



ThermXRoller Chinese Market Entry Project

Evaluating Market Access Opportunities for KoreExtreme in China

**FC Consulting
June, 2015**

FC Consulting

FC Consulting is group established to help small American companies and startups to build businesses in China by providing comprehensive market research and formulating business strategies.



Company Overview

KoreExtreme



Project Objectives

Question 1



What's the current condition of the Chinese market?

Question 2



Whether to launch the ThermXRoller in the Chinese market or not? Why?

Question 3



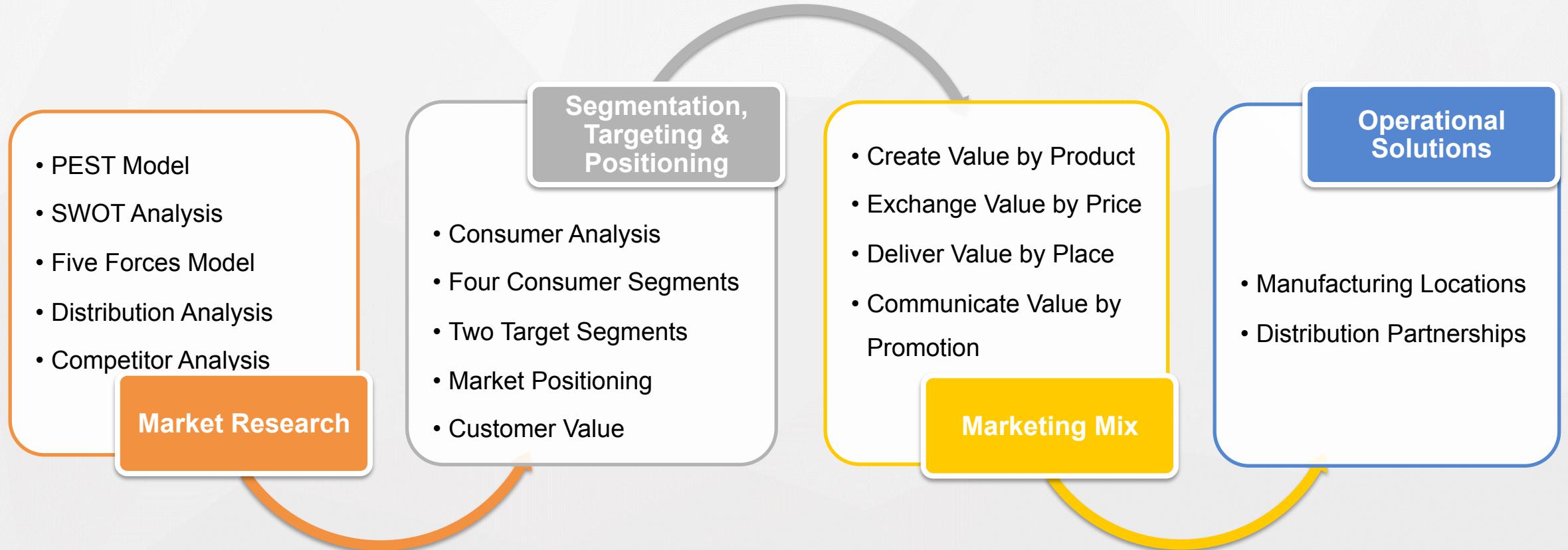
If YES, how to successfully enter the Chinese market?

Describe the Chinese sporting goods market

Evaluate the opportunities for KoreExtreme

Provide the market entry solutions for KoreExtreme

Agenda





What does Chinese sporting goods market look like?

- PEST Model
- SWOT Analysis

Situation Analysis

PEST Model

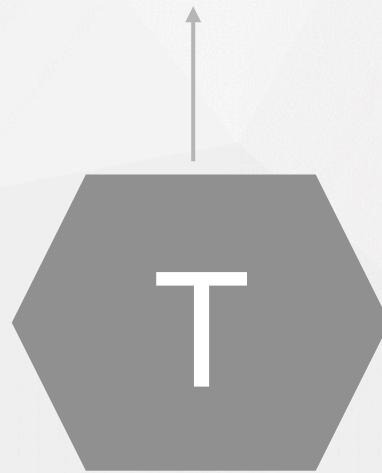
- The biggest emerging market in the global trading system
- GDP annual growth rate averaged 9.06% (1989-2015)
- \$1 equal to ¥ 6.22
- The largest manufacturing capacity in the World
- Taiwan has advanced blow molding technology



- Nationwide Fitness Program
- The State Council supports sporting goods consumption
- Local government funding support



- High level of health consciousness in a traditional way
- Going to the gym to keep fit is becoming popular



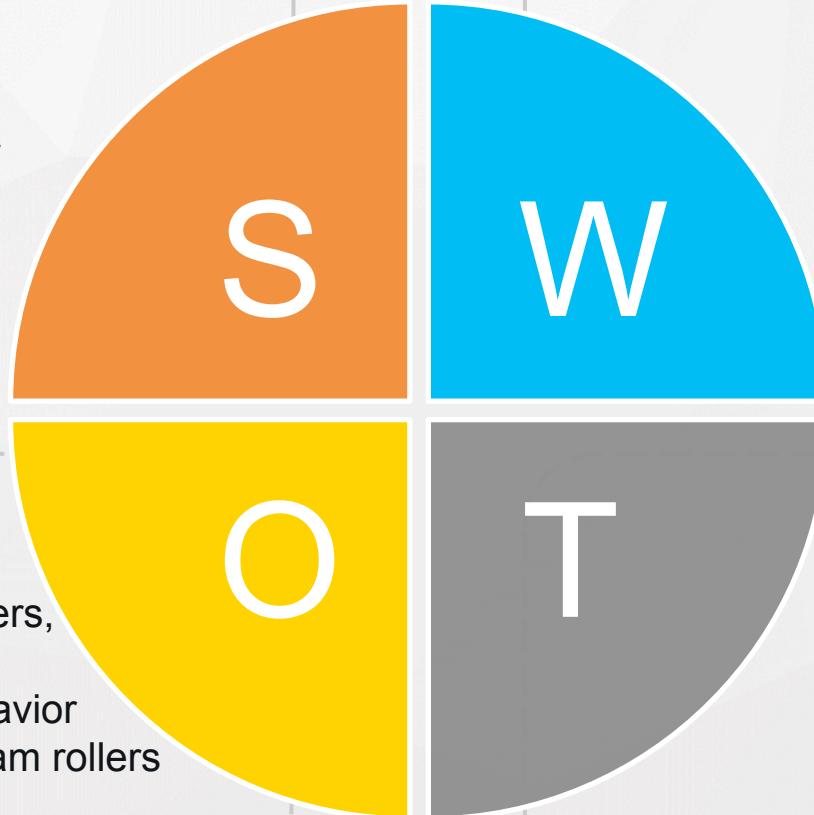
SWOT Analysis

Strengths

- Unique X shape design
- 100% natural fillings
- Removable thermal cover
- Made in U.S.

Opportunities

- Expansion of fitness centers, yoga studios, and gyms
- Change in consumer behavior
- Low competition in the foam rollers market



Weaknesses

- No local business partner
- Need to educate customers about myofascial release and foam rollers

Threats

- Potential competition
- Intellectual property issue



What is the current condition of the Chinese fitness industry?

- Five Forces Model
- Distribution Channel Analysis
- Competitor Analysis

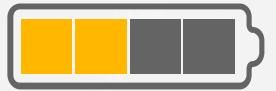
Industry Analysis

Five Forces Model



THREATS OF NEW ENTRANTS - HIGH

Existing competitors | Weak brand identity | High profit margins for new entrants



THREATS OF SUBSTITUTES - MEDIUM

Massage sticks | Pain relief patches | Muscle sprays | Hold/cold gel packs | Massage equipment



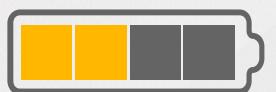
BARGAINING POWER OF SUPPLIERS - LOW

Simple production technology | Low production cost



BARGAINING POWER OF BUYERS – MEDIUM / HIGH

Wide product choice | Low switching cost | Unique product design



INDUSTRY RIVALRY - MEDIUM

Current: JOINFIT, Local Brands | Potential: TriggerPoint, FitterGear

Distribution Analysis



Physical Channels



Sporting Goods
Departments



**Sporting Goods &
Athletic Equipment
Marketplaces**

Sporting Goods Stores



Distribution Analysis



E-commerce Channels



Competitor Analysis



- Leading fitness and training equipment manufacturer
- Early introduction of the myofascial release concept
- JOINFIT sports institutes
- Over 300 products in the sporting goods category
- Partnerships with over 2000 fitness clubs, yoga studios, rehabilitation centers, sports studios, and therapy academies

JOINFIT'S Foam Rollers



Made in China



Imported from Taiwan



Competitor Analysis



- American performance therapy leader in foam rolling
- Cross-border shopping available on Amazon.cn
- Authorized distributors in Hong Kong and Taiwan
- Other markets in Asia, such as Japan, South Korea, Malaysia, Singapore, and the Philippines

TriggerPoint's Foam Rollers

Product Line
GRID Foam Roller
GRID STK
Massage Ball
The Nano Foot Roller
Body Self-Myofascial Release and Deep Tissue Massage Kit

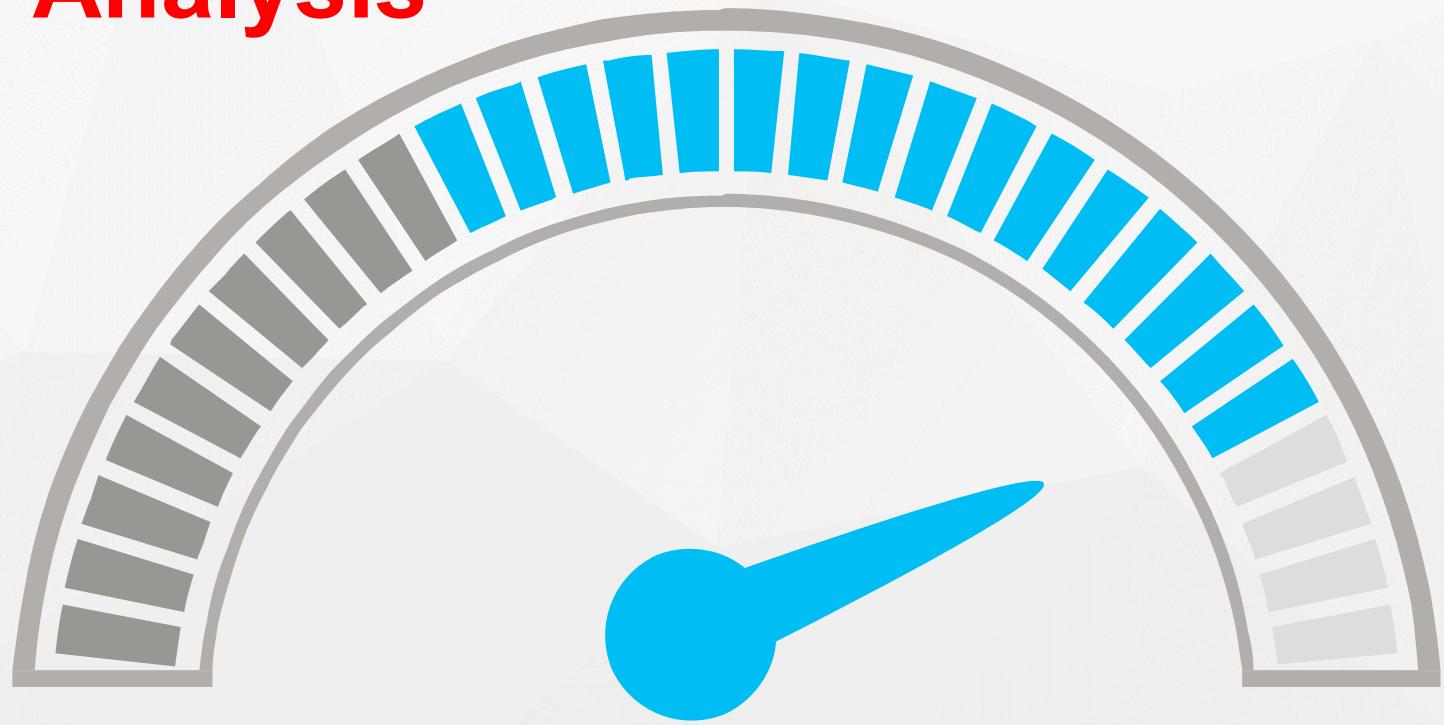


Competitor Analysis



Others

- Weak brand awareness
- Low price, low quality
- Large sales volume
- Mainly focus online markets



**The online sales of foam rollers are near 10K per month.
Small local brands are accounted for 93% of the sales volume on
Taobao.com.**

*Mar – Apr, 2015



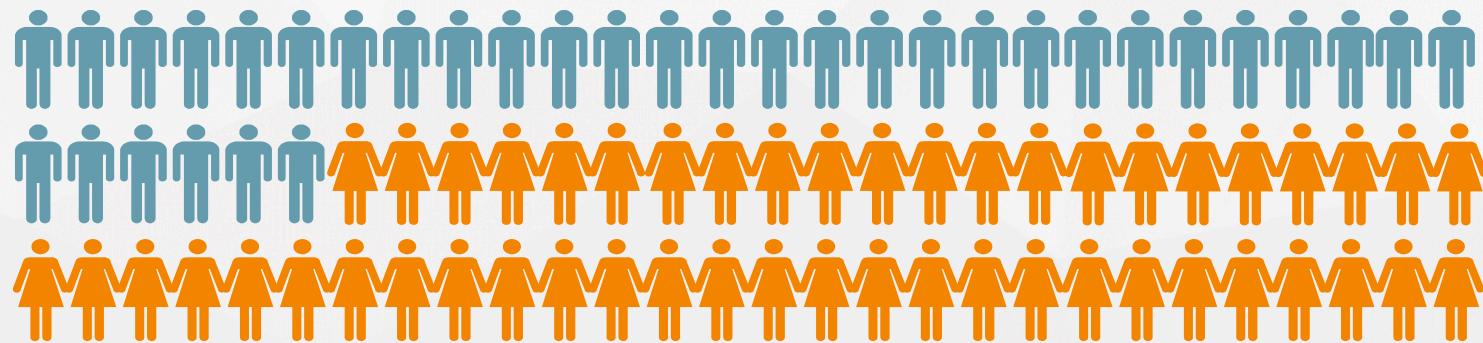
Who are our customers and who should we target?

- Questionnaire
- In-depth Interviews
- Segmentation
- Targeting

Consumer Analysis & Targeting

Questionnaire Analysis

219 Respondents



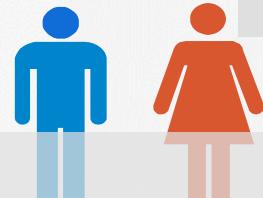
12 Questions about consumers' life style

5 Questions about attitudes toward foam rollers

5 Questions about demographic information

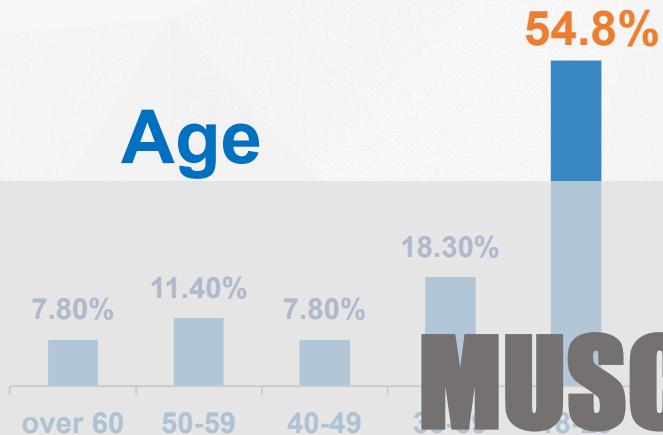


Questionnaire Results

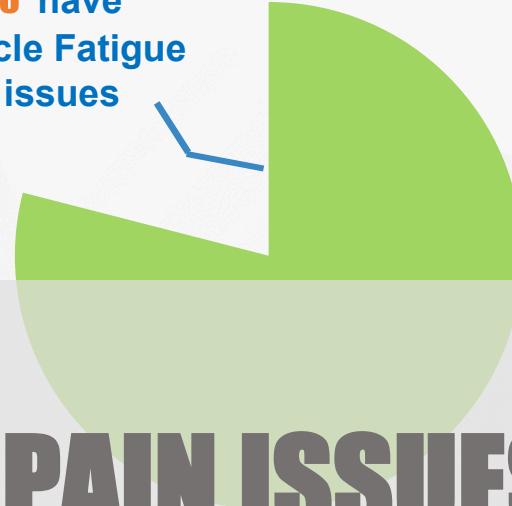


43% 57%

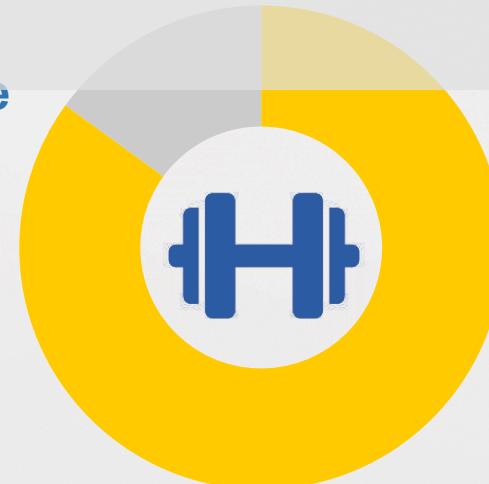
Age



81% have Muscle Fatigue pain issues



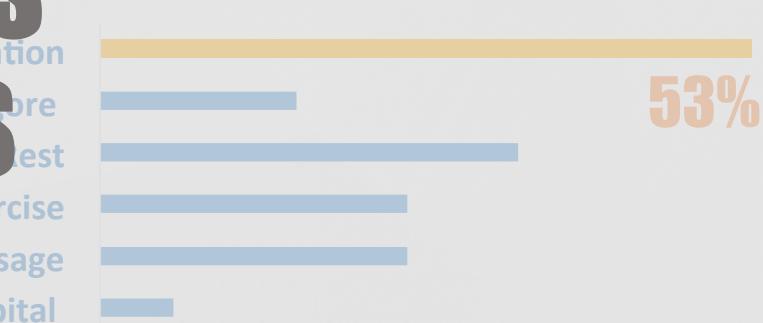
85%
Not familiar with
foam roller and
Myofascial release

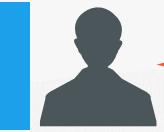


70%
Do warm-up and
release exercise

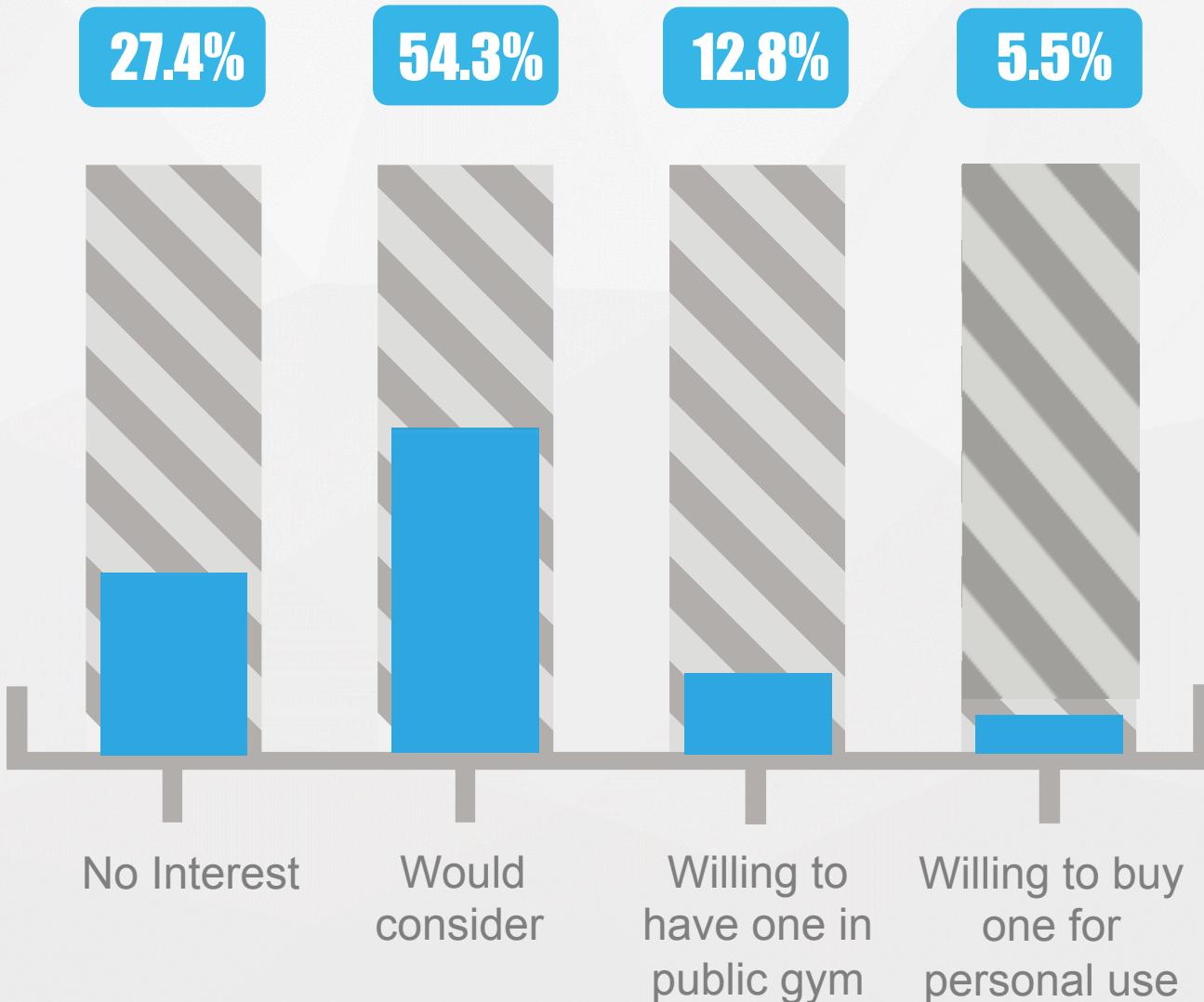


90%
Do stretching





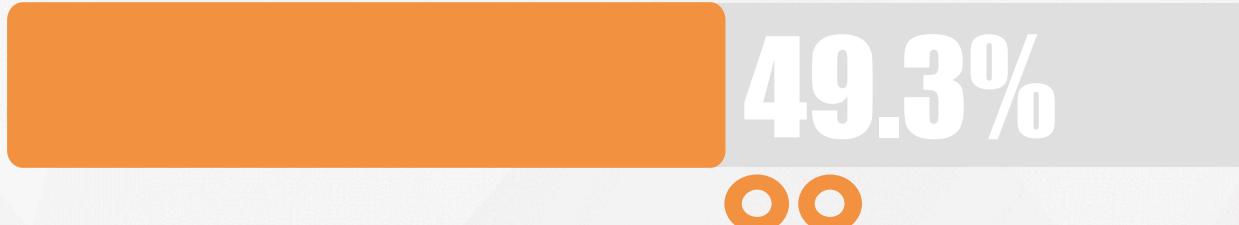
Purchase Intention





Price Preference

Under \$20



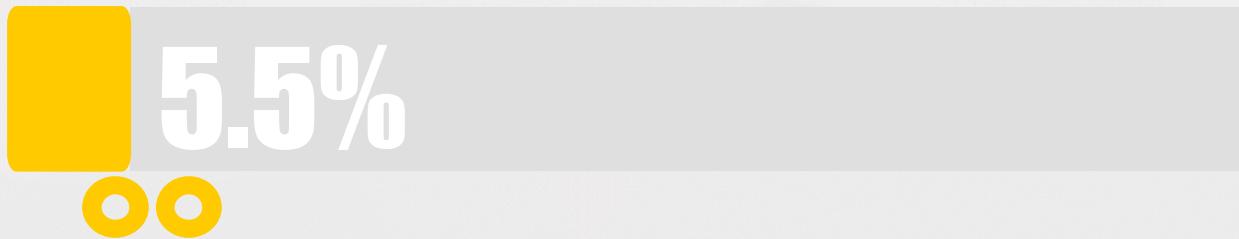
\$20 - \$35

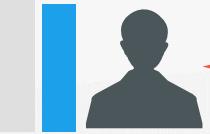


\$36 - \$50



Over \$50



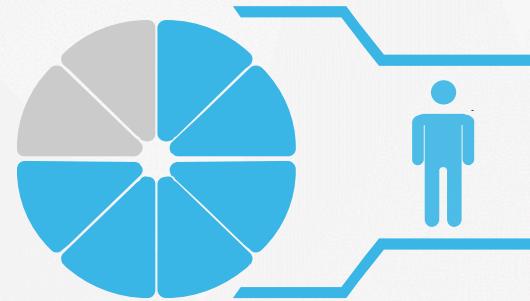


Four Customer Segments



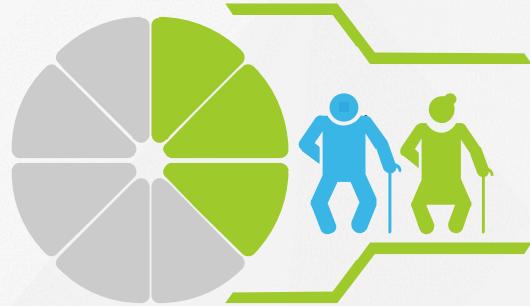
Health Conscious Modern Ladies

- Age 30 - 49
- Middle to high income
- High level of health consciousness
- Busy modern life
- Didn't hear about foam rollers
- Likely to purchase



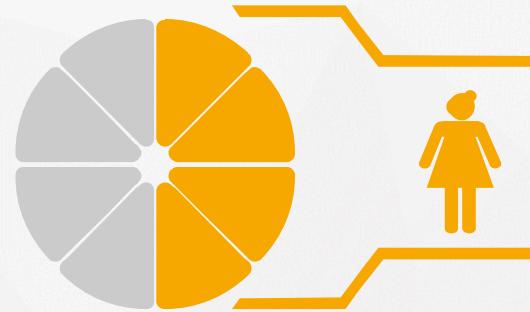
Avid Gym Lovers

- Age 30 – 49
- Middle to high income
- Business professionals
- Work-life balance
- Barely have muscle pain
- Do exercise 2-5 times a week
- Familiar with foam rollers
- More likely to purchase



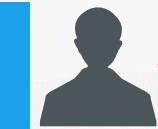
Laid-back Mid-ages

- Age ≥ 50
- Unemployed or retired
- Experience muscle pain
- Do exercise 2-5 times a week
- Unfamiliar with foam rollers
- Less likely to purchase

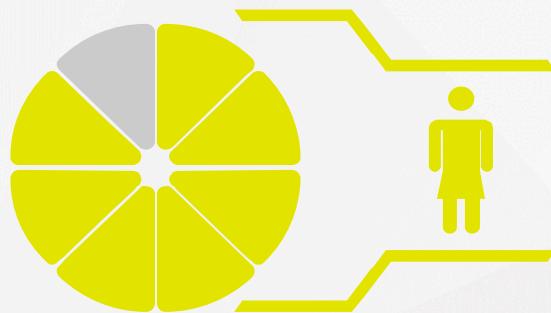


Energetic Millennials

- Age 18 - 29
- College students
- Low income
- Low health consciousness
- Do exercise 2-5 times a week
- No pain issues
- Unfamiliar with foam rollers
- Less likely to purchase



Two Target Segments



**Health Conscious
Modern Ladies**

- Large enough and keep growing
- Easy to access in the distribution channels
- An open mind toward exercising in fitness centers and yoga studios
- Less price sensitive
- High requirement of products' variety
- Muscle pain issues
- Purchase intention

- Increased trend of male consumers going to gyms
- Easy to access in the distribution channels
- Work – life balance lifestyle
- Somehow aware about myofascial release
- Already used foam rollers
- Less price conscious
- More product function conscious



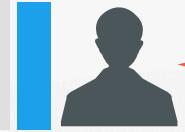
Avid Gym Lovers



How to position the
ThermXRoller in the market?

- Market Positioning
- Customer Value

Positioning & Customer Value



Dynamic Positioning



Target segments have middle to high consumption levels.



Current market competition is mainly focused on the low end market.



The ThermXRoller has unique selling points.

PRICE



PERFORMANCE



Customer Value

Basic Functions

- Myofascial release
- Pain relief
- Pressure massage

1

- Applicable for yoga training
- Builds a soft curved muscle shape
- Comfortable life without muscle pain
- Stress release after a busy day

- Removable thermal cover
- 100% Natural corn fillings
- “X” Shape designed roller
- Branded made in USA product

Unique Selling Points

2

- Applicable for pre/post work-out exercises
- Muscle relaxation after heavy training
- Relieving pain and helping to prepare for a next challenge
- A better and healthier lifestyle



How to reach our target consumers?

- Create Value
- Exchange Value
- Deliver Value
- Communicate Value

Marketing Mix



Create Value by Product



COLOR



SHAPE



FILLING



PORTABILITY

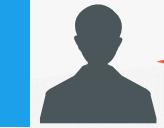


Exchange Value by Price



\$40 - \$65





Deliver Value by Place



Yoga Studio



Fitness Club



SPA



Private Club



Hotel



Communicate Value by Promotion



Instructor Demonstrations & Recommendations



Celebrity Endorsements



Sponsorship of Chinese National Sports Teams



Social Media

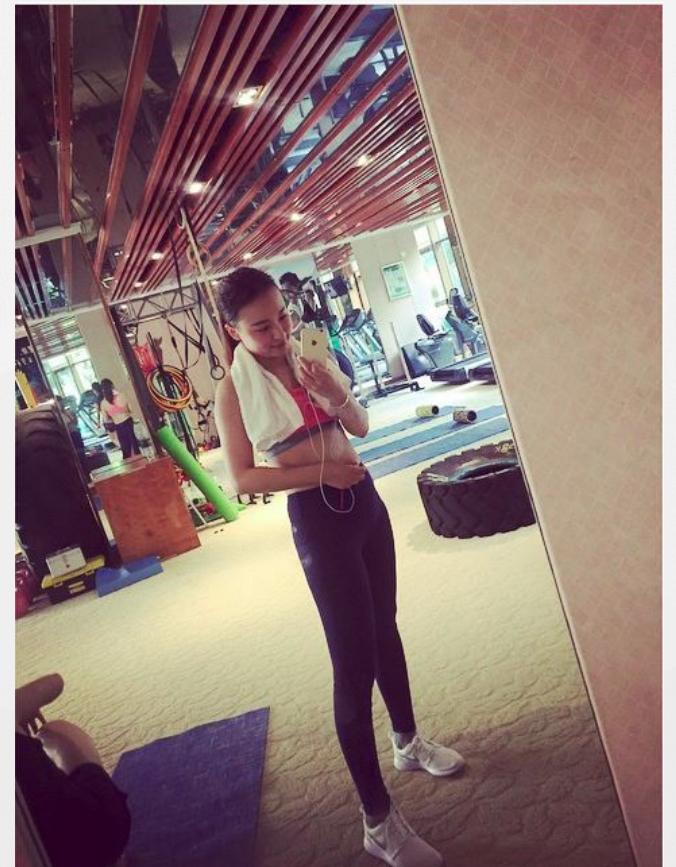
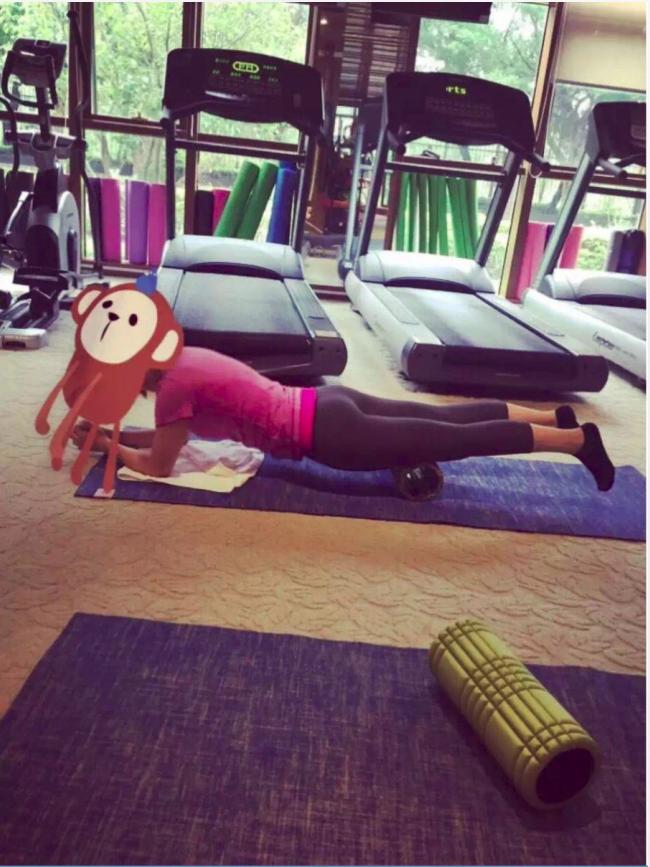


Hot Yoga + ThermXRoller





Foam Roller in Fitness Clubs





Create Value by Product



FILLING



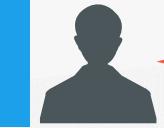
PORTABILITY



Exchange Value by Price



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Deliver Value by Place



Fitness Club



Rehabilitation Center



Massage Center



Private Club



Hotel



Communicate Value by Promotion



Instructor Demonstrations & Recommendations



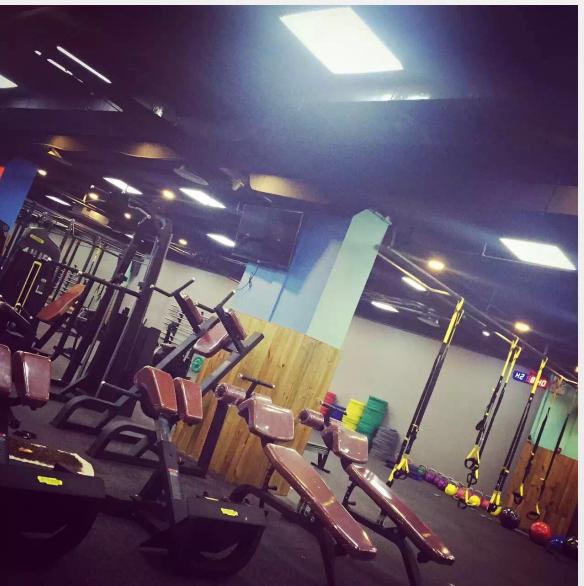
Celebrity Endorsements



Sponsorship of Chinese National Sports Teams



Social Media





What are the first steps for
KoreExtreme?

- Manufacturing in Taiwan vs. Mainland China
- Distribution Partnerships

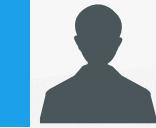
Manufacturing & Distribution Solutions



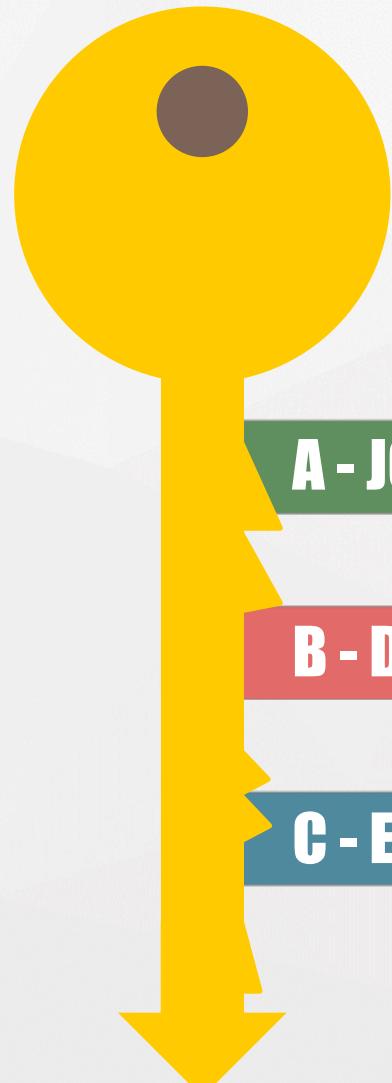
Taiwan vs. Mainland China



- Save from transportation costs & customs fees
- Advance Blow Molding technology



Distribution Partnerships



A - JOINFIT or FitterGear

B - Decathlon

C - Exhibitions and Trade Shows



What is the solution for
KoreExtreme?

- Enter the Chinese Market
- Partner With JOINFIT
- Target “Health Conscious Modern Ladies” & “Avid Gym Lovers”

Conclusion & Recommendations



Solutions for the Three Questions

1

What is the current condition of the Chinese fitness market?

- The fitness industry in China is 15 years behind developed countries. However, the market has been growing rapidly in the last two decades. The consumers are open to the advanced fitness concepts and products.

2

Whether to launch the ThermXRoller to the Chinese market or not? Why?

- YES! We believe there is strong market potential in China.
- The ThermXRoller has unique selling points and currently there is low competition in the middle to high-end market.

3

How to enter the Chinese fitness market?

- Partner with JOINFIT for manufacture and distribution
- Target “Health Conscious Modern Ladies” and “Avid Gym Lovers” by using different marketing strategies.

謝謝

