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New Product Forecast: Wanderr Chair

INTRODUCTION

The Wanderr chair is a 5-in-1 patented outdoor recreational product that easily transforms from a cart to a lower beach-type chair, a higher field/camping chair, a fully reclinable lounger, and a camping cot/bench. The product is designed for long-term use and it's targeted at beach-goers, campers and anyone who enjoys the outdoors and needs to carry extra cargo. The product was first launched in 2018 via a Kickstarter campaign under the company OME Gear, although it didn't start shipping products until 2019. Since then, its availability has spread to Amazon and other online retailers where it can be purchased at a \$400 price. Our objective is to model a forecast for the first few years of sales.

ASSUMPTIONS

We are assuming the product will be distributed to the US market only as per the product's website. We also assumed a 5 Year life span for the product; after this period, consumers are likely to dispose of the chair due to normal tear and wear. The Wanderr chair is considered an outdoor furniture and as such, we assumed the sales revenue will be similar to that of the industry. According to a study conducted by IBIS World, the industry of outdoor products is estimated to grow at ~2.5% annually.

RISKS AND CHALLENGES

There are several risks and challenges that if they came to fruition could greatly affect the accuracy of our forecast. One of the risks is another shut down due to a surge of covid cases. There are several new variants and while overall the number of cases are decreasing, others are seeing spikes. If social and travel restrictions came back, that would decrease travel to the beach and thus decrease our customer base.

Another challenge is inflation. As inflation is on the rise, consumer spending will be impacted. During the economic recession of 2008 the leisure and entertainment industry hit an historic low. Inflation, coupled with high gas prices, make people less likely to travel and spend money on leisure items vs. necessity items. The Wanderr chair is both a leisure item that is associated with travel, whether camping or the beach. If the inflation rate and gas prices continue to rise this will likely decrease our sales and negatively impact our forecast.

Manufacturing, product adjustments, and fulfillment are additional challenges in the supply chain landscape of today. This is still a relatively new product and the shortages, labor constraints, limited storage space and soaring delivery rates that all businesses are experiencing are potential factors that could impact our forecast.

METHODOLOGY

Our forecast was prepared by using the Assumption Based Model. We decided to use this approach because through this method and the practice of assumptions management, the new product forecasting process can be managed and repeated in a valid and reliable fashion.

This framework begins by establishing a potential target market size. By definition, the potential target market size would represent the maximum amount of sales possible for a particular product aimed at a given set of buyers within a given period of time. In the case of the beach chair, we utilized a study conducted by Frost & Sullivan in 2019. According to that, in 2019, the outdoor furniture market in the United States was valued at approximately 8.7 billion dollars.

The qualified market represents the proportion of the marketplace able to actually purchase the particular product of interest. Various approaches are possible to determine an appropriate figure to input into the assumptions-based model. For the present case of the Wanderr chair, the qualified market was estimated by calculating their share on the outdoor furniture market. This was estimated to be 0.0007% or \$59, 200.

Company market coverage was based on current sales networks. This value represented the extent of distribution that the company had in the US. A 100% market coverage rate was given, indicating that the company could serve 100% of their US market through its existing distribution system, which comprises various online websites including Amazon.

RESULTS

The table below shows the forecasted sales for the Wanderr chair, in dollars and units.

YEAR	Revenue	OME Gear Unit Sales
2018		
2019	\$59,200	148
2020	\$61,450	154
2021	\$63,075	158
2022	\$64,652	162
2023	\$66,269	166
2024	\$67,925	170
2025	\$69,623	174
2026	\$71,364	178
2027	\$73,148	183

The following graph illustrates the projected revenue from 2019 to 2027. As you can see, the sales are expected to increase steadily for the next few years at a 2.5% rate based on the industry trend.

