



G5 Solutions: “The Wowlet” Marketing Report

Our Objective

To improve living spaces through aesthetics, safety, connectivity, and energy efficiency.

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Business Summary

Our Company

G5 Solutions is a smart home solutions company headquartered in Dallas, Texas. Our mission is to improve living spaces through aesthetics, safety, connectivity, and energy efficiency. We are a promising startup company dedicated to improving your home's aesthetic and quality through a modern lens.

Executive Summary

G5 Solutions' premiere product, the Wowlet, is not just another gimmick. It is a smart upgrade to a bright idea presented in a way that adds beauty, safety, and energy efficiency to your home. Wall outlets have essentially remained the same for generations. The current market only offers a rectangular shaped plate on your wall with typical accessibility for two plug-in electronic devices. It is a feature of homes, businesses and buildings that has not evolved in decades. Current wall outlets are aesthetically unappealing with or without plugs dangling from them. More importantly, ask any parent; they serve as a constant safety hazard, which has provided for a lucrative market segment within the toddler proofing arena.

We would like to introduce you to the Wowlet and show you how it not only makes your home smarter and more modern, but also how it can improve safety, set the mood, and keep your partner satisfied (or at least keep them from being agitated). With the Wowlet, we have aim to provide an aesthetical upgrade to the wall outlet product segment with the ability to integrate into consumer's smart homes while providing safety benefits for multiple market segments. Our product is a smart-home controlled LED lighting fixture and outlet with motion sensor capabilities.

Based on our market research, there is nothing currently out on the market that contains all the functionality that our product does. We are able to offer this versatile and quality product at a reasonable retail price point of \$44.99 and wholesale value of \$25.00. We expect the creation of the Wowlet to expand the already prevalent demand for smart home products. We plan to break into the retail and business-to-business sectors with the ultimate goal of partnering with hotels, hospitals, schools, et cetera to install Wowlets throughout their

respective buildings. Our team projects 5,000 units sold in year one just solely in retail sales, with a revenue of \$224,950. After breaking into the business to business market segment, we expect 205,000 units sold in a year, with \$5,224,950 in revenue. Retail breakthrough would have less intense growth than business to business but would still prove to be steady and stable.

Situation and SWOT Analysis

As the Wowlet's marketing team, we want to help the brand utilize its strengths, improve upon its weaknesses, capitalize on its extensive opportunities and defend against potential threats. With that in mind, here is our SWOT analysis for the year 2020.

Strengths	Weaknesses	Opportunities	Threats
What we're good at. What's working. What our customers like about us.	What we want to fix. What we want to strengthen. What we want to become more efficient at.	What the industry might soon want. What we think we'll be good at. What will be our difference-maker.	What we think could hinder our growth. What/who we think could take our customers.
<ul style="list-style-type: none"> - Easy to use - Increases home safety - Infiltrate multiple markets with one product - Customizable - Provides energy savings (LED lights) - Room for future product line expansion. For example: flat speaker incorporation, etc. - Z-wave technology does not affect Wi-Fi bandwidth - Z-wave alliance benefits (Brander Level) <ul style="list-style-type: none"> - Brand/Adopt certified products - Licensed to use z-wave certification - Inclusion in alliance marketing and pr efforts - Permitted use of z-wave logo for marketing purposes - Listed as member on Z-Wave Alliance website 	<ul style="list-style-type: none"> - New company, no brand power - Cost of parts higher for the initial rollout since we are starting out with a smaller amount of inventory. - Up-front marketing costs - No supplier relations - Z-wave alliance cost – consumer price point 	<ul style="list-style-type: none"> - Our product creates a demand - Product encompasses multiple consumer needs—typically satisfied by several different products - Demand is stable and strong for smart home products - More people working from home, more focus on home improvement - Desire for increased internet speeds when working from home (the z-wave feature does not take up bandwidth, like many smart home items) - Consumer desire for energy efficient, safe and aesthetic accessories 	<ul style="list-style-type: none"> - Competitive and saturated smart home market - Hesitation regarding product specificity - Product replication by established smart home companies - Reduced demand for “non-essential” products -Cheaper options that satisfy individual aspects of our product (Ex: plastic outlet cover, night lights with additional outlet option) -Smart Outlets- Z-wave and Wifi functionality with plug extenders and outlet converters -Smart bulbs with motion activation and ambient lighting control

What is currently available in the market to satisfy the stated needs:

Night Lights - plug into the outlet, may have the ability to still have a plug go into them, some have motion/light sensor capabilities

Smart Outlets- Z-wave and Wifi plug extenders or outlet conversions

Smart Bulbs- can be motion activated with mood control options

Outlet Covers- satisfy basic aesthetic upgrades to outlets, but at the cost of functionality

Target Market

Industries

In 2020, we are targeting the following industries where we will sell our product and reach out to customers:

Industry 1 – Smart-Home Technology, Home Improvement and Safety

This includes selling in stores where smart-home technology and home improvement products are sold, such as Home Depot, Lowe's, and Best Buy. In this setting, individuals can buy our product and easily integrate the accessory into their current smart-hubs or use as a standalone product.

Industry 2 – Business to Business

We are targeting this specific industry in the hopes of partnering with sub-industries such as hotels, hospitals, nursing facilities, schools, et cetera. The goal of targeting this particular industry is to sell our Wowlet product in a wholesale fashion to be used throughout said buildings.

Buyer Personas

Within our target markets, we have identified the following five buyer personas to represent our ideal customers:

Business to Business: New home construction, commercial builders, contractors, hotels, senior-living, hospitals, schools, etc.

Buyer Persona 1 is a contractor for a large hotel chain, hospital, senior-living center or school. Ultimately, Buyer Persona 1 wants quality lighting that provides a safe and aesthetically pleasing component to their project at an affordable price.

Parents of Young Children

Buyer Persona 2 is the parent of young children who are looking for an easy and convenient way to child-proof their homes while also looking for night-light options for said children. Regardless of occupation, this buyer has a busy schedule and does not have the time or energy to think about buying multiple products just to ensure a safe and adequately lit environment for their child. They should not have to worry about their child's safety when it comes to electrical outlets.

Homeowners (DIY'ers) and Considerate Spouses

Buyer Persona 3 is trying to modernize their space whether it be through a full remodel or just trying to make minor aesthetic updates to their space. Homeowners could be looking to enhance their evening entertaining through ambient lighting and setting the mood using their smart home devices. Whereas considerate spouses are just trying to find a non-intrusive motion-sensing light option for moving around on a sleepless night or for those early mornings.

Mobility reduced

Buyer Persona 4 is a mobility reduced individual in need of an accessible lighting option that allows them to readily move around their space with ease and without worry for their safety. This buyer would be most interested in a motion-sensor lighting option that illuminates the ground and does not require finding a light switch or any physical action outside of their one goal of getting from point A to point B.

Initial Market Research

In order to be better informed on the demand for our product, G5 Solutions conducted an introductory market research survey. The survey was distributed to 55 UT Dallas MBA students and 18 of the students participated in the study. The research surveyed the probability of interest in our product using a likert-scale questionnaire. On a 1-5 scale, (1-2) was coded as disinterest, a (3) was coded as neutrality and (4-5) was coded as interest for each question. Results show that, while participants were overall not interested in the features individually, they were interested in buying the product that included all of the functionalities listed. While this survey provided some insight into potential, our initial market research was limited due to

the environmental restrictions of the Covid-19 pandemic. Deeper analyses and large-scale market research should be conducted going forward.

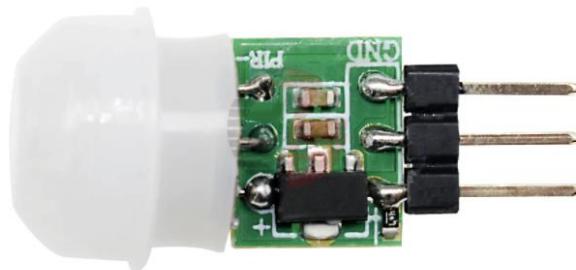
Market Strategy

Product

The Wowlet is a robust product that has features applicable in every season of life. The night light feature not only replaces any current nightlight but adds a component of color and a symbiotic aesthetic to your home that just is not provided through current individual products on the market. The motion sensing and option of Z-wave and Wi-Fi technology creates a product that optimizes the home environment without dangerous outlets or ugly plugs.

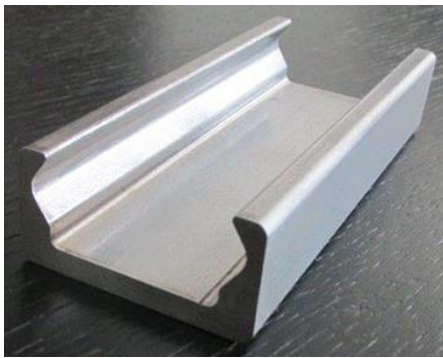
Components of the Wowlet

Motion Sensor



The two motion sensors in our Wowlet detect movement as people pass by and enable the switch on the built-in circuit to illuminate the area around it. The detector requires 5V direct current voltage with a 12V passive infrared detection switch module that senses the movement of infrared rays invisible to the naked eye. Its estimated cost is 75 cents per piece.

Wowlet Body Structure



For the body of Wowlet, we offer a plastic and steel version, with a body size of 3x3.5 inches and 6 inches in length. The molded version of the hot-rolled steel bar is estimated at \$2 and the plastic version is estimated at \$1.

LED Lights



Light Emitting Diodes, simply referred to as the LEDs, are one of the highlights of our product not only because of its energy saving capacity but its color customization option. These EEEkit™ LED strips are remote-controlled, color-changing, brightness-adjustable and waterproof. These light strips are 6.6ft long and cuttable to 3" to suit our Wowlet's need. They also can be controlled through an infrared remote, but because the Wowlet is z-wave enabled that is not required.

Socket

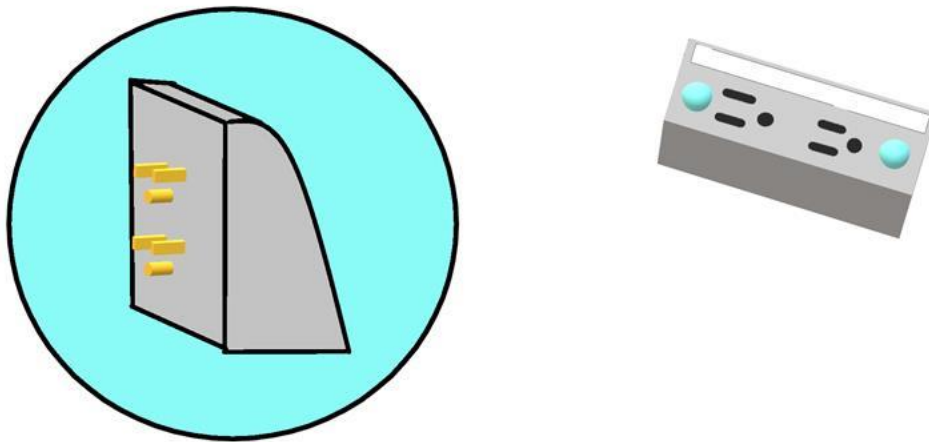


The Wowlet's 3-pin US plug socket will have WiFi access and is controlled by mobile apps, including the integration with apps such as Google Home and Alexa, which contain an additional voice command option. This smart switch also has built-in wireless access with a power button that can be manually turned on if necessary. Its white in color and easily installable with a size of 58x58x56mm.

Z-Wave



Z-Wave is a smart wireless communications technology that upgrades electrical equipment and other home appliances to be “smart” and easily controllable for the user. It provides the Wowlet user with an added feature of being able to switch it off (if left on) even if he/she is away from home. With just a click of a button, it can save consumer's dollars that would have otherwise gone to waste. It can control more than 200 Wowlets at a time. Up to nearly 100 m. of accessible coverage is provided by the Wowlet. Silicon Laboratories based in Austin, Texas holds the patent of this energy efficient Z-wave technology which runs at 908.42 MHz.



Picture 1: Prototype of the Wowlet



Picture 2: Prototype of the Wowlet

Price

Based on our research, the price for the Wowlet is very competitive and affordable given its quality. Our price is based on the cost of creating the product, including parts and assembly costs, and outside research on the prices of comparable products. While the Wowlet is a completely unique product, we referenced semi-comparable smart-home lighting products when calculating the price for our product. These semi-comparable products show an average price point of \$35.00. Given our target groups, along with the quality and wider functionality of

our product, our price of \$44.99 retail and \$25.00 wholesale is realistic for our target customers. In regard to discounts, the Wowlet can be discounted per unit when bought wholesale by industries such as new construction, hotels, hospitals, etc.

Promotion

Advertising through business-to-business:

We expect the majority of Wowlet's exposure to be from its placement in businesses and buildings such as hotels, hospitals, schools, et cetera. These entities will also be able to feature our product on their social media outlets and websites as a premiere feature of their buildings. In order to further incentivize the promotion of our product, our company would also offer discounts on our Wowlets to entities that do decide to feature our products.

Advertising with home stores and electronic stores such as Home Depot, Lowe's and Best Buy:

Another way in which our product will be promoted is through electronics and home improvement retailers' individual apps. The Wowlet will also be included as a feature product in these retailer's marketing and PR campaigns.

Advertising through Z-wave Alliance

Membership in the Z-wave Alliance as a certified as a Z-wave product enables us access to advertisement on the Z-wave website, along with inclusion in Alliance marketing and PR efforts.

Live Demos and Lighting Shows

Finally, we will promote our product through live demos and lighting shows. This environment allows for potential customers to directly experience the Wowlet's quality and functionality for themselves.

Process

If we are able to successfully partner with another business, we will install our Wowlets throughout their building or in a specified part of said building. If we are unable to initially enter into the business-to-business sector, we will roll out our product regionally into the retail sector. Since this is our first product, we believe that the best way to inform further market research is through a regional rollout that will serve as a test market which will show proof of

profitability and build up hype for our product. If successful, we would then prepare for a national rollout.

Physical Evidence

- Amazon
- Home Improvement stores such as Home Depot and Lowe's
- Technology stores such as Best Buy
- Toddler Proofing areas of home improvement
- Electrical Outlet section of home improvement
- Lighting area of home improvement
- Wholesale to new construction, to hotels, to hospitals, etc
- Smart home hub and accessory section of tech stores

Financials

Below is our overall financial outlook for 2020. This section includes our break-even analysis, variable costs per unit, marketing budget and all potential sales growth scenarios projected out to 2025. Our charts and tables are informed through our calculations that can be found in the appendix.

Break-Even Analysis		
Monthly Units Break-Even		
Wholesale		953
Retail		298
Monthly Sales Break-Even		
Wholesale	\$	23,825.00
Retail	\$	13,407.00
Assumptions:		
Per-Unit Revenue		
Wholesale	\$	25.00
Retail	\$	49.99
Per-Unit Variable Costs		
Wholesale	\$	16.27
Retail	\$	17.02
Estimated Monthly Fixed Cost	\$	8,317.00

Table 1

Our break-even analysis indicates that monthly wholesale revenue of \$23,825.00 or a monthly retail revenue of \$13,407.00 is required in order to break-even. This means that 953 units will need to be sold through wholesale channels, or 298 through retail. Through these numbers, we can infer per-unit revenue of 49.99 for wholesale and 25.00 per unit for retail sale.

Per Unit Variable Costs		
Motion Sensor	\$	1.50
Face Plate	\$	1.00
LED Lights	\$	0.83
Z-Wave Socket	\$	10.00
Packaging	\$	0.75
Shipping	\$	2.75
Labor	\$	0.19
Wholesale Cost/Unit	\$	16.27
Retail Cost/Unit	\$	17.02

Table 2

Our per unit variable cost analysis is broken down into each individual component needed to produce the Wowlet. Labor cost is based upon average production wages/prices in China, where we plan to manufacture the Wowlet.

Year 1 Marketing Budget	
In-Store Ads	\$ 10,675
Printed Material	\$ 2,000
Website	\$ 6,000
Digital Ads	\$ 15,000
Total	\$ 33,675

Table 3

The total for our year one marketing budget breakdown is based on a budgeting allowance of 15% of our estimated yearly revenue. Our marketing budget is primarily allotted to in-store and digital advertising, where we see the greatest value per dollar spent. The website budget is based on the average cost a professional website creation team and yearly web hosting service fees.

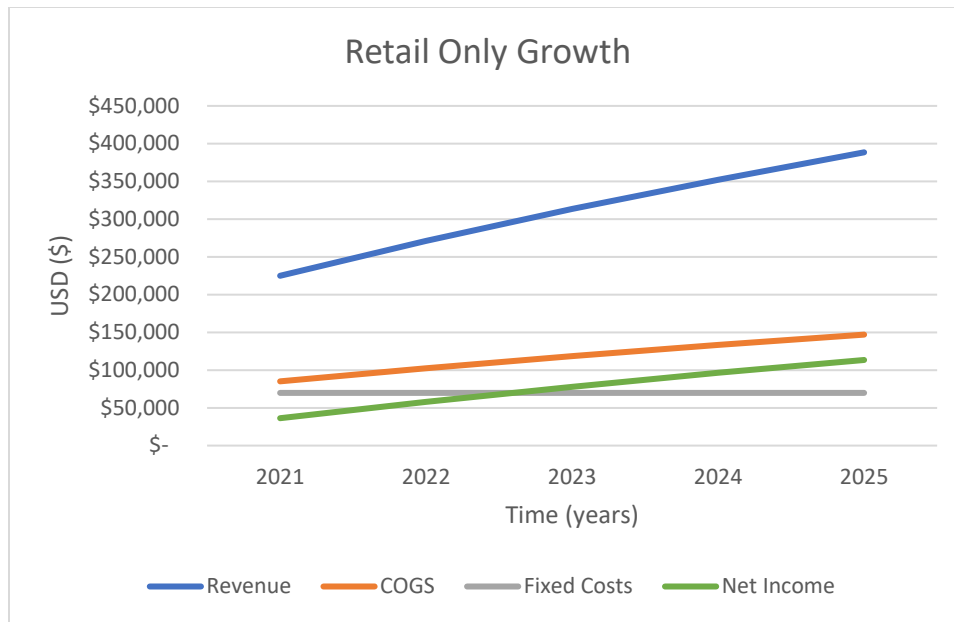


Chart 1

This graph shows the projected sales growth of our product without breaking into the business-to-business sector. While we do not expect the rapid growth that we do from an early entrance into business-to-business, we still expect there to be steadily increasing growth in sales for year one and beyond that matches projected growth for the lighting and comfort market segment of the smart home market. Our low fixed costs, and high profit margin alleviate pressure of quick expansion, as we are cash flow positive at a relatively low turnover rate of about 3,600 retail units per year.

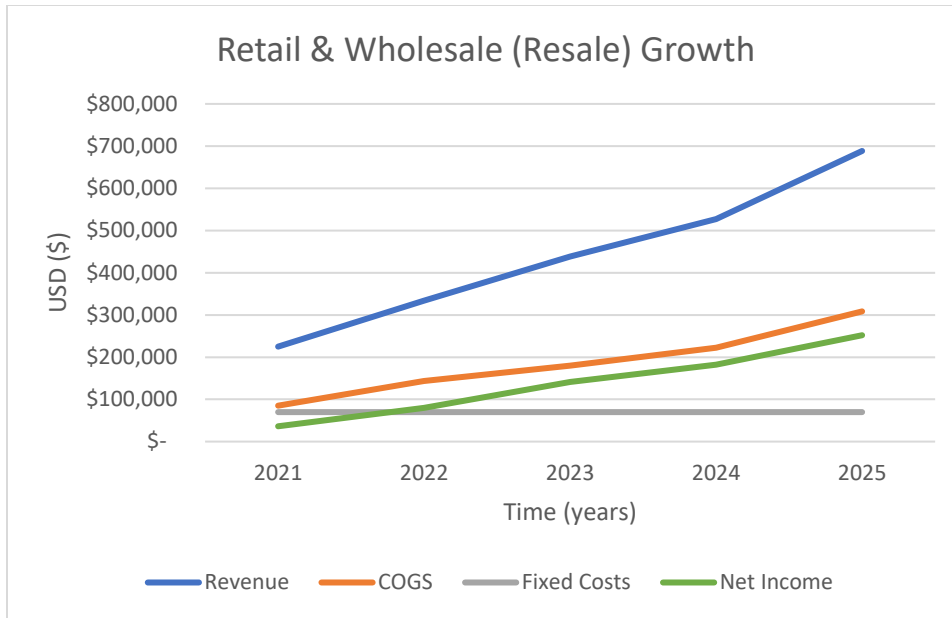


Chart 2

This graph shows the sales growth projection of the Wowlet contingent on the product is being sold both in the retail and being picked up gradually in wholesale resale sector, where it would be featured at home improvement and home technology stores.

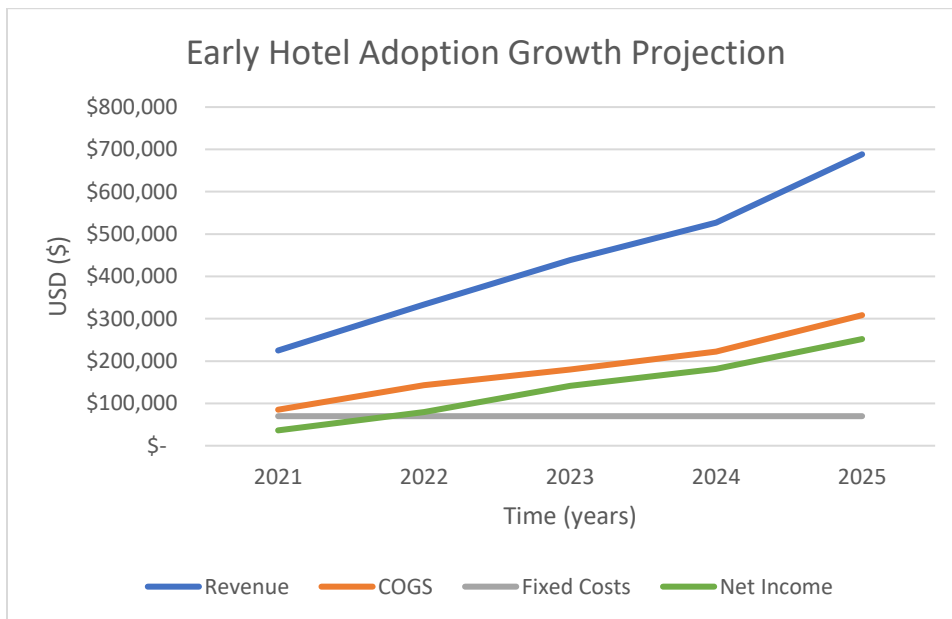


Chart 3

This graph represents the projected sales growth of the Wowlet contingent on the product entering into partnership with a medium to large hotel chain, thereby boosting the

business-to-business wholesale sales dramatically within year one. While the product would be sold at the \$25.00 per unit rate for wholesale, this scenario shows the steepest increase in projected growth due to the product being sold in bulk, and the reduction in variable costs as we are able to take advantage of growing economies of scale.

Conclusion

Contingency

As stated above, our contingency plan hinges on whether we are able to enter the business-to-business sector. If businesses are not early adopters of the Wowlet, we intend a regional rollout in the retail sector and have provided forecasted financials for such a situation. As we progress it will be key to continue to perform market research to successfully prepare for continued growth.

Conclusion

The Wowlet offers a safe, aesthetically pleasing alternative to plugs and nightlights. The multifunctionality of the Wowlet, creates its own demand which was further validated in our market research survey. With the increased trend of smart home devices, the Wowlet raises the bar for lighting and outlets. Additionally, it provides a safety element important commercially as well as within every home. The technology as well as the functionality appeals to multiple markets and buyer personas. Although there is still market research to be done, after our initial product and market research we are confident the Wowlet will be successful and a lucrative investment.

Appendix

Retail Only Growth Scenario					
	2021	2022	2023	2024	2025
Projected Sales					
Wholesale Units					
Retail Units	5000	6025	6965	7829	8635
Revenue	\$ 224,950	\$ 271,065	\$ 313,351	\$ 352,206	\$ 388,484
COGS	\$ 85,115.00	\$ 102,563.58	\$ 118,563.49	\$ 133,265.37	\$ 146,991.70
Gross Profit	\$ 139,835.00	\$ 168,501.18	\$ 194,787.36	\$ 218,940.99	\$ 241,491.91
Marketing Cost	\$ 33,742.50	\$ 40,659.71	\$ 47,002.63	\$ 52,830.95	\$ 58,272.54
Fixed Costs	\$ 69,800	\$ 69,800	\$ 69,800	\$ 69,800	\$ 69,800
Net Income	\$ 36,292.50	\$ 58,041.46	\$ 77,984.73	\$ 96,310.04	\$ 113,419.37

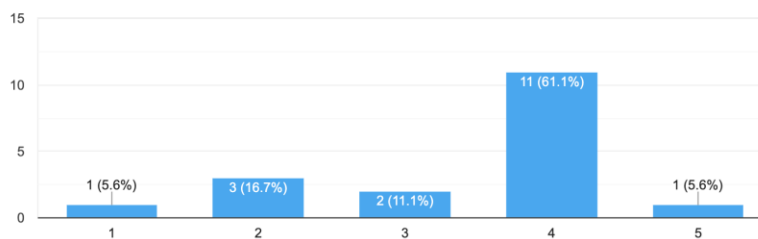
Retail + Wholesale (Resale) Growth Scenario					
	2021	2022	2023	2024	2025
Projected Sales					
Wholesale Units		2500	5000	7000	12000
Retail Units	5000	6025	6965	7829	8635
Revenue	\$ 224,950	\$ 333,565	\$ 438,351	\$ 527,206	\$ 688,484
COGS	\$ 85,115.00	\$ 143,246.08	\$ 180,162.98	\$ 222,740.47	\$ 308,432.99
Gross Profit	\$ 139,835.00	\$ 190,318.68	\$ 258,187.87	\$ 304,465.88	\$ 380,050.62
Marketing Cost	\$ 33,742.50	\$ 40,659.71	\$ 47,002.63	\$ 52,830.95	\$ 58,272.54
Fixed Costs	\$ 69,800	\$ 69,800	\$ 69,800	\$ 69,800	\$ 69,800
Net Income	\$ 36,292.50	\$ 79,858.96	\$ 141,385.25	\$ 181,834.93	\$ 251,978.08

Retail + Large Wholesale Growth Scenario					
	2021	2022	2023	2024	2025
Projected Sales					
Wholesale Units	200000	202500	205000	207000	212000
Retail Units	5000	6025	6965	7829	8635
Revenue	\$ 5,224,950	\$ 5,333,565	\$ 5,438,351	\$ 5,527,206	\$ 5,688,484
COGS	\$ 1,821,363.10	\$ 1,853,061.97	\$ 1,883,971.12	\$ 1,909,735.25	\$ 1,961,592.05
Gross Profit	\$ 3,403,586.90	\$ 3,480,502.78	\$ 3,554,379.73	\$ 3,617,471.10	\$ 3,726,891.56
Marketing Cost	\$ 33,742.50	\$ 40,659.71	\$ 47,002.63	\$ 52,830.95	\$ 58,272.54
Fixed Costs	\$ 69,800	\$ 69,800	\$ 69,800	\$ 69,800	\$ 69,800
Net Income	\$ 3,300,044.40	\$ 3,370,043.07	\$ 3,437,577.11	\$ 3,494,840.15	\$ 3,598,819.02

Survey Responses

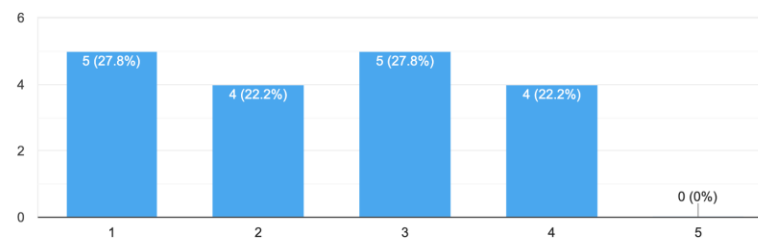
How likely would you be to consider giving a motion activated floor illuminating product as a gift to an elderly person to help them navigate safely at night?

18 responses



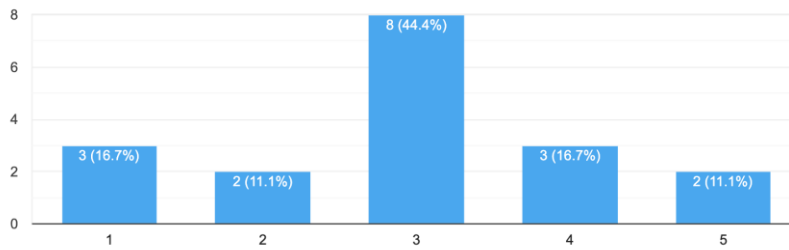
How likely would you be to consider purchasing a motion activated, web enabled smart light that illuminated the ground for multiple rooms in your house?

18 responses



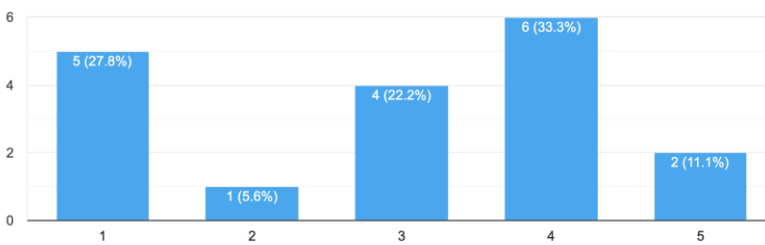
How likely would you be to consider purchasing a smart light product that illuminated the ground as opposed to an entire room?

18 responses



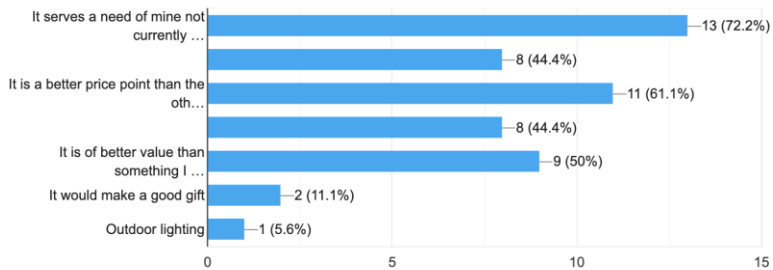
How much more likely would you be to consider purchasing a motion activated, web enabled smart light that illuminated the ground if you were remodeling a room or your house?

18 responses



When purchasing a smart home product, which of the following effect your purchasing decision? Select all that apply

18 responses



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- US \$0.76 13% OFF | DC 5V 12V Mini PIR Motion Sensor Switch Module IR Infrared Human Induction Sensor Detector Controller Switch for LED Light AM312 | Switches | - AliExpress. (n.d.). Retrieved November 10, 2020, from aliexpress.com website: https://www.aliexpress.com/item/32863876849.html?aff_platform=true&aff_short_key=UneMJZVf&isdl=y&src=bing&albch=shopping&acnt=42005546&isdl=y&aff_short_key=UneMJZVf&albcpl=373871275&albag=1308419064071836&slnk=&trgt=pla-4585375808811125&plac=&crea=81776241
- US \$3.39 31% OFF | 4 Pcs Discount Smart Plug WiFi Power Socket Outlet Switch US Plug Smart Timing Wireless Voice Alexa Google Home App Control | Home Automation Modules | - AliExpress.

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[id=pcDetailBottomMoreThisSeller&scm=1007.13339.169870.0&scm_id=1007.13339.169870.0&scm-url=1007.13339.169870.0&pvid=66cc075f-8e2b-4456-b4e6-6ae1937eed31&_t=gp](https://www.aliexpress.com/item/4000475094088.html?spm=a2g0o.detail.1000060.3.4b046925crbYfd&gps-id=pcDetailBottomMoreThisSeller&scm=1007.13339.169870.0&scm_id=1007.13339.169870.0&scm-url=1007.13339.169870.0&pvid=66cc075f-8e2b-4456-b4e6-6ae1937eed31&_t=gp)

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