industry by selling the service of cleaning up pet waste from individual homes, parks, and other public and private areas. It is a professional pet waste cleanup and removal service along with providing pet stations and supplies to individual yards. They boast nearly 7,000 clients each week. The 20-year nationwide network of franchise partners is now in over 1,000 towns nationwide. This market strategy is simply a service that does not help to eliminate the problem before it actually becomes a problem. The Pet Butler service may be intrusive to customers which is a weekly service.

Other possible solutions to the pet waste problem are various ways to pick up the waste after excretion such as pooper scoopers that range from simplistic to very complex. Many companies have various ways of picking up waste after the dog excreted it. PETSMART has the Scoop Pooper Scooper. The two sets are Spade and Pan or Rake and Pan. This prevents the owner from bending over to pick up the waste. The Scoop Pooper Scooper ranges in price from $15.99-$20.00. Another top scoop is Blue Ribbon Scoopers. This scoop resembles a metal claw on a pole that is able to grab even a cigarette. It uses common plastic bags that are placed inside the claw. The cost of this product is $23.95 plus shipping and notes stores carrying the product in the Milwaukee area.

Diapers, sanitary pads, and training pads have made a burst on the dog waste scene. Pet Solutions, a company that has been in business since 1950, sells every kind of diaper and pad for dogs ranging in price from $4.99-$9.99. These products are washable and/or disposable. Though these products are great way to potty train a dog, they are not meant for outdoors or for active dogs. The training pads are simple pads for the floor, much like a litter box for cats.

The market also has produced waste stations along popular public trails. These stations usually produce a bag and a waste can to throw the waste away after picking it up. Waste stations have become a popular accessory to well-populated trails. However, many owners are very reluctant to pick up poop with their hands. This is also a very unsanitary way of dealing with waste.

As of recent, many places of residence and business are requiring pet DNA prior to a signed lease, which cost an upwards of $100 or more. If there is found waster, it is then sent to a lab to be tested and the perpetrator is then fined. Cities and counties are combating the dog waste problem by proposing new laws and fines that range between $50 and $250 per incident.

The outlined strategy attempts to market listed above do not attempt to solve the waste problem until after the fact. The assumed sales curve is largely based on the belief that consumers are willing to physically deal with the excretion that is both intrusive and unsanitary to their daily lives. Thus, the current industry directive dictates the need for immediate consumer availability to stock a product that frees the hands of the walker as well as a product that solves the problem rather than just providing a lifelong service. There is marginal room for innovation in a market with an objective that has little to no interest in product specific advertising. WOGGIE**®** is ideal to fill this proposed market void, offering consumers an alternative to an otherwise troublesome sector.

Construction of any new product requires a large initial investment due to upfront costs of production, i.e. materials (fabric, plastic, etc.), outsourced construction labor, shipping, and warehousing. However, the production barrier in a market where the final product is dependent on specific machine hardware is especially elastic. Until the threshold variable is reached, where wholesale supply meets consumer demand at a reasonable retail market price, the market will not support a new and innovative product. Only a large purchase order from suppliers can help alleviate the cost per unit barrier assumed in the necessary expense for specific machine hardware. To be sure the market can sustain a large purchase order, market saturation and size need to be taken into account.

1. **MARKET OVERVIEW**

As previously stated, retail market selection is critical for the successful distribution and sale of the WOGGIE**®**. To determine the potential market size and saturation, certain factors must be studied. Necessary considerations for the assurance of profitable market returns include, demographic audience, potential sales markets, and consumer access to available product stock. See below for specific details.

**Demographic Audience:**

The demographic audience is assumed to abide by the 80/20 rule, where 80% of all generated revenue will come from 20% of a specific demographic audience. The actual market audience will likely have some deviation from the primary

demographic audience, however, to optimize sales objectives, a primary demographic audience must be taken into consideration.

**Primary Demographic Audience:**

Age 18-75

Gender Male and Female

**Potential Sales Markets:**

A consideration of the locations where the proposed demographic audience is suspect to frequent in volume will help distil specific target markets for further focus. Three conceptual market sectors – direct retail – wholesale distribution to retail vendors, and Internet-based retail – make up the total proposed consumer market. Catering specifically to these conceptual market sectors will help ensure successful sales outputs in specific retail forums.

Direct retail sales require a personal relationship between sales representatives and consumers at target venues. In this market, costs are extremely high and product exposure relatively low. Equipment such as transportation vehicles, sales stands, and a means to accommodate various forms of consumer tender (cash, credit, and debit), are necessary costs to enable sales operations. Additionally, a competent sales staff and a working knowledge and understanding of target venue operations is imperative for the sale of WOGGIE®. While this market structure is relatively expensive, the ease to entry is great and it poses itself as a simple solution to establish consumer demand curves.

Wholesale distribution to retail vendors, demands a percentage cut in gross profits, while company asset, employee, and advertising costs are dramatically reduced. Purchase orders from large retail vendor corporations suggest massive volume output with corollary profit returns. Sales curves illustrating consumer demand and demand location, coupled with logo branding of the WOGGIE®name, will help encourage and advantage in wholesale pricing. Once market demand has been established, wholesale business could become a foreseeable sales dictum. To maximize the company exposure to as many retailers as possible, brokers working on wholesale commission will be a potential option.

As a forum available to virtually anyone, the Internet poses as a relatively low-cost and effective market strategy. Internet-based commerce is a microcosm of at-large retail that can be broken down into two types of sales: direct website sales and online retail vendors (drop-ship). These types of retail eliminate the need for travel, sales staff, and most physical facilities. Because of the vast expanse of the Internet, a commitment to consumer awareness through the procurement of search engine “hits” and site advertising are necessary to lure potential customers.

An understanding of specific markets and consumer spending trends in proposed locations is a necessary consideration for profitable returns.

**Consumer Access to Available Product:**

Sales locations in and around specified market areas are an important factor to analyze. The knowledge of specific demographic buyer tendencies is critical to maximize product movement. Sales stands and their position relative to consumer flow; types of retail vendors and their proximity to select venues; and web tendencies of the primary demographic audience; all play an important role in productive supply/demand model. A clear understanding of consumer trends will enable the company to ensure the WOGGIE® will be available to all potential consumers.

**POTENTIAL SALES MARKETS**

# **DIRECT MARKET SALES**

* 1. Public areas
     1. The Monon Greenway
     2. Cardinal Greenway
     3. Katy Trail - Dallas
     4. Broomfield Highland Park - Colorado
     5. Montpelier Bike Path - Vermont
     6. Canal Walk District - Indianapolis
     7. White River Wapahani Trail
     8. Lakefront Running Path - Chicago
  2. Parks and Dog Parks
  3. Tradeshows

i) Earthday

* 1. Dog Events
     1. American Kennel Club Events
     2. Indianapolis Pet Quarterly
  2. Dog Shows

1. **RETAIL VENDOR MARKET SALES**
   1. Pet Spas/Grooming/Kennels
   2. Dog Specialty Stores
   3. Retail Marketers
      1. Pet Stores
      2. Supermarkets
      3. Pet Retail
      4. Large Wholesale Retail
         1. “Big Box” Retail
         2. Organic Grocery Stores
   4. Television Sales Networks
      1. QVC
      2. Home Shopping Network
   5. Venue Distributors
2. **INTERNET-BASED SALES**
   1. Direct Website Sales
   2. Internet Retail Vendors

**POTENTIAL SALES MARKETS**

**(continued)**

* + 1. Online Auction Sites (eBay)
    2. Online Pet Supplies Retailers
    3. Dog Websites (IndyPaws.com)

**E. WOGGIE®**

**IMPLEMENTATION**

For the effective implementation of the outlined industry, a large initial purchase order must be secured to meet a profitable cost/return curve. The proposed company fiscal infrastructure has three possible scenarios: (1) preliminary production sales revenues, (2) investor annuity returns, or (3) minority share partner(s).

The effort to generate revenue from attempting to sell a set number of product before production actually begins is a highly volatile and risky venture, however, revenues collected prior to production would provide the greatest net profit percentage as compared to the other two financial structures. Payments from retail vendors would allow the company to finance manufacturing without going into debt. Additional benefits include lower overall production costs where product would be sent directly to retail vendors, forgoing costs attributed to shipping and stock. Extensive market studies and exceptional retail vendor relations are minimum requirements for this model to be actualized.

The investor annuity return structure proposes a method of initial venture capital investment from one or more persons to be returned over a given number of years at a set annuity. This method ensures a level of company autonomy and freedom in the long run, but limits the expectation of net profit in the companies’ early years. Marketing and distribution costs will need to be closely monitored to ensure net profits remain in the black while attempting to repay investor debt. Benefits suggest enough initial capital to establish a demand market large enough to acquire freedom from investor burden.

The third and final fiscal structure demands the sale of company stock to shareholders that would make available liquid cash for initial startup expenditures. A minority share will be awarded for the initial monetary investment and profit sharing benefits will be assumed for the life of the company. While this is the safest financial structure, it ensures a major percentage loss for all future net profits.

**PHYSICAL FACILITIES AND EQUIPMENT**

In an industry dependent on the manufacturing and distribution of a machined product, the physical facilities and equipment are critically invaluable. The manufacturing of the sale product is a direct prerequisite of the proposed firm. Because of the specialization of this product, manufacturing will need to be outsourced. Other necessities include storage facilities (warehouses), transportation devices for distribution (trailer), and venue booths for initial direct sales. Additional computer networking and software necessities will need to be addressed as sales accounts increase with demand.

Production comes with a sizable entry barrier that poses the greatest threat to actualization. Two separate production models, domestic and international, outline feasible production scenarios.

An international production model offers cheap material and labor costs, but has obvious drawbacks concerning lead-time, turn around rate, shipping costs, and purchase order size. Other concerns include the credibility of production firms and international proprietary protection. Areas such as China, Indochina, Central and South America, and Mexico all vary individually in cost/return attributes based on the previously stated trade-offs.

Domestic production offers a faster rate to market, low shipping costs, and allows for a relatively small number of units to be manufactured at a time. Labor and material cost is the obvious drawback.

**SALES**

Product sales are the infrastructure of the proposed business. Accurately determining a market audience and effectively catering to consumer demand will likely produce profitable returns. By effectively defining the market audience, the company can specify key venues and target sales accordingly. Directives specifically designed for different market sectors (direct market, wholesale business with retail venders, web-based sales) should help mold sales techniques to maximize the greatest return for the product.

**Advertising**

A critical facet closely related to sales is advertising. The business is only as lucrative as the number of products it can sell, which in turn is dependent on consumer awareness. Thus marketing expenditures that promote consumer brand awareness are crucial for the success of this business model. Suggestions include print, radio, television, and internet advertisements, promotions, media appearances, and logo displays.

Commercial advertisements can be produced for a multiple of public mediums that reach a large number of potential consumers. The main concern, however, focuses on the central argument of cost vs. return. Initialization demands the need for a low cost and effective advertising campaign. Television and radio are expensive marketing mediums and don’t necessarily promise the desired outcome.

Television is the most far-reaching, yet costly, form of advertising, and would otherwise serve as a perfect medium to aid in consumer awareness of the WOGGIE®. One free form of advertisement would be to go on a day-time television show such as OPRAH, Martha, and Rachael Ray. These two talk show anchors especially love to portray young women entrepreneurs. Often, after a product is featured, the product sees a huge growth in sales. Many hosts have already exposed their love of dogs. A necessary analysis of viewer demographics, similar to market analysis, would help select certain times and channels to air WOOGIE® commercials. This principle commercial philosophy is also true for both radio and infomercial advertisements, where again, the major drawback is cost and a risk of viewer engagement.

**Internet Promotions**

Internet promotions suggest ad placement on various websites frequented by the select demographic. Sites pertaining to dogs, pets, and/or the environment are the primary focus.

**Website Advertisement**

Website Advertisements simply suggests promotion of the company website. By incorporating the company website into the logo, wherever the WOGGIE® is advertised, the website will achieve consumer awareness as well. Website sales demand consumer motivation. Unless the site is widely advertised, consumer sales will undoubtedly fall short of their true potential.

**Logo Displays**

The company logo should embody the energy and philosophy of the product itself. An aggressive logo campaign can be an effective marketing tool. Obvious logo placements include company T-Shits, transportation vehicles, and on the product itself, however, future attempts should include sponsorships and ad placement within selected market venues.

**E. CONCULSION**

While many possible solutions such as pooper scoopers and pet collection services have been well accepted by many dog owners, neither directly addresses the theorized niche demand suggested in the above proposal. Specific properties of the WOGGIE®, such as portability, reusability, cleanliness, adjustability, and the ease of use, make this a truly unique product. Taking into account the sheer volume of the intended market audience, a demand with realistic and plausible expectations for positive financial returns can be expected with relative assurance.