



HANGER DRYER

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Executive Summary

Nowadays, people rely more and more on dryer machines, which drives the prosperity of dryer manufacturing and laundromats industries. However, dryer machines are not available everywhere, and many of them are shared. In the period of Covid-19, a portable private dryer with a sterilization function will greatly improve the convenience and safety of our life. Our company, Hanger Dryer, will launch a detachable small dryer that offers a personal drying service. In this business information report, we first introduce our company and product, illustrate service lines, market analysis, and marketing and sales, and finally explain our funding request and financial projections.

Company Summary

Hanger Dryer is co-founded by five entrepreneurs and directed to meet the public need for an accessible and clean dryer. Hotel guests and college students can rent the hanger dryer through vending machines. Individual households are welcome to buy our products through an online selling website.

Industry Summary

We have two main competitors in the market: traditional dryer market and laundromats. For the dryer manufacturing industry, there are three dominant companies: Whirlpool Corporation, GE Appliances, and Samsung Group. In total, they make up for nearly 79.0% market share. For the laundromat industry, there is less dominant market share as the biggest share number is 19%. Compared to traditional dryer machines and laundromats, our products have more electric power, smaller size, and more hygienic functions.

Marketing and sales summary

We divide our market into three big categories: Households, Hotel industry and College students. For households, we rely on influencers in several main video platforms to advertise our products in their personal videos. The hotel industry takes on different approaches. We need to build long-term cooperation with specific hotel chains and their managers. We will attend several hotel trade shows and use social media to increase our exposure. Then, we target those hotels one by one. For college students, we will contact the executives of schools to introduce our products. After their approval, we utilize vending machines for students to rent our products.

Financial summary

We are requesting \$500,000 in exchange for a 15% stake in the company, which implies that our company's total evaluation is three million dollars. We will use this money to develop our website, manufacture the products, perfect our customer service, cover the initial manufacturing sunk costs, and try to collaborate with more universities/hotels.

Company Description

“Propelled by a growing need to maintain sanitization during Covid-19, Hanger Dryer is expected to provide accessible and affordable dryers which can disinfect clothes for anybody in anyplace.”

Hanger dryer is a company that creates a convenient, clean, individualized dryer for people to quickly and safely dry their washed clothes. Our service is oriented towards the hotel guests whose hygienic requirement of the clothes cleaning is strict and not met by the hotel public washing machine, as well as the college students and individual households that have urgent need to quickly make the clothes dry. Most importantly, in the epidemic period, people want to dry their clothes separately by not using public dryers. Hanger Dryers allow people to disinfect and dry their clothes outside their home.

Currently, in the market, there is no available dryer that meets the standards of saving time, maintaining hygiene, gaining consumers' trust at the same time. We hope to let customers feel safe by sanitization and convenient by portability and access to the hanger dryer anytime and anywhere.

Organization and Management

Dryer Hanger is a company focused on portable dryer machines, with four Chief Officers accounting for the core management section. The four officers are concentrated on different sections, but our main objective is the same: make the products better and satisfy consumers' needs. Here are our team:

- **CEO: Xingxin Guo**

As a CEO, Xingxin makes major corporate decisions, manages the overall operations and resources of a company, and acts as the main point of communication between the board of directors, and the corporation's daily operations.

- **CFO: Johnson Wei**

Johnson manages the company's finances by analyzing the cash flow, writing financial journal entries, and balancing the budget.

- **Marketing: Manhui Zhu**

Manhui focuses on marketing and advertising by monitoring the company's marketing modes, establishing some business relationships with other companies, and managing promotional programs.

- **Human Resource/Operations Consulting: Zihan Chu**

Zihan pays attention to recruitment, develops training programs, manages the internal relationship between employees, and promotes company welfare.

Product Design

Our product is a portable dryer machine in the shape of a clothes hanger. It is made of ABS plastic on the outside and contains various electronic components on the inside. The product constitutes a main machine, two shoe tubes, two clothes tubes, and two clamps. The main machine contains a foldable hook, air intel, and a function button with an operation display light. The wire and plug are connected on the back of the main machine. It will operate after plugging in. The product is detachable, according to the needs of consumers, they can dismantle and assemble tubes to the main machine. The size of our product is 42cm*20cm*8cm, and the weight is 372-573g. It can support operation from 100V to 240V, and the power voltage is 150W. The load-bearing of the product is 5kg.

Hanger Dryer has a fashionable appearance, distinguished craftsmanship, and is easy to use. Our product uses PTC heating technology, which is more safe and efficient. Covid-19 outbreak increased the need for household disinfection, consumers consider it necessary to sterilize clothes to stay healthy (Li, 2020). Our product has three security protections: microcomputer control, overtemperature protection, and flame retardant materials. The dryer has hot and cold wind mode, drying the clothes by 50 to 60 degrees Celsius hot wind. It also has close-fitting anion sterilization, mite elimination, and odor removal functions.

Service Lines

The purposes of our company are to offer a convenient drying service when the household dryer is not available and a personal drying experience when people prefer not to use public dryers. Our company differentiates our target consumers into individual households and institutions of hotels and universities. In order to meet the needs of consumers, we develop different distribution channels.

Three Channels of Distribution:

- Online Retail — We have our own website where consumers can select between different options, then we will deliver the product to the customer via our logistic partners.
- Wholesale — We wholesale our product to institutions that want to buy the product in bulk and negotiate about preferential unit price based on quantity purchased.
- Vending Machines — We cooperate with institutions and launch vending machines of our products into these institutions. Consumers can get the products by scanning the QR code on the screen of machines. After use, consumers can return the product and pay through the machine. Our company charges consumers according to the usage time. The partner institutions draw commissions every quarter from us.

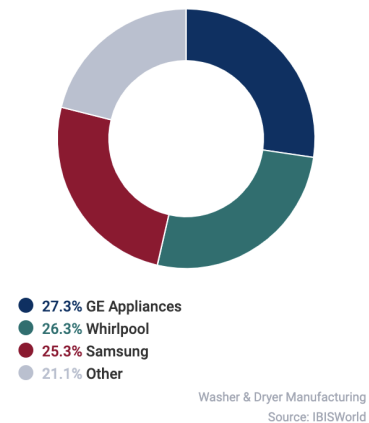
Market Analysis

Industry Research & Competitive Analysis

Dryer Manufacturing

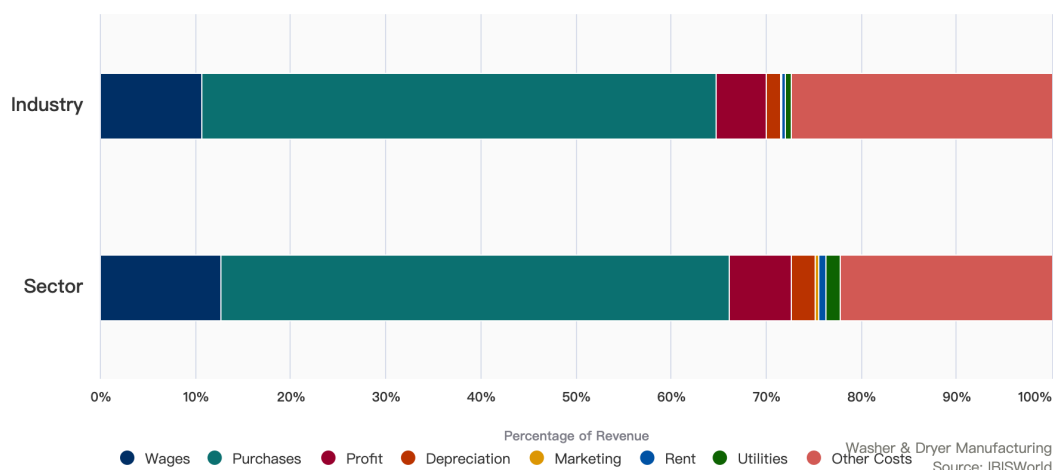
The majority of industry revenue is captured by large players that are multinational conglomerates with extensive portfolios of industry products and brands. There are only three major companies active in the US industry: Whirlpool Corporation, GE Appliances, and Samsung Group account for an estimated 79.0% market share (Egan, 2020). The competition in the dryer manufacturing industry is ultimately based on price, quality, and product features.

Major Players



Most consumers tend to feel more comfortable purchasing dryer machines from well-known brands that have a reputation for safety and reliability. The companies in the industry spend 54% of the cost on purchases, including raw materials, electrical motors, generators, distribution, and control equipment (Egan, 2020). Other expenses such as management, transportation, and insurance fees account for 27.5% of total costs (Egan, 2020). The globalization in the dryer manufacturing industry is high and the trend is increasing. Imports meet an estimated 36.7% of domestic demand, while exports make up 9.1% of industry revenue (Egan, 2020). Consumers look for goods on the lower end of the price spectrum, but low-end dryers are becoming increasingly homogenous. For consumers looking to purchase premium, they will seek out new features like noise reduction, delayed washing, “more settings for a variety of clothes”, and “stain removal presets.”

Cost Structure 2020



One emerging market trend is that the companies face technology innovation challenges to meet the demand for environmental protection with lower energy costs. Companies research and experiment on implementing more spin and flip cycles to decrease the moisture of clothes in the washer and decrease energy costs in dryers consequently, while still struggling on energy innovation in dryers.

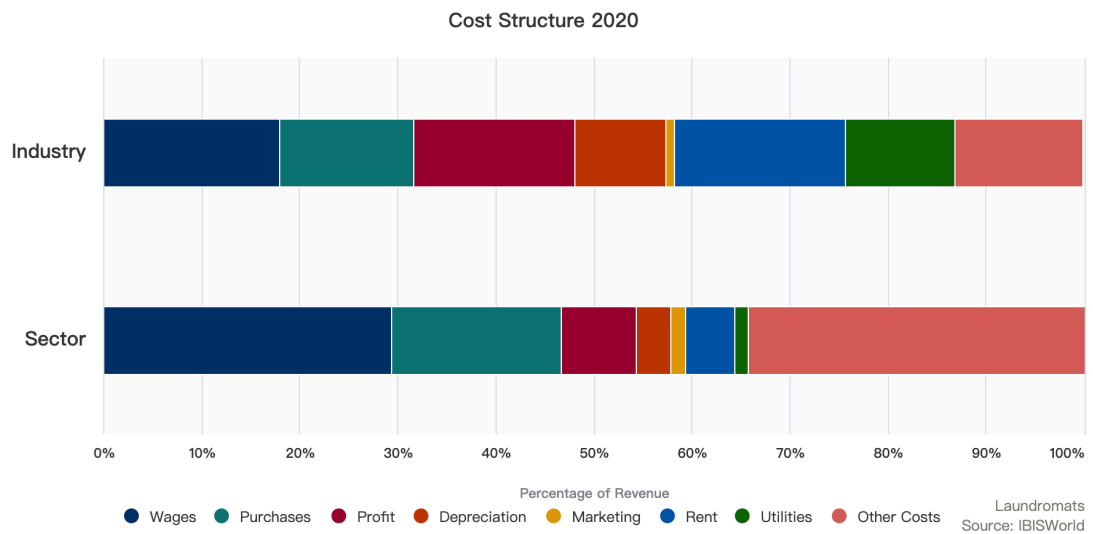
Luckily, our Hanger Dryer can avoid many of the competitions mentioned above, thereby reaching more targeted customers. Our product is not the traditional dryer machines people use in the household. It aims to provide a convenient drying service anytime and anywhere instead of just using drying machines in the home. Hanger Dryer can be folded and put in small luggage. For consumers who need drying services but aren't at home, our product will be the best choice. Besides, the price of our product is much lower than traditional drying machines due to the lower cost, which is more attractive and acceptable to consumers. The raw materials we need to manufacture our product are much less than household dryer machines. And we spend less on product assembly and company management, because our product is less sophisticated, and we don't need to employ as many people as big companies. Our product is also innovative in energy saving to cater to the necessity of being environmentally friendly. We can also take advantage of the high level of globalization of this industry. The online selling channel provides more opportunities for our company. Many online shopping platforms like Amazon in the US and Taobao in China enable us to increase sales.

Laundromats

The laundromats industry has a low market share concentration. The major player comprises a notable 19.0% market share (Daly, 2021). The industry remains highly fragmented, with many small, private, and family-owned businesses operating throughout the United States. As the Covid-19 pandemic came on quickly in the US, demand for industry services dropped off as individuals limited contact with others as much as possible. Due to the close quarters of many laundromats, many consumers did not feel as comfortable utilizing these facilities as they had in the past.

The purchases are expected to account for 13.6% of the cost in 2020. (Daly, 2021) The cost of new machines is high, especially as operators look to switch to more energy-efficient machines to reduce long-term expenses. Depreciation is estimated to account for 9.3% of revenue in 2020 (Daly, 2021). The Coin Laundry Association's survey found that 38.0% of respondents purchased at least one piece of equipment the year prior (Daly, 2021). As technological innovation has increased, industry operators have increasingly replaced older dryers to replace them with newer machines enabled with digital payment and tracking systems. However, the majority of these companies operate within a narrowly defined geographic area since consumers will prefer to use laundromats that are located within a

close radius to their homes. The competition of location is severe. Laundromats located in a densely populated area tend to gain more profits.



Compared to the business model of the laundry business, Hanger Dryer has many advantages. Consumers in laundromats use the dryer machines shared with others, but our product provides a more personal drying service, which is more friendly and safe in the epidemic period. Laundromats cost too much to update the machine, and in order to maintain quality of service, it is difficult to cut the expense on new machines. Even with the development of the new technology, our company will promote new products, the cost of upgrading is much less than laundromats. In addition, laundromats need physical stores to operate, and it has little chance to make money online. While our company doesn't need to rent brick-and-mortar stores as the main sales and service places. Furthermore, there is a very narrow price range of drying services for the majority of operators of laundromats. One of the primary reasons that consumers use self-service laundromats is to reduce household expenses by not purchasing a private dryer for the home. If they have great price growth, they may lose customers. But the price of our product can fluctuate relatively freely. Our company doesn't need to rely on geography to increase sales, because our product can provide services wherever the consumer is.

Target Customers

Due to the consolidation of market share in the Dryer Manufacturing industry, a substantial majority of our company's sales are expected to take place directly to both retailers and wholesale intermediaries. Since we sell our product online and offline, we can cater to various kinds of needs by different types of people: our customers include individuals who purchase our product on the website and those who rent our products from vending machines. Individuals who buy it for their homes can use a Dryer Hanger to dry clothes, shoes, towels,

and all kinds of things. Moms can dry their baby's underwear cleanly, and students can dry their uniforms conveniently. Since our hanger dryer can sterilize clothing, hospital caregivers who need hygienic drying service can use our products to dry their clothes without much space. After getting wet or having their clothes spilled with coffee, the office workers can use our machines to dry their clothes quickly and swiftly.

Marketing & Sales

To expand our products and increase popularity among the public, we plan to exert marketing strategies of inviting the influencers famous on social media platforms to use our hanger dryer and share their positive experiences in their channels or accounts. We will collaborate with the influencers whose number of followers is around 10 thousand. If the influencers are willing to share the experience in video format rather than the picture format, the advertisement cost would be higher.

For three types of targeted customers mentioned in the market analysis section - individual households, college students, and hotels - we also have individualized marketing strategies.

Individual Households

Individual households would buy our products from online retail stores and our channel partners will help distribute these products to their places. We would rely heavily on influencers on YouTube, TikTok, and Instagram to advertise our products. We will send them a list of key points of our products to be mentioned in their videos and they are free to add their own product experiences. Base payment is given in guarantee and a bonus depends on the actual viewer numbers. Besides, a link to our product's website should be included beside their videos.

College Students

For college students, we would connect the unofficial school Instagram accounts which have many college students following and share many college-related fun stories. They would share a picture of our product along with a detailed caption about the experience of using the hanger dryer. Meanwhile, we also need to co-op with school officials for their permission to lay out vending machines for our products on campus. We would start from the UNC community and then introduce the model to further areas. To market our products to different schools, we would find the contact information of relevant executives of colleges from LinkedIn or school websites and promote our products to them by emails or meetings. The group of young college students is a vital component of our product's marketing strategies. College students would most likely become our permanent users of Hanger Dryer and purchase our products in online retail stores when they leave campus. Also, their activeness

in social media platforms would quickly bring our products to be recognized by larger crowds. So even though the profitability is estimated to be lower than other avenues, we are still committed to investing heavily in this business model.

Hotels

To promote our brand to the hotel industry, we would need to meet the standards of those hotel chains and ensure our products could give guests high-quality experiences. Different hotels may have their criterias to choose their supplies. For large hotel chains like Hilton Hotels or Wyndham Hotel Group, we may improve our product's design or functions to meet their individual standards, but that's only applicable when it can generate profits or bring us a reputation in regional communities. In terms of marketing, we know that for hotels to stay current and maintain their brand, they have a large supplier industry that covers all aspects of its furnishings and design(M Source Idea). Thus, we may need to attend the main US and international trade shows including Hotel Experience(HX), Boutique Design(BD), Shanghai International Hospitality Design & Supplies Expo. These trade shows may increase our publicity and help us merchandise to any potential buyers. Besides that, we also need to maintain the connection to any chains we hope to co-op with. We can find the contact information of hotel managers from LinkedIn and call their offices to give a pitch or send them our samples. Before that, we would create a Facebook page and Twitter account to interact with these businesses and feature our products' photos, reviews, and information so that they would understand our products at a glance. At last, to build up long-term partnerships with hotel chains, we can call some preferential policies for them including a discount on the price per unit, free maintenance, and advertising their brands on the homepage of our app and social media accounts.

For future expansion, we are looking forward to expanding our business beyond the US domain to the Chinese market and even the international world. We are aware of the cultural difference and the difficulty of expanding the business internationally. We are going to simulate Starbucks's advertisement strategies when they expand the Chinese market. According to the report *On-premise Coffee Consumption – China*, Starbucks has incorporated the story of finding and feeding coffee raw materials in Yunan, one province in the southern part of China (Yu, 2020). By connecting western coffee with local farmers' life stories, the Chinese customers become emotionally connected with the western-origin coffee and increase their purchasing possibility. Therefore, when expanding our products beyond the US industry, we would invite the local influencers to share their own experience with the products.

Funding Request

Based on our first year projected profit, which is 3.3 million, Hanger Dryer is requesting **\$500,000** in exchange for a **15%** stake in the company.

We will use this money to open some pop-up shops in college towns, add more vending machines in college dormitories and hotel lobbies, and cover the initial manufacturing sunk costs. Currently, we mainly focus on student dormitories and hotels in two college towns (Chapel Hill and Durham). We would like to expand our services to other states and provide our products to more and more people all over the country, even all over the world. With significant funding, we can broaden our target market to other countries, collaborate with more companies or institutions, and meet consumer's demands more efficiently. The allocation and specific use of funds are listed below:

- Website Development: \$10,000
- Marketing Year One: \$50,000
- Customer Service: \$20,000
- Product Development: \$50,000
- Manufacturing: \$230,000
- Commissions for Universities and Hotels: \$150,000

Financial Projections

In the financial projections below, our company approximates the revenue for the next five years of our business. We predict the growth of our business because we assume there will be an increasing number of collaborations with schools and hotels and expanding popularity of our product.

Individual Household

For retail targeted at individual households, we mainly utilize online selling channels. After referring to the price of similar products from online shopping platforms, we set the price per product as \$12. We predict online selling per month is 100 units in the first year of business. Therefore, the total yearly revenue is \$14,400. The cost for year 1 is \$10,000, including the expense of website development, manufacturing, advertising, and delivery fee etc. But for year 2, the cost will be less than that of year 1 because there is no cost of website development in year 2 and the following year.

Table 1. Revenue and Cost Projections for Individual Households

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$14,400	\$18,720	\$24,336	\$31,636	\$41,127
Cost (Marketing, manufacturing, etc.)	\$10,000	\$7,000	\$9,000	\$12,000	\$15,000
Profit	\$4,400	\$11,720	\$15,336	\$19,636	\$26,127

University

For the market at university, price per product per hour: \$0.3. We predict that the usage time per product per day is 6 hr, and we approximate 80% of products in each vending machine will be used each day. For each campus, we have 10 vending machines, which have 45 products per machine. Within the first year of business, we collaborate with 10 universities. Therefore, the total yearly revenue is \$2,365,200. The cost for year 1 is \$10,000, including the expense of commission for universities, vending machines, depreciation, maintenance, and manufacturing, etc. For the following year, we will make agreements with more universities.

Table 2. Revenue, Cost and Profit for University

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$2,365,200	\$2,838,240	\$3,405,888	\$4,087,066	\$4,904,479
Cost (Commission, Vending Machine, etc.)	\$650,000	\$750,000	\$900,000	\$1,230,000	\$1,650,000
Profit	\$1,715,200	\$2,088,240	\$2,505,888	\$2,857,066	\$3,254,479

Hotel

For the market at hotel chains, price per vending machine per hour: \$0.5. We predict that the usage time per product per day is 6 hr, and we approximate 80% of products in each vending machine will be used each day. For each hotel, we have 2 vending machines, which have 45 products per machine. Within the first year of business, we collaborate with 20 hotels. Therefore, the total yearly revenue is \$1,576,800. The cost for year 1 is \$10,000, including the expense of commission for hotels, vending machines, depreciation,

maintenance, and manufacturing, etc. For the following year, we will make agreements with more hotel chains.

Table 3. Revenue, Cost and Profit for Hotel

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$1,576,800	\$1,892,160	\$2,270,592	\$2,724,710	\$3,269,652
Cost (Commission, Vending Machine,etc.)	\$600,000	\$700,000	\$850,000	\$1,000,000	\$1,350,000
Profit	\$976,800	\$1,192,160	\$1,402,592	\$1,724,710	\$1,919,652

Table 4. Total Profit

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Profit	\$2,696,400	\$3,292,120	\$3,923,816	\$4,601,412	\$5,200,258

Conclusion

Hanger Dryer is a company that offers convenient and personal drying services. With various distribution channels and aggressive business plans, our company will capitalize on the growing shared economy industry to gain more profit. We believe Hanger Dryer is a promising project. Thank you for taking the time to read our report, and we hope to cooperate with you in the future.

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