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rollup SOLUTIONS INCORPORATed: Going to market

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On July 1, 2017, Megan MacKay and Nicole Plant, co-founders of RollUP Solutions Incorporated (RollUP), had just finished an exciting meeting with their shareholders, Grant McNaughton and Leanne McKinnon. They had received great news regarding a partnership with Goodwill Industries International Inc. (Goodwill Industries) that would enable RollUP to operate more efficiently and grow rapidly within its social enterprise business model. Concerned with using business as a catalyst for positive change, RollUP collected used mobility devices from long-term care (LTC) homes, upcycled[[1]](#footnote-1) them, and sold them at discounted prices to people in need.

With only a couple of months until a full-scale implementation of their new sourcing and upcycling process, the four shareholders needed to develop a marketing strategy. To solve their most pressing issue—generating sales—they had to decide on their target market, sales channel, and pricing scheme and decide how they would allocate their promotional budget. They wanted to ensure that these decisions would contribute to the long-term sustainability of their business.

**THE COMPANY**

**Used Mobility Device Opportunity**

MacKay and Plant first met while attending Western University in London, Ontario. Having a great interest in entrepreneurship, they decided to resurrect the university’s Enactus chapter, which functioned as an incubator for students to develop and implement their entrepreneurial ideas. MacKay learned that LTC homes in London had an excessive oversupply of gently used mobility devices. Cognizant of changing demographics, MacKay and Plant saw a business opportunity of their own.

The pair developed an initial business plan for RollUP as a feasibility study project in the Business 2257: Accounting and Business Analysis course at Western University. The shareholders then began operating RollUP under the umbrella of Enactus. Student ventures within Enactus were separate entities from the parent organization—owned entirely by the students who founded and operated them. RollUP received a lot of recognition in both the social enterprise and entrepreneurship sectors. Most recently, the shareholders had won CA$10,500[[2]](#footnote-2) after placing first in the Spin Master Ivey HBA Business Plan Competition.[[3]](#footnote-3) They thought it was important to capitalize on this momentum.

Though the RollUP shareholders were still students, they were a highly motivated and talented team, working tirelessly to build their brand and partnerships in order to ensure the company’s success. Mainly through their involvement in Enactus and the entrepreneurship community, MacKay and Plant developed strong connections with key people in the start-up and social enterprise spaces. McNaughton’s experience as owner and operator of a successful graphic design consultancy, Ventus Business Solutions, was a crucial asset to RollUP. McKinnon’s experience and knowledge of accounting also proved useful, as she was primarily responsible for RollUP’s finances.

**Sourcing**

Canada, like many Western nations, faced a demographic shift as the baby boomers aged. As this significant portion of the population aged and consequently required more care and assistance, the Canadian government focused on how this need would strain the country’s health-care resources. To mitigate the resource repercussions, Ontario established a strategy called Aging with Confidence,[[4]](#footnote-4) which shortened the average length of stay in an LTC home from 11 years to 11 months.[[5]](#footnote-5)

Over 90 per cent of residents in LTC homes required mobility devices such as wheelchairs or walkers. As a consequence of Aging with Confidence, these devices were typically left behind after 11 months.[[6]](#footnote-6) There were over 4,300 mobility devices in use in London, Ontario, LTC homes at any given time, and approximately 358 devices went into disuse every month. The surplus of gently used mobility devices in LTC homes, in line with demographic trends, was expected to continue for the foreseeable future.

LTC homes in London and the surrounding area tended to store used mobility devices on their premises. With such a large oversupply, they sought ways to dispose of the devices. If MacKay and Plant could arrange for pickup and transport, the homes would give them mobility devices at no cost, because it spared them storage and disposal fees. RollUP had already reached agreements with McCormick Home, The Village of Glendale Crossing, and Dearness Home in London. However, the shareholders had not signed any formal exclusivity agreements and had not reached out to the rest of the LTC homes in London.

**Upcycling Process**

The mobility devices collected from LTC homes were upcycled to prepare the devices for resale. All the devices were cleaned and sanitized, and minor repairs, such as installing new screws, pads, or wheels, were performed. Devices that were not deemed appropriate for resale were sold as scrap and sent to recycling facilities.

Since the repair work required expertise, and parts necessary for repairs varied greatly by brand, the RollUP shareholders realized that the upcycling process would be somewhat complicated and labour‑intensive. All four shareholders were operating RollUP while attending university, so it was not possible for them to upcycle the mobility devices themselves. They decided to outsource the upcycling and collection processes to Goodwill Industries. This strategy would ensure operational efficiencies, cost savings, and the standardization necessary to maintain consistency and quality.

**RollUP Brand**

The RollUP shareholders worked to ensure that only the highest quality and most gently used mobility devices were selected for upcycling and resale. Outsourcing the upcycling process to Goodwill Industries guaranteed standardization of the products sold by RollUP. Because there was no cost associated with the initial sourcing of the product, RollUP would be able to sell comparatively higher quality products for comparably lower prices, something that was not typically possible in many business contexts. It was imperative that this strategy was communicated to RollUP customers.

**THE INDUSTRY**

**Mobility Devices and the Assistive Devices Program**

The mobility device market in Canada was decentralized and unregulated, with low barriers to entry. Consumers could purchase devices of varying quality and price from many sources. Although there were many vendors, there was also significant demand. London’s largest population increase from 2006 to 2011 was in the 50–54 and 60–64 age groups.[[7]](#footnote-7) As the general population aged, more people would require extensive medical care, beds in LTC homes, and mobility devices.

Ontario’s mobility device industry catered to people with a variety of physical disabilities ranging from complete immobility to minor activity limitation. In London, 21 per cent of the population would benefit from using a mobility device for assistance because of injuries or disabilities.[[8]](#footnote-8) Notably, 26.9 per cent of the low‑income population lived with disabilities.[[9]](#footnote-9)

The Assistive Devices Program (ADP) dominated Ontario’s medical and mobility device industry. Funded by the Ontario Ministry of Health and Long-Term Care, ADP assisted Ontarians with long-term physical disabilities to pay for customized health equipment.[[10]](#footnote-10) In addition to being an Ontario resident with a valid health card, an applicant had to have a disability requiring the use of equipment for a minimum of six months.[[11]](#footnote-11) The mobility device had to be used daily with the aim of increasing the user’s independence.[[12]](#footnote-12)

For a person to access ADP funding, a therapist, physician, or LTC home staff member had to recommend that the client purchase a mobility device.[[13]](#footnote-13) Then, an ADP authorizer would assess the client, determine the client’s needs, and arrange product trials with vendors. ADP divided wheelchairs and walkers into types. If the client was approved for funding, ADP covered 75 per cent of the cost.[[14]](#footnote-14) The client would be responsible for the remaining 25 per cent. A Manual Type 2 wheelchair, the cheaper of the types classified by ADP, retailed for roughly $2,500. Even with the ADP subsidy, clients would still be responsible for $625 at the very least. The most common type of wheelchair retailed for $4,000.[[15]](#footnote-15) Though ADP qualification did not cover the full cost, purchasing a wheelchair was even more difficult for the many people who could not qualify for ADP funding because of the stringent applicant conditions.

**THE COMPETITION**

**Manual Wheelchair Recycling Program**

The Manual Wheelchair Recycling Program (MWRP), a partnership between ADP and the Canadian Red Cross, accepted donations of adult manual wheelchairs and rented them out after a restoration process.[[16]](#footnote-16) The devices were rented for $40 per month for up to six months, contingent on a referral from a registered health professional. The program only accepted gently used ADP wheelchairs that were less than five years old and accompanied by the original receipt.[[17]](#footnote-17) MWRP did not offer tax receipts on donated equipment. In 2012, approximately 15,000 clients were serviced, while only 350 wheelchairs were donated to the program.[[18]](#footnote-18)

**Consistory Club**

The London Consistory Club (CC) refurbished donated mobility devices and loaned them to members of the surrounding community on the promise that they would eventually be returned. Owing to the wide variety in brands and models of the donated mobility devices, the refurbishment process occurred on a case-by-case basis. All CC operations depended on the generosity of its members—who were typically over 65 years old—to donate time, equipment, and personal funds.[[19]](#footnote-19) The organization benefited from the Good Samaritan Act, which protected CC from all legal liability because the equipment was distributed on loan.

**Dura Med**

Dura Med Mobility & Home Health Care Products (Dura Med), an independent medical equipment provider, was founded in London in 1999. As a licensed ADP vendor, the company sold new and used mobility devices. Used devices were not a primary focus and were priced inconsistently. Dura Med operated seven days a week. It offered delivery and repair services and provided customers with the opportunity to pay in instalments.[[20]](#footnote-20) Despite being established in the London market, Dura Med generated 35 per cent less revenue than the industry standard in 2016. In attempts to contact the company, MacKay and Plant noted that it was difficult to obtain information and quality customer service from store representatives.

**Private Sales**

Internet sales channels such as Amazon.com, Inc., Kijiji, Craigslist, Inc., and eBay Inc. allowed individuals to post items for sale independently. Though it was possible for consumers to find used mobility devices on such e‑commerce sites, products were not standardized, and pricing and supply were variable.

**THE CONSUMERS**

The shareholders believed that at least 630,000 Ontarians who required the use of a mobility device were ineligible for ADP funding and were unable to finance a purchase on their own. With this information, RollUP’s shareholders identified two groups that would be interested in the company’s products: end-users and primary caregivers. End-users depended greatly on mobility devices, typically to help manage disabilities or recover from injuries. Though not necessarily part of a particular demographic group, most of these people were elderly. They valued cleanliness and overall quality, which encompassed durability and comfort.

The majority of primary caregivers fell in the baby boomer age group, 53–72 years of age. These caregivers tended to assist aging parents, spouses, or children in researching and procuring mobility devices. Due to a lack of personal experience with such devices, they often relied heavily on the information provided by physicians, therapists, and LTC home staff. They sought high-quality, clean, and cost-effective mobility devices for their dependents, as they were often responsible for financing the equipment.

**KEY DECISIONS**

**Target Market**

The RollUP shareholders realized the need to define a narrow core target market as they looked toward generating sales. It was imperative that they keep in mind that their product best served low-income individuals in need of mobility devices.

**Branding and Placement**

Since RollUP had generated much success and public recognition from the social good aspect of its business, the shareholders wondered if it would make sense to change to a non-profit business structure. Regardless of this decision, they knew that their partnership with Goodwill Industries, which gave an employment opportunity to people who would otherwise not be able to find jobs, would be a key aspect of a continued strong reputation in the entrepreneurship environment.

The shareholders had to decide on a sales channel that best fit their market. As a result of a sponsorship deal with Enactus, they had an opportunity to sell their refurbished mobility devices online through Shopify for free; the basic Shopify plan would normally cost US$348 per year. Shopify was an e‑commerce platform that could be seamlessly embedded in a third-party website so that it would appear to customers that they were purchasing directly from the company they were buying products from. Leveraging this opportunity, the RollUP shareholders planned to sell wheelchairs and walkers through their website (see Exhibit 1) using an embedded Shopify store. The shareholders did not want to activate their one-year free term with the basic Shopify plan until the end of September 2017, when they would have a chance to develop a promotional plan.

The shareholders were also considering hiring sales representatives to contact consumers personally. If they decided to go with this option, they planned to compensate these representatives with commissions of between 10 and 15 per cent of the sale price.

Finally, RollUP had a promotion opportunity through Geri Fashions of London Ltd. (Geri Fashions), a retailer of wheelchair-adaptable clothing. The clothing sold at Geri Fashions was intentionally designed to make daily functions, such as changing clothing, easier for people who used wheelchairs. The products were sold through the company’s retail location, online, and in pop-up locations at local LTC homes. This opportunity would see Geri Fashions recommend and promote RollUP’s mobility devices to its customers using rack cards[[21]](#footnote-21) developed by RollUP. In return for the promotion, RollUP would compensate Geri Fashions between 5 and 10 per cent of the sale price on a commission basis.

**Pricing Strategy**

The shareholders needed to consider many factors in deciding on a price for RollUP’s mobility devices. These factors included, but were not limited to, RollUP’s costs for sourcing and upcycling, competitor pricing, and consumer willingness to pay. RollUP’s costs were unusually low due to the lack of cost associated with sourcing from LTC homes and the arrangement with Goodwill Industries. Based on transport, labour, storage, and other associated costs, the shareholders believed they could not sell refurbished wheelchairs for less than $200 and walkers for less than $75. Being a social enterprise, they did not want to sell mobility devices for more than the cost to buy a new, average-quality device through ADP, which was $625 for a wheelchair and $125 for a walker. With this range in mind, the shareholders wanted to settle on consistent prices for both wheelchairs and walkers.

**Promotional Strategy**

Once the online Shopify store was launched, the shareholders planned to set aside $2,000 per month for the ongoing marketing of RollUP products. With this budget in mind, they knew that their promotional strategy would have to reach their target market in the most cost-effective and efficient way possible.

Search engine marketing through Google AdWords was one option. Paid advertisements (ads) would appear when a user searched on Google for a word or phrase, such as “used wheelchairs.” Companies could choose their daily budget, and the words or phrases they would like to use as key words. Advertising costs were split into two categories: cost per click (CPC), where a company was only charged when a user clicked on an ad, and cost per impression (CPM), where the company paid each time the ad was displayed. CPM was typically priced per 1,000 impressions. CPC was much more expensive; it was priced per single click because it was more likely to convert to actual sales. Google’s CPM charge was $7 and its CPC charge was $3.

With the rise of social media, many companies turned to advertising on platforms such as Facebook. For RollUP to place ads on Facebook, it would cost $7 CPM and $2.50 CPC. To advertise effectively on Facebook, it was necessary to select user characteristics to target, such as location, gender, age, and interests (see Exhibit 2). These characteristics tended not to align well with either of RollUP’s target markets. The only filters that could properly be applied were location and age. However, targeting the entire baby boomer age group was expensive and unlikely to result in many sales, since this was a large portion of the population and not all members of the group served as primary caregivers to people needing mobility devices.

Placing ads through Kijiji, an e-commerce platform, was also an option. The shareholders thought that this website would attract people in the market for used or refurbished mobility devices. Promoted ads would bring RollUP’s ads to the forefront of Kijiji and direct users to the RollUP website, where they could purchase a refurbished mobility device. RollUP obtained a weekly cost breakdown for Kijiji advertising (see Exhibit 3).

Another alternative was to distribute physical promotional materials—mainly rack cards—to local medical offices, clinics, physical therapy centres, and hospitals. This strategy would require obtaining permission from health care professionals to distribute RollUP’s materials. Having already received positive responses from many companies, the shareholders did not view this requirement as a great obstacle. Though the cost of developing rack cards would normally be significant, McNaughton offered to provide his design services to RollUP at no cost to the rest of the shareholders. Consequently, the company would only incur printing costs. The printing company charged $55 for a package of 250, and RollUP’s shareholders planned to distribute 20 rack cards to about 25 organizations each month.

The shareholders were also open to any additional promotional ideas that fit with RollUP’s target market and supported their vision for the RollUP brand.

**CONCLUSION**

MacKay, Plant, McNaughton, and McKinnon needed to make some important decisions in a short amount of time. They had to select a target market and develop a comprehensive marketing plan, including distribution, pricing, and promotional decisions.

Exhibit 1: ROLLUP WEBSITE homepage



Source: RollUP home page, accessed August 28, 2017, http://rollupsolutions.ca/.

Exhibit 2: SUGGESTED FACEBOOK DEMOGRAPHIC CHARACTERISTICS

|  |  |
| --- | --- |
| Location | London, Ontario |
| Gender | No preference |
| Age | 53–72 |
| Likes and interests | No preference |
| Relationship status | No preference |
| Workplace | No preference |
| Education | No preference |

Source: Company documents.

Exhibit 3: WEEKLY COST BREAKDOWN OF KIJIJI ADVERTISing

|  |  |
| --- | --- |
| **Features** | **Price Per Week (in CA$)** |
| Urgent label | $8.99 |
| Website URL | $0.60 |
| Highlight advertisement | $2.99 |
| Sort as top advertisement | $9.99 |
| Total | $22.57 |

Source: Company documents.

1. Upcycling was the process of converting used or waste materials into new materials or products with higher functionality. [↑](#footnote-ref-1)
2. All currency amounts are in Canadian dollars unless otherwise specified. [↑](#footnote-ref-2)
3. The competition was sponsored by Spin Master Toys, an innovative global toy company founded in 1994 by Ivey Business School and Western University graduates Ronnen Harary (HBA 1994), Anton Rabie (HBA 1994), and Ben Varadi (HBA 1994). With a prize pool of over $20,000, the competition was open to undergraduate teams from universities across Canada and the United States and included a stellar panel of experienced investors and entrepreneurs. [↑](#footnote-ref-3)
4. Ontario Long Term Care Association, “About Long-Term Care in Ontario: Facts and Figures,” Ontario Long Term Care Association, accessed June 20, 2018, www.oltca.com/oltca/OLTCA/LongTermCare/OLTCA/Public/LongTermCare/FactsFigures.aspx. [↑](#footnote-ref-4)
5. Don MacKay (President, Focus Healthcare Group), interview with case author, July 12, 2016. [↑](#footnote-ref-5)
6. Ibid. [↑](#footnote-ref-6)
7. City of London, “2011 London Census: Fact Sheet 2 – Age and Gender,” City of London, accessed June 20, 2018, www.london.ca/About-London/community-statistics/population-characteristics/Documents/2-%20AgeandsexhighlightsJune21.pdf. [↑](#footnote-ref-7)
8. City of London, “Disabilities,” City of London, August 10, 2015, accessed June 20, 2018, www.london.ca/About-London/community-statistics/population-characteristics/Pages/Disabilties.aspx. [↑](#footnote-ref-8)
9. The Mayor’s Advisory Panel on Poverty, *London for All: A Roadmap to End Poverty*, City of London, March 2016, accessed June 20, 2018, www.london.ca/city-hall/mayors-office/Documents/London-for-All-final-report.pdf. [↑](#footnote-ref-9)
10. Government of Ontario, “Assistive Devices Program,” Government of Ontario, December 7, 2016, accessed June 20, 2018, www.ontario.ca/page/assistive-devices-program. [↑](#footnote-ref-10)
11. Ibid. [↑](#footnote-ref-11)
12. Ibid. [↑](#footnote-ref-12)
13. MacKay, op. cit. [↑](#footnote-ref-13)
14. Ibid. [↑](#footnote-ref-14)
15. Ibid. [↑](#footnote-ref-15)
16. Canadian Red Cross, “Health Equipment Loan Program,” Canadian Red Cross, accessed June 20, 2018, www.redcross.ca/how-we-help/community-health-services-in-canada/health-equipment-loan-program. [↑](#footnote-ref-16)
17. Kimberly Colvin (Community Service Assistant, Red Cross—London Middlesex Elgin Branch), interview with case author, July 20, 2016. [↑](#footnote-ref-17)
18. Isabel Teotonio, “Recycling Wheelchairs, Medical Devices Proves Challenging, But Red Cross Can Help,” *Toronto Star*, August 17, 2012, accessed June 20, 2018, https://www.thestar.com/life/2012/08/17/recycling\_wheelchairs\_medical\_devices\_proves\_challenging\_but\_red\_cross\_can\_help.html. [↑](#footnote-ref-18)
19. Norm Dix (Club Member, London Consistory Club), interview with case author, August 1, 2016. [↑](#footnote-ref-19)
20. Dura Med, “Dura Med Mobility & Home Health Care Products,” Dura Med, accessed June 20, 2018, www.duramed.ca/. [↑](#footnote-ref-20)
21. A rack card was a commercial advertising document, used frequently in locations that had significant foot traffic. Rack cards bore high impact graphic design and were typically 4 by 9 inches. [↑](#footnote-ref-21)