

About TAG Foot Shower

The TAG foot shower is a lower leg and foot hydrotherapy device. The first shower was installed in 2001 and requires little-to-no maintenance due to its industrialized machine parts. The shower has two water jets for the calf, two for the shin, two for the bottom of the foot, and two for the top of the foot. Three different treatments are available and can be selected via the built-in touchscreen. These treatment options are muscle relaxation, contrast therapy, and anti-stress treatment. The actual treatment time is fifteen minutes, though many consumers find relief and feel “finished” after just seven. Overall, the TAG Foot Shower is a user-friendly, relaxing, and beneficial medical hydrotherapy device that can be used by all age groups for a variety of purposes.

Background Research

Primary Research

1. In depth interviews with two professionals in athletic training programs.
 - a. Key takeaways:
 - i. All medical supplies for athletic programs are purchased through the same set of vendors each time.
 - ii. Athletic programs have a short list of vendors that they see as credible.
 - iii. The athletic program industry is heavily characterized by word of mouth.
 - iv. The NATA (National Athletic Trainers Association) is the most significant network for all athletic programs (high school, college, semi-professional, and professional), and the main channel for new products.
2. In depth interviews with two district sales managers at major medical wholesale companies.
 - a. Key takeaways:
 - i. The main benefit for products selling through wholesalers is access to the company's existing customer base, sales force, and distribution networks.
 - ii. Wholesalers purchases a set number of units from the manufacturer then sells them at a markup that varies by product.
 - iii. In order to partner with wholesalers, you need a proven track record of sales.
 - iv. Many products sold through wholesalers execute their own beta testing phase to gain credibility and a track record.
 - v. Financing is a viable option for expensive equipment early on.
 - vi. You need a recognizable brand to aid word-of-mouth marketing.
 - vii. Products that sell through wholesalers need to have manufacturing to support a large increase in sales.
3. Brand Credibility Testing on UsabilityHub: <https://usabilityhub.com/>

Secondary Research

4. Exploratory Research

- a. IBIS World Industry Report on the medical wholesale industry in the U.S.
<http://clients1.ibisworld.com.proxy.lib.miamioh.edu/reports/us/industry/industryoutlook.aspx?entid=930>
- b. NATA Expo Research
http://www.nata.org/sites/default/files/2015_Exhibitor_Prospectus.pdf
- c. Athletic Program Facility Research
<http://www.stack.com/a/expensive-college-athletic-training-facilities>
<http://www.sbnation.com/college-football/2014/8/27/6074901/college-sports-facilities-buildings-budgets>
- d. Hydrotherapy utility in sports programs
<https://www.hydroworx.com/research-education/additional-resources/sports-aquatic-therapy/>
- e. Medical Device Industry research from SELECTUSA
<http://selectusa.commerce.gov/industry-snapshots/medical-device-industry-united-states.html>

Industry Focus

The industry chosen to focus on for this project was that of medical hydrotherapy. Hydrotherapy spans many different industries and presents TAG Foot Shower with a large growth opportunity for upcoming years. Some of the markets that hydrotherapy spans include athletic programs, podiatrists, hospitals, and therapy clinics. According to SelectUSA, the medical device industry is one that is large and growing, with the estimated 2016 market size reaching \$133 billion [4e]. Furthermore, the industry is described by IBIS World as being both mature and stable [4a]. This is both an opportunity and a problem for the TAG Foot Shower. The problem facing the product in this industry is that it is not growing rapidly and that many buyers direct all of their business to industry wholesalers whom have both credibility and powerful networks. This is also an opportunity for the TAG Foot Shower, however, if it is able to leverage these existing networks and sales forces to sell their product in a more effective way than that of which most startups are capable.

Industry Insights

The most important insight regarding the medical device industry and, in particular, the hydrotherapy industry is that the main barriers to entry are both credibility and connections. One industry expert - a Head Trainer for a school Athletic Program - stated that she only purchases products for her facilities from industry wholesalers Henry Shein, MedCo, SchoolHealth, and NATA because they are organizations that she knows and trusts [1a]. The industry also faces a lot of skepticism from medical professionals that can be difficult for small entrepreneurs to maneuver. Therefore, the most important short-term goal for the TAG Foot Shower is to build credibility for the product and the brand name. This will be done through branding efforts as well as through a three-phase go-to-market strategy that will result in TAG Foot Showers being sold through third-party vendors with existing sales forces and powerful industry connections and networks.

Branding

Branding is one the most important steps for any business startup to build credibility, generate word-of-mouth referrals, and establish brand recognition. In order to maintain a successful image and establish credibility, businesses need to ensure that their branding efforts are consistent and have a developed voice, tone, and image. Currently, TAG Studios has various voices and imagery with its online presences, included two different logos. One of the most important immediate goals for TAG Studios is to establish its intended brand voice and build upon that voice throughout all of its online presences. The content and style of social media pages, company websites, online profiles, and owned online communities should match one another. In terms of the characteristics of this voice, it should convey the characteristics of being a sleek, clean, relaxing, technologically savvy, and innovative brand with products that reflect these characteristics. The first step TAG Studios could take to begin crafting this brand is to consistently use one logo across all platforms. For this project, a UsabilityHub test was conducted with over forty participants to figure out which of the two TAG logos users felt conveyed the most credibility. UsabilityHub it is a crowd sourced product design testing website. Users can log on and post various product, logo, or website designs, which other users then provide input and feedback on via various forms of short tests [3]. After comparing both of TAG's current logos in one such test, logo A received an overwhelming majority of votes in terms of being perceived as the most credible. Thus, it is recommended that TAG use this logo for all of its marketing and branding efforts.

A. 84%



B. 16%



Go-To-Market Strategy

Phase One - Beta Testing Period (Short Term)

The first step in the proposed plan is to run a beta test with 2-4 athletic programs. The reason for focusing on athletic programs is that they align with our positioning of the TAG foot shower as a medical hydrotherapy device. A track record with these programs will also give TAG credibility when approaching medical wholesalers (Phase Three). The best way to reach these programs is through trade expos like those hosted by NATA. These trade shows attract upwards of 8,000 athletic trainers from around the nation, most of whom – roughly 90% – purchase or recommend purchases of products presented at these expos [4b]. Furthermore, the “discovery of new products” is described as one of the top three reasons for athletic trainers to attend these expos. The benefit of this phase is learning and product development in a low risk environment. Important research data concerning correlations between foot hydrotherapy and athletic performance can also be gathered for future benefit. Furthermore, customer testimonials and referrals can help grow the TAG foot shower brand. The benefit for the customers is that they are receiving the product at-cost. The benefits received justify the investment of selling 2-4 foot showers at-cost, and prepares the product for phase two, during which profit will be generated.

Phase Two - Initial Sales Period (Short Term)

The second phase of the go-to-market strategy is focused on building credibility for the TAG Foot Shower through an initial sales period. During this time, the final, finished product should be marketed toward a wider audience of athletic programs at all levels. These sales will be generated through follow-ups with the leads created while attended various athletic trainer product expos. The athletic medical equipment market is both large and growing, and 85% of athletic programs are slated to invest significantly in facility improvement in the near future according to SBNation [4c]. Of these, 20% expect to invest over \$50 million in the next five years alone. While these programs are huge spenders, it would be effective for the TAG Foot Shower to have a financing strategy to serve as a catalyst for sales to programs that might be hesitant to invest \$20,000-\$30,000 at one time. A financing strategy would enable these programs to benefit from the use of the product while spreading out the costs over time and would be a strong selling point for entry into the market. By selling through these channels, the TAG Foot Shower will gain validation and sales figures, which will be presented to industry wholesalers during Phase Three. Other than generating sales, the TAG Foot Shower also needs to be prepared for manufacturing at a level that will be sufficient for industry wholesalers to effectively market the device.

Phase Three - Industry Wholesalers Period (Long Term)

Once the TAG foot shower has a proven track record with sales to athletic programs (one full year of successful sales), the product will have the credibility to be picked up by a medical wholesale company. Some examples of these companies are Henry Shein, McKesson, and Patterson Medical. Interviews with district sales managers at these companies made it clear that this represents a huge opportunity for TAG foot showers [2a]. The industry average price markup is just 5.3% and these companies can offer the customer base, sales force, and distribution network to expand the product to all medical industries – including podiatrists, hospitals, and therapy clinics – and increase sales exponentially [4a].