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**A STUDY of the
MARKETING ANALYSIS
concerning
MIND THE GAP:
A WALL-BED SPACE SAVING PLATFORM**

by Brenna R. Johnson

A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of the requirements of the Sally McDonnell Barksdale Honors College.

Oxford
May 2020

Approved by

Advisor: Dr. Matt O'Keefe

Second Reader: Mike Gill

Third Reader: Dr. Eugene Paik

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The completion of this project would not have been possible without the help of my Center for Manufacturing Excellence Capstone team. To Abby Grace, Barrett, Mac, and Trey, thank you all for your contributions to this project over the course of this hectic senior year. I would not have been able to complete this successfully without each of your involvement. In addition, I would like to thank my family for always supporting and encouraging me, especially throughout this extensive research and writing process.

I would also like to thank my thesis advisor, Dr. Matt O'Keefe, for the valuable resource his guidance has provided me this year as he read and helped edit this large volume of work. I know he has limited free time as the executive director of the Center for Manufacturing Excellence, which makes his assistance all the more meaningful to me.

Finally, I would like to thank my secondary thesis readers, Mr. Mike Gill and Dr. Eugene Paik for taking the time to provide feedback and aid during this process as well.

Abstract

The purpose of this thesis is to conduct a marketing analysis on the capstone project concerning the product titled Mind the Gap. The thesis will explore the potential industries that could be entered and marketing strategies that would be implemented if the Mind the Gap product was mass produced and either sold online or through brick and mortar locations. Outlined in this research is an analysis of the competitive landscape, potential target markets, situational aspects concerning this product, and the resulting recommended marketing mix. The Mind the Gap is centered around a practical and efficient process which has a goal of solving the issue of frustrating gaps that form between a college student's bed and the wall of their dorm room. This issue causes the student's personal items to fall through the gap onto the floor, allowing the items to be temporarily misplaced or lost. The product is designed to completely eliminate or minimize this issue and save the potential consumer time, money, and frustration. In addition, the product provides the choice of additional beneficial amenities as well, in the form of a cup holder and charging station. Concerning the consumer target markets that should be focused on when commercializing the product, data suggests that the Dorms to Diplomas and Metro Renters markets are the optimal choices. The resulting marketing mix recommendations should be provided contingent on the characteristics of both demographics.

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BACKGROUND

Several questions must be carefully considered when any novel, creative product idea begins to acquire a focused shape in the mind of the innovator: “What is the product?,” “How much will I sell the product for?,” “Where will I sell the product?,” and “How will we sell the product?”. This thinking can be condensed into two broad categories necessary for the commercial success of any product idea: the creation of the product through efficient manufacturing processes and the marketing of the product utilizing four different areas of consideration: product, price, place, and promotion. Without the synergy of both components, an ingenious, once-in-a-lifetime product idea can fall short of the complementary commercial success, and more importantly, lack the sufficient resulting profits in order to keep a business in operation during the long-term. On an annual basis, the Center for Manufacturing Excellence conducts Actualized Leader Profiles for its senior class of students and then organizes them into groups based on their unique, varying leadership approaches in addition to juxtaposing individual major areas of study in order to form cohesive teams for the completion of a Senior Capstone Project. The student team consists of a project leader, mechanical engineering student Abby Grace Hughes, two accounting students, Trey Bristol and Barrett Freeman, mechanical engineering student Mac Keck, and myself, a marketing student.

0.1. Project Purpose

This project focuses on the production and honing of the necessary and effective manufacturing processes concerning a self-manufactured product that is of the team's own design. The team chose to work on a project titled the "Mind the Gap." Mind the Gap is designed to fill gaps between the bed and the wall of a student's dorm room while also providing additional storage. The thought process concerning the creation of the product began with a general issue that current students at the University of Mississippi face while living in on-campus student housing. When freshman students arrive on campus, they are required to live on-campus for their first year. Throughout the course of this year, personal items can become misplaced until the end of the year by falling in-between the space that is located between the student's bed and the wall. The team became aware of this problem and decided to capitalize on this issue in the form of the original space-saving product idea. In order to glean information on the specifications of such a product, including its structure, material and additional features, the team conducted a student survey of willing students at the University of Mississippi and high schoolers who plan to attend the university next year. Based on the results of the survey, the team was able to get a clear visual of what features and materials were most important to students and consumers that fall within the intended target market.

0.2. Team Development

The purpose of these strategic pairings is to produce a team of senior students who have undergone three years of manufacturing coursework and are capable of combining their formal education and comprehensive knowledge of various lean

manufacturing processes into one Capstone project. Illustrated in Table 1 below, a vital step in developing a creative team is to delegate roles and individual responsibilities that fully utilize each team member's strengths and capabilities. The team held a formal meeting and determined the following unique project area focuses as follows:

Abby Grace Hughes: Team Leader, Lead Engineer, Mechanical Engineering

Brenna Johnson: Scheduling, Recording Secretary, Market Analysis, Advertising

Trey Bristol: Budget and Financials, Communication with consultants

Mac Keck: Research and Development, Mechanical Engineering

Barrett Freeman: Budget and Financials, Research and Development, Advertising

In respect to the details of individual roles and responsibilities of each member, the team created the chart, Table 1 below, in order to get a clearer visual of individual tasks and work assignments needed by each team member.

Table 1: Team Responsibilities Chart

Role	Responsibilities	Participant(s)
<u>Project Sponsor</u>	<ul style="list-style-type: none"> • Reviews/approves the product as it progresses throughout the year • Provides guidance and oversight for the project team • Reviews individual elements of the project and provides baselines for funding 	The CME, Mike Gill - Instructor and Overseer for the Capstone Project
<u>Project Manager</u>	<ul style="list-style-type: none"> • Ensures team is following proper schedule • Fosters communication with the Project Sponsor and Project Team • Leads team members in fulfilling team objectives 	Abby Grace Hughes
<u>Project Team</u>	<ul style="list-style-type: none"> • Creates work products • Analyzes risks and brainstorms solutions • Meet team goals in order to deliver the end product according to schedule • Communicate team progress and completion of individual objectives to project sponsors • Coordinates work goals and assures the quality of deliverables and end product • Works through any and all barriers to team efficiency and overall project barriers 	Abby Grace Hughes, Brenna Johnson, Trey Bristol, Mac Keck, Barrett Freeman

0.3. Survey Results

At the University of Mississippi, first year students are required to live in on-campus housing and provide their own dorm-room furnishings, except for the twin sized bed and accompanying mattress that is provided by the university. In preparation for this project, the survey consisted of over 40 results from college students who have lived or are living in dorm housing and high school seniors currently shopping for various dorm room essentials for their future living areas in the coming fall semester. Specifically, the sample size consists of 46 willing survey-takers. Based on the participation, the following results should be valid and indicative of what the target market desires from this product. A 10-question survey was collected from students on the University of Mississippi campus, 30 college students and 16 current high-school students who are attending the university but would be living in on-campus housing next year.

The respondents were provided with several, varying prompts in order to narrow down the type of raw material we should use for product development, wood or plastic, as well as any ideas for accompanying features the consumer wished to see included in the final design. For the question about the design of the product, respondents were given the option to choose from multiple options and could check as many as they wished. In addition, we included questions concerning the potential price point of the product and if the target market would be willing to pay additional funds for extra, supplementary features, and if the consumer would pay more or less than similar products that are currently on the market. Figures 1-7 below illustrate some of the questions we asked the survey respondents and the response results.

The majority, over 60% of respondents, preferred wood as the raw material of choice compared to plastic as shown in Figure 1. In addition, over 90% wished for a charging station to be included, followed by the next largest percentage of over 60% responding in favor of a cup holder, as seen in Figure 2. In Figure 3, over 80% responded that they were willing to spend more than \$20 for additional features and over 80% responded that they would pay even more for customizable features. Of those willing to pay additional upcharge fees, the largest percentage of 48% responded that they would be willing to pay \$5-10 in the resulting upcharge fees.

Figure 1: Survey Result - Material

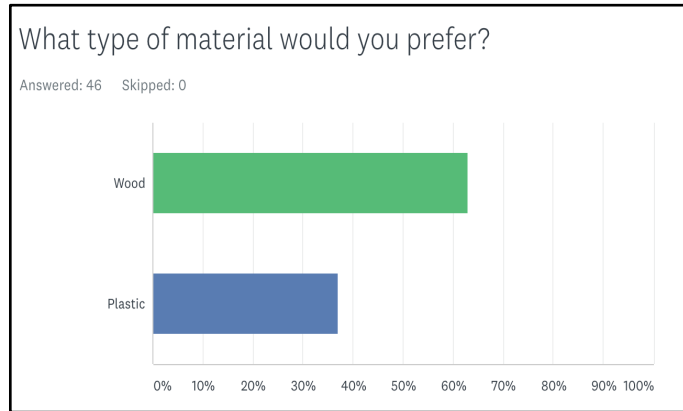


Figure 2: Survey Result - Features

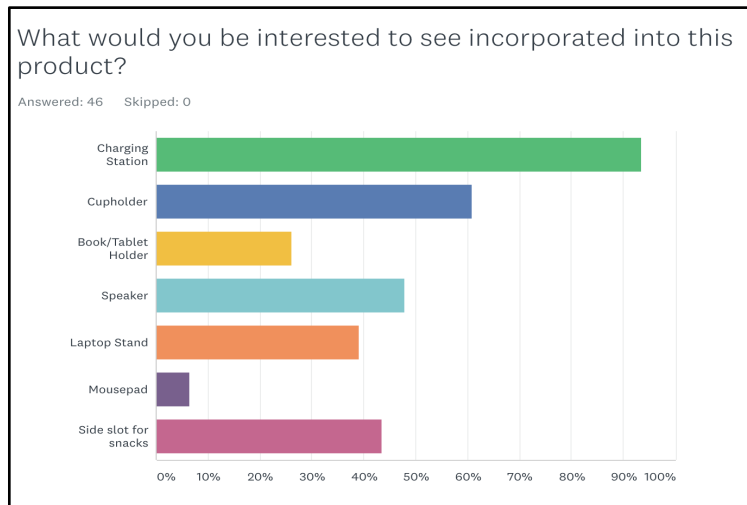


Figure 3: Survey Result – Upcharge Fee Price

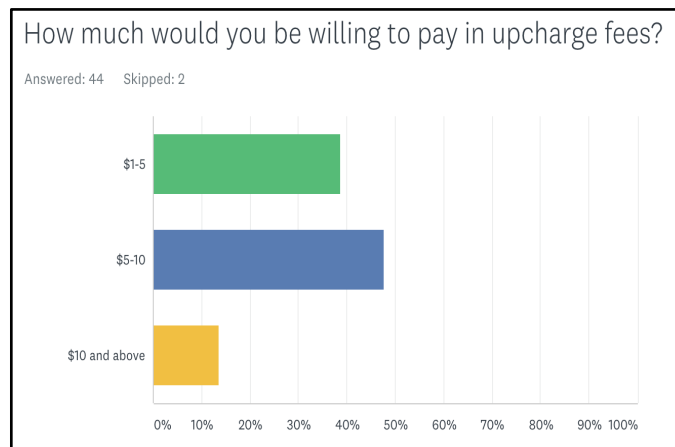


Figure 4: Survey Result – Price Point

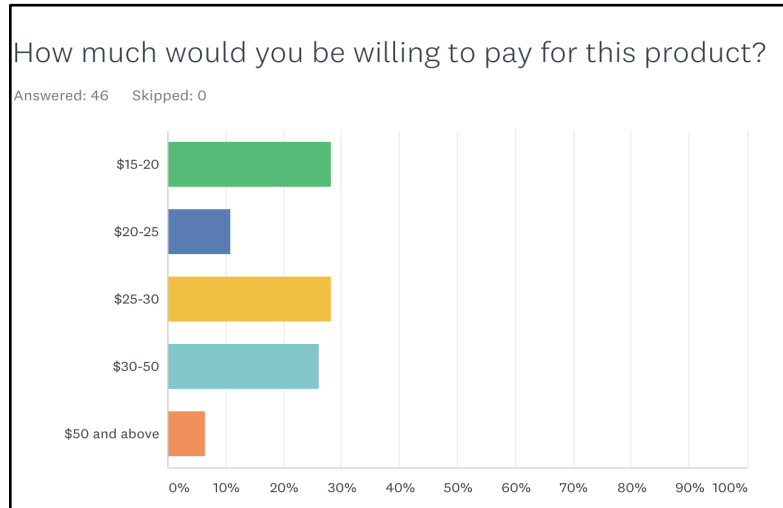


Figure 5: Survey Result – Comparative Product Prices

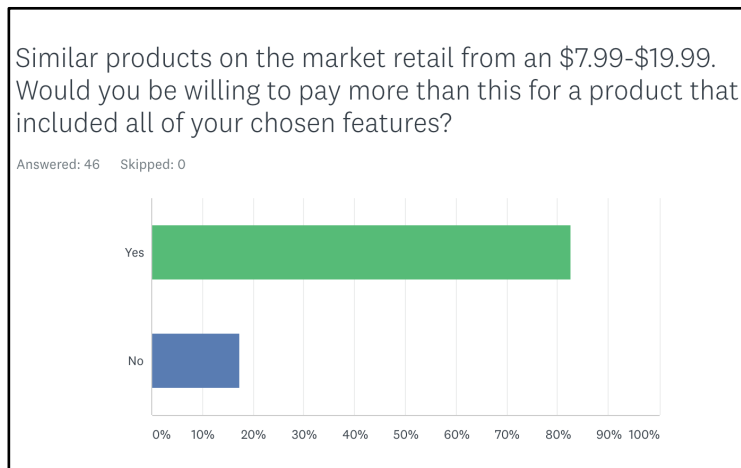


Figure 6: Survey Result – Upcharge Fee

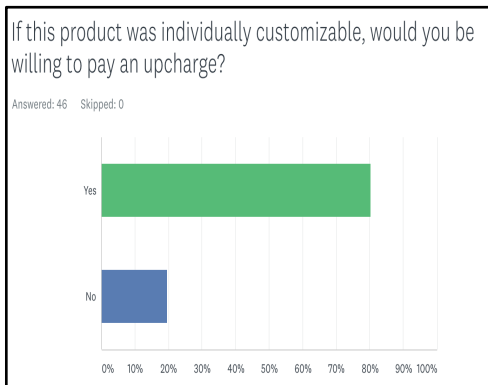
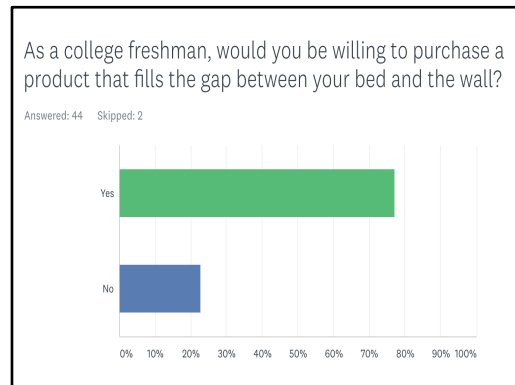


Figure 7: Survey Result – Product Idea



0.4. Thought Process

Before taking the survey results into account, the team debated about whether to use wood or plastic for the material type, as well as possible additional features, such as including a space for bottles and cups, two slots, one for a standard-sized phone and one for a laptop computer, as well as potential space for a charging apparatus to fit comfortably. As illustrated in Table 2 below, the team conducted brainstorming sessions to compare and contrast the pros and cons of using either wood or plastic.

Table 2: Wood vs. Plastic: Pros and Cons

Wood	Plastic
<i>Pros:</i>	<i>Pros:</i>
Can be fully manufactured in-house with ease, higher quality/aesthetic appeal	Cheaper, higher performance
<i>Cons:</i>	<i>Cons:</i>
Heavier, slightly more expensive	Complex to manufacture and assemble, do not currently have the full facilities/capabilities in-house

After thoughtful consideration of the plusses and minuses of both raw materials, the team decided to follow the lead choice of the survey and move forward in the product development process with wood. The team believed the wish to fulfill the potential consumers' demand for a wooden product based on the survey results would be vital, as well as the fact that the structural stability of a wooden product would be easier to manufacture, considering we have the tooling and machining capabilities in-house on the Center for Manufacturing floor. In addition, the survey exemplified a consumer desire for

charging capabilities and a cup holder feature in the product design. The team believed we had the capabilities to fulfill this demand and designed the initial prototype to accommodate. In regards to the cupholder, power strip, and plastic square insert needed for the additional slot feature on the product, Abby Grace Hughes and I estimated dimensions, chose these materials, and ordered them for the prototype.

0.5. Initial Cost Estimates

As seen in Table 3 below, the accountants of the team, Barrett Freeman and Trey Bristol, put together an initial forecast of materials needed and cost estimates for these materials. Wood, plastic, and card stock were included until the team made final adjustments to the raw materials necessary for the project. The accountant team members determined that in order to account for the total raw materials of 10 total prototypes, the team budget would fall right below the \$1000 project limit and consist of a total estimate around \$913. This initial budget determination did not include future potential modifications to the project, which would be the charging apparatus, power strip, tooling costs, and minor materials such as glue, patches and miscellaneous finishing materials. Tables 4 and 5 illustrate the secondary cost estimates produced by the accountants, including an accompanying Pro Forma Income Statement.

Table 3: Initial Budget

Materials																		
Major:	Material	Cost	Dimensions	#	Initial prototypes	Cost												
1	Wood	\$7	4 x 4"	10	10	\$70												
2	Plastic	\$1.25	1 lb	12.57 lbs	10	\$12.50												
3	Card stock	\$5	shts 8.5x11"	150	10	\$5												
Budget Remaining:				\$913														
<table border="1"> <tr> <td>Wireless charging apparatus</td> <td>\$9.99 per unit</td> </tr> <tr> <td>Troubleshooting</td> <td></td> </tr> <tr> <td>Tooling</td> <td></td> </tr> <tr> <td>Minor Materials</td> <td>Glue, Patches, Finishing Materials, etc.</td> </tr> <tr> <td>Miscellaneous</td> <td></td> </tr> <tr> <td>Power strip</td> <td></td> </tr> </table>							Wireless charging apparatus	\$9.99 per unit	Troubleshooting		Tooling		Minor Materials	Glue, Patches, Finishing Materials, etc.	Miscellaneous		Power strip	
Wireless charging apparatus	\$9.99 per unit																	
Troubleshooting																		
Tooling																		
Minor Materials	Glue, Patches, Finishing Materials, etc.																	
Miscellaneous																		
Power strip																		
<p>Notes: Team is not counting on the usage of tooling and machining the wood. Card stock would be glued together or fashioned together as the cheapest option. Plastic could be molded or we could 3-d print product.</p>																		

Table 4: Initial Product Cost Estimate

<u>Description</u>	<u>Units</u>	<u>Quantity</u>	<u>Total Cost</u>
Wood:	1 inch	6	\$6.84
Corner Bracket:	1	7	\$12.04
Screws:	1	42	\$1.34
Nails:	1	21	\$.64
ABS Plastic:	1 kg	TBD	TBD
Gloss:	1 / ounce	TBD	TBD
Total Product Cost:			<u>\$20.86</u>

Table 5: Initial Pro Forma Income Statement

<u>Revenue</u>	
Sales	92,654.00
Customization	42,356.16
Total Revenue	\$135,010.16
<u>Expense</u>	
Direct Material	55,195.37
Customization	25,229.45
Direct Labor	42,356.16
Total Variable Costs	\$122,780.98
Contribution Margin	\$12,229.18
<u>Fixed Costs</u>	
Warehouse	TBD
Machinery	TBD

0.6. Initial Prototype

After evaluating the survey results, pros and cons of wood versus plastic, and product cost estimates into account, the two engineers of the team put together an initial prototype visual using Creo Parametric, a program available for use on the Center for Manufacturing desktop computers. The initial basic design, shown in Figure 8 below, lacked exact scaling estimates and featured a simple figure detailing two slots for respective technological devices, such as a phone and laptop computer, as well as a cupholder space for drink bottles. After discussing how to attach the product to a bed, the team came up with a secondary prototype idea, as seen in Figure 9. The team's secondary prototype features a long rectangle section of wood for the consumer to slide under the mattress of a twin-size bed. This section of wood that is secured under the mattress of the consumer's intended bed is meant to stabilize the frame of the product and keep it in place by the side of the bed.

The second prototype's information and size estimates for the materials are as follows: 4'x 8'x ½' standard manufacturing plywood, 90° metal brackets, screws, nails, black standard cup holder, clear plastic rectangle insert, power strip, oak staining, and liquid nail glue. The procedure for machining and tooling began with the cutting of large planks of wood at a width of 30" using the panel saw. Next, the table saw was used to perfect the 30" width. This was followed by the utilization of the table saw to cut three 4" x 30" x ½" wooden planks, as well as the 4" dimension portion on an additional two wooden planks. The additional wooden planks measured 3.5" x 4" x ½" and the 3.5" portion was cut using the Powermatic, or "band" saw. Next, the team used a 2" diameter drill bit on the two 3.5" x 4" x ½" wood pieces in order to cut the circle hole. After this task, another circle hole was cut on the main frame, 2.5" diameters with the drill bit again. The team then switched the drill bit to 0.5" to put holes in the main frame in preparation to cut out the 6" x 3" slots with a jigsaw. This task was repeated in the area where the 10" slot was intended to be located as well. Both slots are then cut out with the jigsaw. The team sanded the inside of the slots in the product with hand-held sanders. The power-hand sander was then used to sand the entire product body. An oak stain, specifically "Classic Oak" coloring, was used and then the prototype was set out to dry.

Figure 8: Initial Prototype

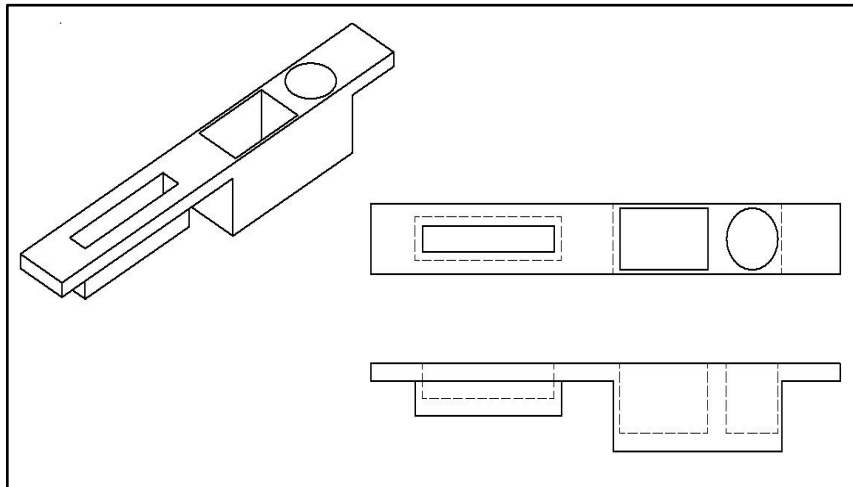
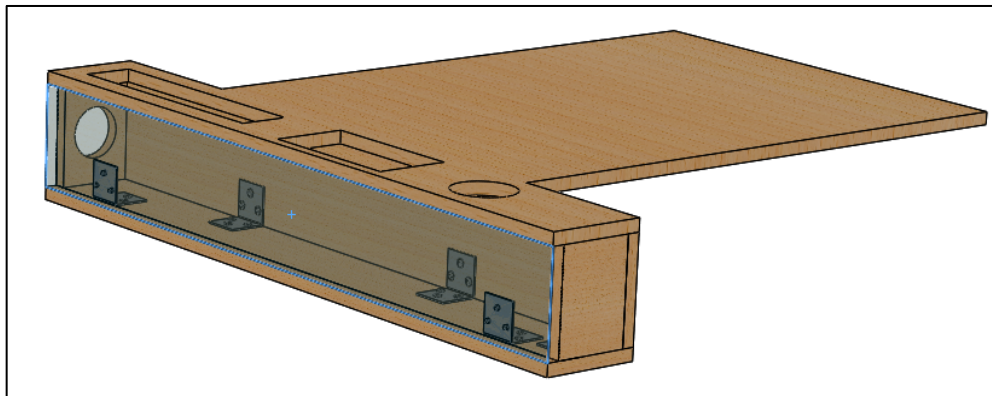


Figure 9: Secondary Prototype



0.7. Final Cost Estimates

In regards to the final cost estimates, the following accounting numbers were compiled by the team's accountants, Barrett Freeman and Trey Bristol, based on the manufacturer instructions that would have been provided for the in-house manufacturing process. As seen in Table 6, the final contribution margin if the team were to manufacture 3,000 products would be \$25,590. In addition, Table 7 shows the final product cost of \$30.47. In order to generate a revenue of \$105,000 from 3,000 outputs, the Mind the Gap

product would have to be priced at a minimum of \$35 to generate a substantial profit, as seen in the figures below. Some additional cost estimate insights include the fact that out of all the materials, the 7 corner brackets are the highest individual materials expense. In addition, it should be noted that the estimated direct materials are a much higher expense than the direct labor, so it seems the team is cutting costs for labor in that respect.

Table 6: Pro Forma Income Statement – 3,000 Products

Mind The Gap	
Pro Forma Income Statement for 3,000 Products	
<u>Revenue</u>	
Sales	105,000.00
Customization	48,000.00
Total Revenue	\$153,000.00
<u>Expense</u>	
Direct Material	91,410.00
Direct Labor	36,000.00
Total Variable Costs	\$127,410.00
<u>Contribution Margin</u>	\$25,590.00

Table 7: Total Product Cost

<u>Description</u>	<u>Units</u>	<u>Quantity</u>	<u>Total Cost</u>
Wood:	1 cubic inch	614	\$6.84
Corner Bracket:	1 bracket	7	\$12.04
Screws:	1 screw	42	\$1.34
Nails:	1 nail	21	\$0.64
Liquid Nails:	1 ml	9.8	\$0.06
Plastic Organizer	1 organizer 6" x 3"	1	\$2.50
Cupholders	1 cup 3" depth	1	\$1.38
Extension Cord	1 unit	1	\$3.40
Gloss:	1 sq ft	18.27	\$2.27
Total Product Cost:			<u>\$30.47</u>

I: Situational Analysis

1.1. Industry Information

Considering the intended use of the Mind the Gap product as a personal, bedroom furniture product, I have utilized IBISWorld to narrow down the two potential industries, Online Household Furniture Sales and Household Furniture Manufacturing in the U.S., that the team would be competing in if a company was formed in order to mass produce this household item (2020).

1.1.1. Online Household Furniture Sales

The Online Household Furniture Sales Industry includes firms that retail a range of various indoor and outdoor home furniture via the internet to potential consumers. The industry goods are typically purchased from third-party manufacturers and wholesalers and then sold to the public and intended target markets online. According to the precursory glance provided by Figure 10, the Online Household Furniture Sales sector is reasonably lucrative with a total revenue for the industry totaling \$12 billion in 2018 and an average annual growth of 9.4% between 2013 and 2018. Yet, this growth is expected to slow down to about to a growth rate of 2.6% between 2018 and 2023. In addition, the industry affords a profit margin of 5% as of 2018, compared to 4.1% in 2013, with the number of firms competing in the industry expected to grow annually by a rate of 8.5% between 2013-2018 (IBISWorld, 2020).

1.1.2. Household Furniture Manufacturing in the US

The Household Furniture Manufacturing Industry is defined as including firms that manufacture a range of furniture for personal, household, and public use. The public furniture may be used in hospital, school, theater, and cafeteria capacities. The furniture can either be manufactured on a stock or custom basis and can be sold to the public assembled or unassembled. There are several key insights about this sector if the industry is viewed comprehensively, as shown in Figure 11. The total revenues of the industry in total in 2019, \$26 billion, exceeds those of Online Household Furniture Sales by nearly three times the amount. In addition, annual growth for the industry increased at a rate of 0.6% annually from 2014-2019. The annual growth projected for 2019-2024 is projected to decline at a rate of 0.5%. Therefore, IBISWorld predicts that the projected revenue rate will fall at a rate of 0.5%. This estimates that the total of \$26 billion in 2019 will decline to a projected \$25.4 billion by the year 2024. IBISWorld explains these estimated projections by citing the state of the projected housing market. According to their data, IBISWorld states that housing starts are projected to stabilize while existing home sales are expected to slightly contract, which would slow the consumer demand for household furniture. Foreign producers are expected to capture an expanding share of the market, forcing domestic firms to lower prices and operating costs. Although not a drastic and severe decline, this forecast does not bode well for the industry and is a factor to keep in mind when deciding which industry the potential company should enter. Considering the manufacturing aspect of this industry, it is helpful to include the percentages of employee wages as a share of revenue, a decline of 20.1% in 2019. Although annual growth rates

for the industry are slow, they are stable. This also rings true for the profit margin, which increased at a rate of 4.4% in 2019 (IBISWorld, 2020).

Figure 10: Industry at a Glance – Online Household Furniture Sales

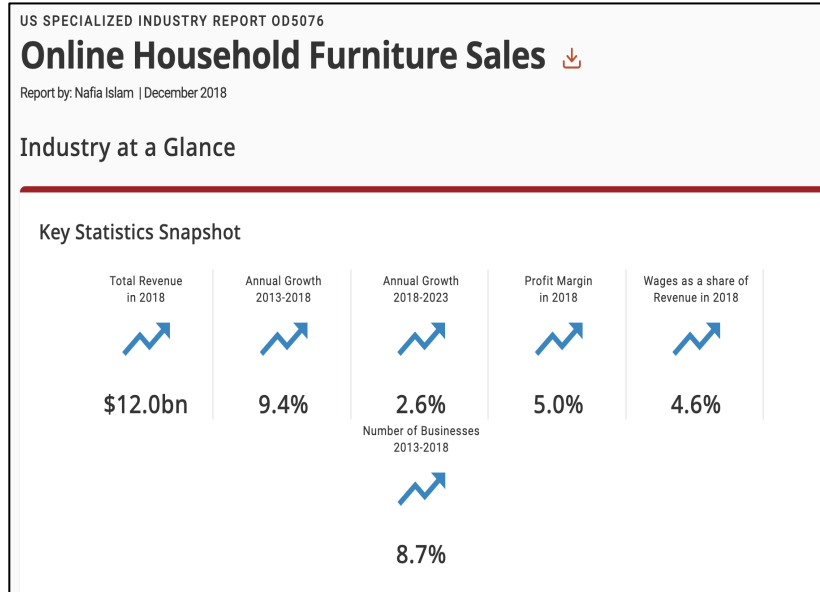
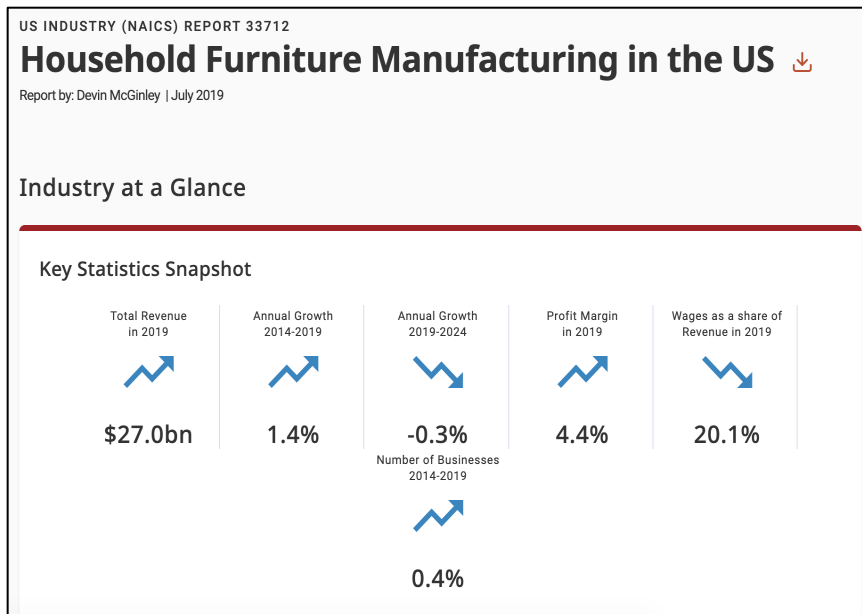


Figure 11: Industry at a Glance – Household Furniture Manufacturing



1.2. Industry Environmental Analysis

In order to gain a more in-depth picture of both the Online Household Furniture Sales and Household Furniture Manufacturing industries, it is advantageous to discuss the economic and social trends for both industries. This further analysis can give key insights into the stability of both industries and provide projections of how future economic and societal movements will affect both sectors.

1.2.1. Economic and Social Trends for Online Household Furniture Sales

The economy in the U.S. was flourishing prior to the Covid-19 pandemic, and consumer per capita disposable income was expected to rise once the stimulus package had been implemented. This meant consumers had more money to spend on non-essential and luxury items, otherwise known as discretionary spending, such as furniture and furniture accessories. This economic trend would have proven beneficial and provided a positive outlook if the team were to either mass produce or outsource this item and sell it on an online platform, whether it be through paid or owned media. Paid media is defined as media that is bought and paid for by the company who is advertising, such as outsourcing products to Amazon for a fee (Egan, 2019). Alternatively, a company can advertise through their own media sources, such as a personal company website or social platforms including Instagram or Facebook (Egan, 2019). In addition to an increase in per capita disposable income, the number of broadband internet connections is expected to have an inverse relationship with leisure time. Increasing internet connections make online shopping more convenient. Also, that reduces leisure time, which will make online shopping more necessary for many people. This social trend is a strength for this industry, considering its online retail nature and the potential to outsource to successful

retailers such as Amazon. IBISWorld cites data by the US Census Bureau and explains that as a result, online retail sales in the United States are expected to have an increase from 5.4% to 8.1% of total retail sales nationwide.

This increased consumer demand for online shopping available from the comforts of home has provided an opportunity for firms competing in the industry. In order to capitalize on this key social trend, current industry leaders have set forth efforts to improve the consumer online shopping experience in general through the use of convenient and data-secure online payments as well as generous return policies. This will help quell consumer fears over private information breaches as well as minimize delivery errors in order to further improve customer-company relations. In addition, another economic trend in this industry is the benefit of low start-up costs when building up an online retail store. This key trend is beneficial for the team, considering the team would classify as a start-up company seeking to gain traction in this potential industry. This recent, strong enterprise growth in the industry outlined above has resulted in an increase in the number of firms competing, forecasted to increase at an annual growth rate of 8.5% (IBISWorld, 2020).

1.2.2. Economic and Social Trends for Household Furniture Manufacturing

The rise in consumer per capita disposable income that was occurring prior to the Covid-19 pandemic would have aided the Household Furniture Manufacturing industry as well. The current state of economic instability will be further threatened by the main difference between the Online Household Sales Industry and the Household Manufacturing Industry, the increase of foreign competition. The Household Furniture

Manufacturing Industry's foreign competitors are increasing their share of the market. Concerning imports, data projects that there will be a loss of imports in the industry due to consumer preference for cheaper, more versatile furniture. The millennial market share is demanding simpler, lower-cost furnishings based on their preference for cheaper furniture rentals. This will decrease the average selling prices for industry products. Imports at the beginning of the period between 2013-2018 provided over 50% of the market share for domestic demand in the United States. Since then, several varying tariffs imposed on China in 2018 have severely declined the demand for foreign imports, which has led to an estimated 6% decrease in imports during the 2019 fiscal year. Based on the 2019 results from the trade tariffs on China, IBISWorld projects that this increase in domestic manufacturing consumption will forecast a revenue increase in the next four years.

IBISWorld also predicts a stagnation of the housing market from 2020-2024 as the market goes through a cyclical movement from the previous increase. Therefore, household furniture and furniture accessories will see their peak and begin to slow down, which will curb consumer demand for these discretionary items. A key social trend for this industry, one that will benefit the Mind the Gap product, is a shift in demand among millennials and the younger demographic of the U.S. population. Younger generations are leaning towards living in apartments rather than standard homes and are tending to prefer lower-cost furniture that is simpler in nature compared to previous large purchase, luxury items. There is also an economic trend of domestic companies outsourcing to foreign countries, as well as losing import market share to countries such as Vietnam and China trade tariff remains ongoing. These particular economic trends are the major

reason for the decrease of revenues to 0.3% annual growth rate. As previously stated, the Household Manufacturing industry will additionally benefit from the rise in the average consumer's per capita disposable income. Yet, a difference in comparison to the Online Household Furniture Sales sector is that the rise in discretionary spending will enable consumers to choose newly manufactured products rather than furniture that is rented or secondhand (IBISWorld, 2020).

1.3. SWOT Analysis

A way to visually condense the extensive data concerning both industries is to create a Strength, Weakness, Opportunities, Threats (SWOT) Analysis in order to compare and contrast both industries. By doing so, the team could plan strategically which industry most closely fits the profile for the Mind the Gap product. Below are two tables for both industries that summarize the positives and negatives of each while providing key insights into both. Below each SWOT Analysis is an individual accompanying figure from IBISWorld that condenses the industry structure into small, general levels and trends. IBISWorld included Industry Structure graphs on both reports for further industry insight, as seen in Figure 12 and Figure 13.

Online Household Furniture Sales Industry

Strengths	Weaknesses
<ul style="list-style-type: none"> - Imports are Low domestically, meaning there is less foreign competition. - Labor efficiency is High, meaning that mechanics/technicians are working productively according to their time to output ratios. - Low customer and product concentration - Low volatility in the industry, meaning it is quite stable and it looks safe to potential investors. - Online furniture and accessory retailers will continue to secure low operational costs 	<ul style="list-style-type: none"> - Low to Stable barriers to entry. - When barriers to entry are Low, High competition in the industry occurs as a result. - High capital intensity, meaning that it will require a large sum of start-up capital to enter the industry. - The industry is currently battling increased sales taxes, gaining nation-wide attention
Opportunities	Threats
<ul style="list-style-type: none"> - Long-term growth is projected to be Very High. - Housing starts are High, meaning the average Americans are building more homes and purchasing more home furnishings nation-wide as the housing market revives. - Consumer demand for a higher quality of service will allow for a greater emphasis on this aspect in the future 	<ul style="list-style-type: none"> - Short-term growth is Low, meaning companies entering this industry will only see a substantial increase in profits if they choose to operate long-term. - Low outlook growth

(IBISWorld, 2020)

Figure 12: Industry Structure – Online Furniture Sales

Industry Structure	
	Level Trend
Life Cycle	Growth
Revenue Volatility	Low
Capital Intensity	Medium
Industry Assistance	None Steady →
Concentration Level	Low
Regulation Level	Light Increasing ↗
Technology Change	Medium
Barriers to Entry	Low Steady →
Industry Globalization	Low Steady →
Competition Level	High Steady →

Household Furniture Manufacturing Industry

Strengths	Weaknesses
<ul style="list-style-type: none"> - Growth in the housing market has underpinned a particularly strong increase in demand, meaning demand is increasing in this sector. - The industry has experienced a steady entry of non-employing, small-scale operators. - Low capital requirements for new potential entrants - Customer class concentration is Low, meaning this industry serves a larger number of small-volume customers 	<ul style="list-style-type: none"> - Because entry to the industry is not as difficult, competition is High. - Foreign imports are High as clients seek lower costs abroad. - High service/product concentration - Low profit vs. sector average, meaning the Household Manufacturing sector is showing lower profits in comparison to the Manufacturing sector in general
Opportunities	Threats
<ul style="list-style-type: none"> - Millennials have grown to account for nearly half of furniture purchases, this can be an opportunity for the company to capitalize on and a target market to cater towards. - Housing starts and existing home sales are projected to rise, providing more furniture sales opportunities. 	<ul style="list-style-type: none"> - Rising import penetration has placed significant pressure on domestic manufacturers to lower costs. - Furniture production has been identified as a market ripe for reshoring, which is a threat to domestic companies attempting to secure new business. - Very low revenue growth between 2005-2019, which forecasts a continued slow growth rate for the next five years.

(IBISWorld, 2020)

Figure 13: Industry Structure – Household Furniture Manufacturing

Industry Structure		Level	Trend
Life Cycle	Decline	High	Downward
Revenue Volatility	Low	Low	Steady
Capital Intensity	Low	Low	Steady
Industry Assistance	Medium	Medium	Steady
Concentration Level	Low	Low	Steady
Regulation Level	Light	Low	Steady
Technology Change	Medium	Medium	Steady
Barriers to Entry	Medium	Medium	Steady
Industry Globalization	High	High	Increasing
Competition Level	High	High	Steady

Based on the research above completed on both the Online Household Furniture Industry as well as the Household Manufacturing Industry, I have determined that the Online Household Furniture Industry is most attractive and suited to the capabilities of the Mind the Gap product. The Online Household Sales Industry not only has the strength of low volatility, meaning the industry is quite stable, but it has low operational costs as well. For our start-up, saving on costs and competing in a stable, safe industry is key for success at such an early stage. This would make the team's company more appealing to future capital investors, considering the moderate amount of capital required. Therefore, the Online Household Sales Industry is the best available option when considering which industry the team should compete in. By competing in this particular industry, the team would be able to conduct all selling operations through an online platform and will have the choice of either manufacturing in-house or outsourcing to a third-party manufacturer. This outlet is not only cheaper than establishing brick and mortar locations, but will capitalize on the target consumers as well. By utilizing an online merchant, the target market could also be provided with an easily accessible online shopping service suited to their needs and wants. By selling online, the team could efficiently form a base from which to expand instead of jumping into a large-scale manufacturing arena.

II: Target Market

Considering the product is catered for functional and easily accessible bed-side use in small, tight living spaces, the base target market consists of college students, typically aged 18-24, currently living in dorm-style living and young professionals living in small compact spaces in large metropolitan cities, aged 25-34. While the team had college students living in on-campus housing in mind when creating the product, by expanding the target market to include young professionals in metropolitan areas, the team can target other consumers who are most likely living in twin-size beds with limited space for storage as well. Based on this primary appraisal of the target market, the potential consumers most closely aligned would be those under the “Dorms to Diplomas” target market and “Metro Renters” target market, provided by the Tapestry database (Tapestry, 2020).

2.1. Dorms to Diplomas

The Dorms to Diplomas segment of the market is categorized by non-family households and is a mix of heavily populated student housing and dorm options, including students either living alone or with one or more roommates. The age range of this segment includes adults between the ages of 20-24, which effectively makes this particular segment one of Tapestry’s youngest consumer markets. The median age of the segment is 21.6 years and it consists of an average household size of 2.22 persons.

In regards to this segmentation’s socio-economic status, this population is the youngest market of Scholars and Patriots and tends to be more technologically focused. This means that the majority of the market is constantly and consistently connected to

their cellphones and accompanying devices, including personal use computers and portable, hand-held tablets. In addition, this segment finds itself composed of frequent impulse buyers who are not afraid to experiment with novel, up-and-coming brands and companies. This tendency for the market to branch out and test out new products and retailing entities through a trial-and-error process is the exact attribute the team is seeking in potential consumers of the Mind the Gap product. This target market is a desirable choice, considering the product idea was born by attempting to fix a solution for young, college student consumers who are living in small spaces and would like to save space between their bed and their wall. This segment also has extensive experience with technology and would fully utilize the additional space for their various tech (Tapestry, 2020).

After identifying the specific Tapestry segment that target market is most likely to identify with, the Commspoint Influence database is able to access further information about the lifestyle and character attributes of this target market. This will allow the team to hone in even further on the market the team is attempting to target with this product. This additional information will then allow the team to make the most optimal decision possible regarding the marketing mix factors of promotion and place for this specific target audience. Using Commspoint Influence, I created an audience and built a target market profile to include respondents aged 18-24, who own a smartphone, and have bought household appliances or furnishings in the past 12 months. These factors were chosen to get a clearer image of this young college student demographic who have ready access to online shopping and live in dorms or small apartments. In addition, I included the stipulation that this audience must have bought household furnishings in the past year

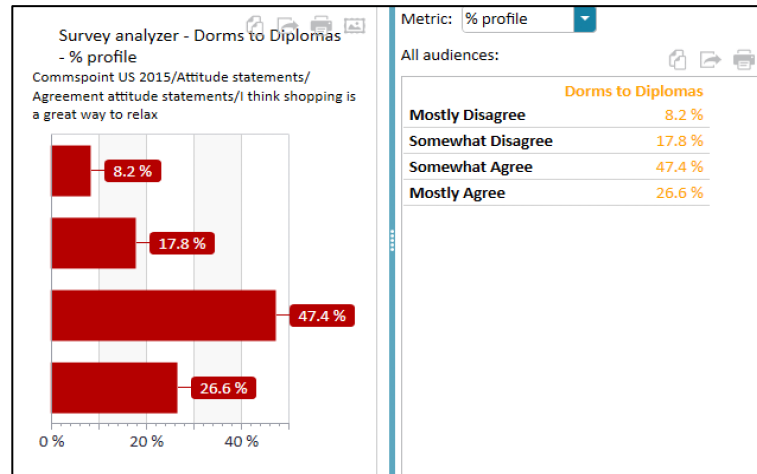
in order to get a more in-depth sample of respondents to gather data from. The final expression I entered can be seen visually by the combination in Figure 14 below (Commsspoint, 2020).

Figure 14: Commsspoint Influence – Dorms to Diplomas Expression

Description	Population (x1,000)	Population (%)	Respondents
18-24	30,161	12.8 %	1,943
Smartphone (Iphone, HTC, Samsung etc.)	173,822	73.8 %	11,203
Bought household appliances or furnishings = Bought in last 12 months	82,973	35.2 %	5,323

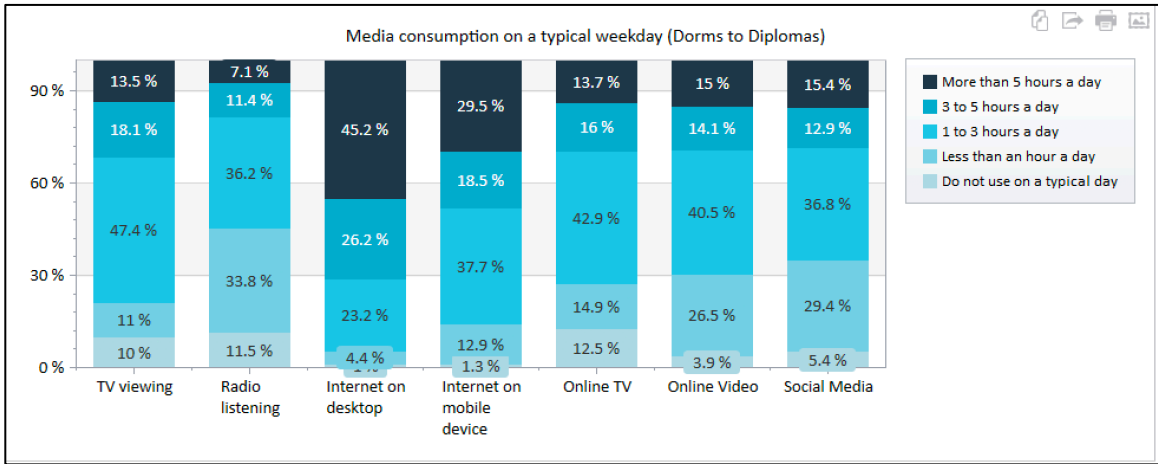
After combining these factors, I was able to collect valuable insights about this target market. 74% of this demographic agrees with the statement “I think shopping is a great way to relax.” The majority of this target market uses shopping as a stress reliever and would be more likely to browse online shopping websites for products to purchase. This allows a valuable insight to consider when choosing whether to provide the Mind the Gap product in brick and mortar stores or through an online merchant, such as Amazon or a personalized company website (Commsspoint, 2020).

Figure 15: Attitude Statement – Shopping for Relaxation



In addition, the media consumption levels of this target market are provided on Commspoint and allow for a key insight into which form of media will be most effective when determining the promotion aspect of the recommended marketing mix for this audience. On a typical weekday, a total of 71.4% of this demographic spends more than three hours a day surfing the web on their computer, with 45.2% spending over five hours and 26.2% spending between 3-5 hours per day. The overwhelming majority of this market, a total of 79%, enjoys watching TV for at least one hour per day on any given week day. Of this 79%, 47.4% watch TV between 1-3 hours per weekday, 18.1% view for 3-5 hours, and 13.5% spend more than five hours. This data exemplifies the large amount of time this target market is spending watching TV on a typical weekday (Commspoint, 2020). By targeting these young collegiate consumers, the team can hone in on this market's demand for a space-saving products while appealing to a market that is technologically focused and willing to experiment with novel product ideas.

Figure 16: Media Consumption – Dorms to Diplomas



2.2. Metro Renters

Another target market segment found in Tapestry that would be ideal for catering the product to is titled the Metro Renters. The Metro Renters segment consists of young professionals just starting their careers and are living in large, urban cities, such as Chicago, New York City, and Los Angeles and mainly rent small apartments and maintain hectic, on-the-go lifestyles. Most of these consumers share living costs with one or two roommates in order to make living in these extremely populous areas a financial reality. The median age of these consumers is around 33.6 years of age, consisting of 30% of young adults in their 20s and around 14% of adults in the 30s age range. Considering the choice of urban centers as this segment’s home base, this target market of consumers is highly diverse, with 11.5% of the population classified as Asian (Tapestry, 2020).

The socioeconomic status of this market is quite positive. This segment’s median household income is presently at the level of \$56,311 with current trends forecasting a rise of income over time. The service sector drives this segment and approximately 60%

of this population works in professional or management fields. Interestingly, this segment also boasts one of the most highly educated portfolios of consumers, with more than 25% of the Metro Renters aged 25 or older that currently hold a graduate degree. This target market is a preferable choice, considering the Mind the Gap product is catered towards young consumers who are living in small spaces and would like to save space between their bed and their wall and have the required disposable income to spend on the product (Tapestry, 2020).

Using Commspoint Influence, I sought to create an audience profile for the Metro Renters target market. Using the application, I built a target market profile to include respondents aged 25-34, who own a smartphone, and have bought household appliances or furnishings in the past 12 months. In addition, similar to the Dorms to Diplomas audience profile, I included the stipulation that this audience must have bought household furnishings in the past year in order to get a more in-depth sample while also including a household income stipulation of \$35,000-\$74,999 in order to capture the Metro Renter’s median household income of \$56,311 as mentioned above. The Dorms to Diplomas target market is composed of college students with little to no median household income, therefore this expression, as seen in Figure 17, should only be included for the Metro Renters segment (Commspoint, 2020).

Figure 17: Commspoint Influence – Metro Renters Expression

Expression:	(((Smartphone (Iphone, HTC, Samsung etc.)) AND (Bought household appliances or furnishings = Bought in last 12 months)) AND (25-34)) AND (Household income in {\$35,000 - \$49,999, \$50,000 - \$74,999})
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After combining these factors, I was able to collect further information about the Metro Renters target market before making final recommendations for the marketing proposal of the Mind the Gap product. In regards to the Metro Renters attitude statements, a total of 72.3% of respondents agree with the statement “If I could, I’d buy nearly everything online,” as seen in Figure 18. This target market is not afraid to seek answers to questions online, which exemplifies the ease that this demographic feel using digital interfaces to find solutions to their needs and wants. In Figure 19, 50.4% of the segment Mostly Agrees with the statement “If I have a question, the first place I’ll look is online.” A further 39.1% of the respondents chose Somewhat Agree to the statement as well. This data suggests that the Metro Renters target market is very comfortable with online purchasing and relies heavily on the internet for answering their questions and providing them with vital consumer information.

Figure 18: Attitude Statement – Online Buying

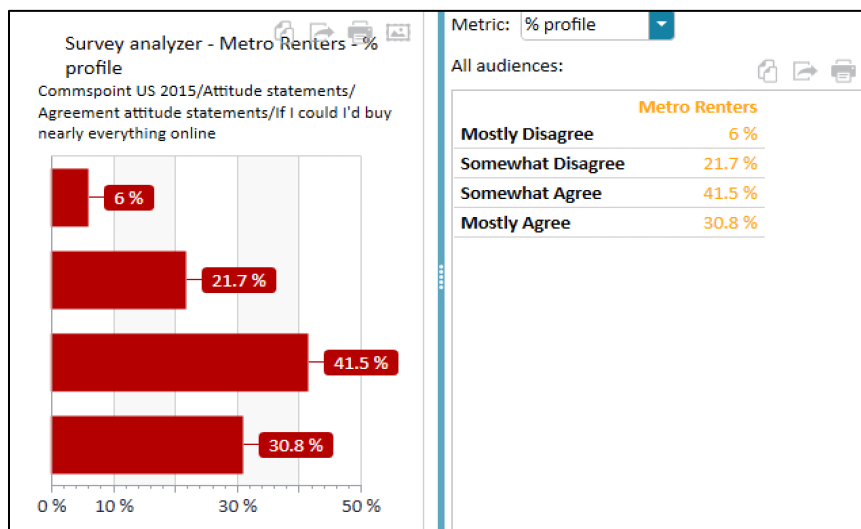
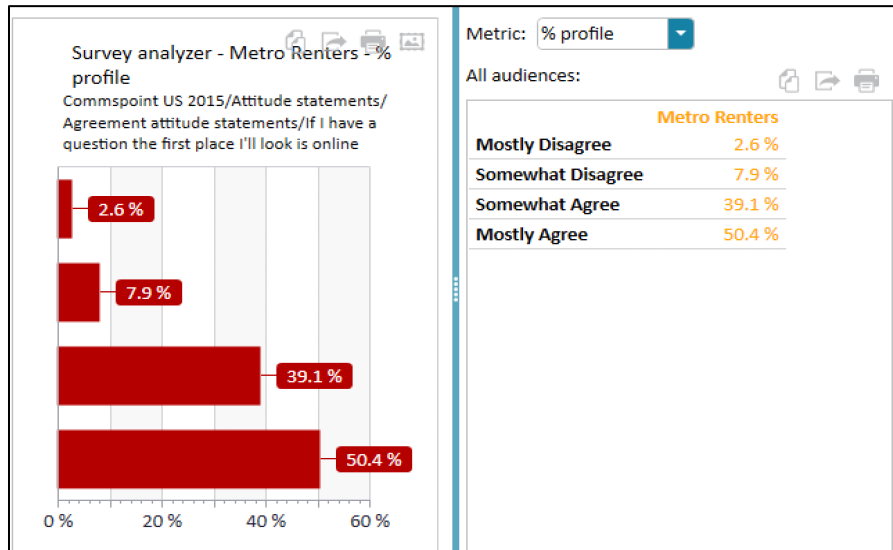


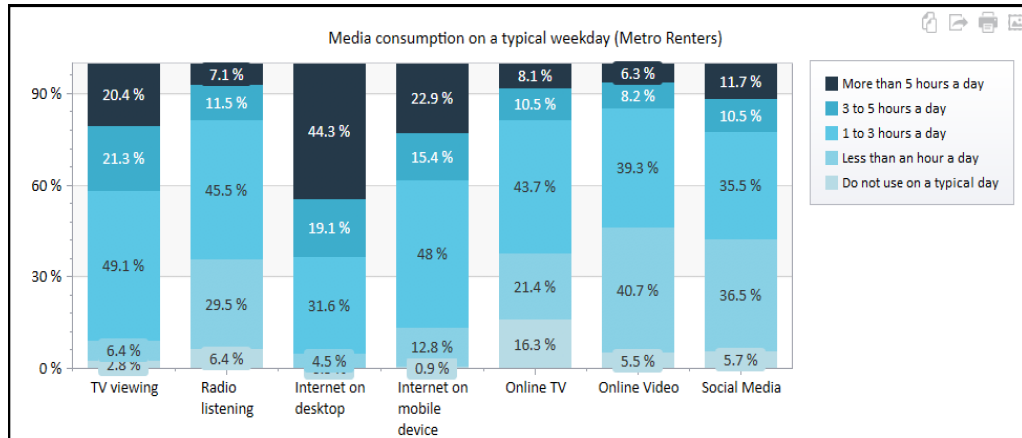
Figure 19: Attitude Statement – Online Searching



Considering the media consumption levels of this target market, Commspoint provides a figure, Figure 20 for reference, that visually allows a glimpse into which form of media might be most effective when determining the recommended promotion aspect of the recommended marketing mix for this audience. On a typical weekday, a staggering 44.3% of the target market spends more than five hours a day surfing the web on their computer. The overwhelming majority of this market, a total of 90.8% spend at least one hour per day watching TV. Of this 90.8%, 49.1% watch TV between 1-3 hours per weekday, 21.3% view for 3-5 hours, and 20.4% spend more than five hours. These figures are slightly larger than the data that Commspoint compiled for the Dorms to Diplomas market. The key insights from this data is that the Metro Renters target market spends a large majority of their time watching television and surfing the internet on both their laptops and mobile devices (Commspoint, 2020). In conclusion, this target market was chosen based on their tight living quarters and the consumer ease felt with using

technology for online searching and online buying, as well as the level of flexible disposable income available for spending.

Figure 20: Media Consumption – Metro Renters



III: Competitive Analysis

This section of the marketing analysis will provide insight into what the competitive landscape looks like for firms attempting to enter and compete in the Household Furniture Manufacturing Industry and the Online Household Sales Industry. This research will allow for sufficient data when selecting which industry for the team to compete in and will provide insight into how each firm target and caters to their consumer markets. An example from the Household Furniture Manufacturing Industry will be the IKEA case study outline below, which is a company that can provide insight for the marketing strategies concerning the young professional target market as well. An example of a company competing in the Online Household Sales Industry that uses a third-party channel, in this case Amazon, is outlined in the Modern Innovations case study below. The Modern Innovations case study will also allow some insight into how a firm structures itself through a third-party retailer.

3.1. Case Study: IKEA USA

IKEA is a furniture and furniture accessory company that was founded in 1943 by Ingvar Kamprad in southern Sweden. Originally, the company began as a small-scale mail-order company that served residents of Småland, where Kamprad grew up. Kamprad started out by offering household products, such as wallets and picture frames. Today, IKEA is known as a major international brand that has multiple branches throughout the world, including the United States. This company is also known for product offerings that are categorized by the fact that they are self-assembly and easy-to-use. In regards to IKEA's business culture, the brand prides itself on its low prices coupled with high-quality products (IKEA, 2020).

3.1.1. Product

IKEA, specifically the USA branch, offers a plethora of furniture and furniture accessory items that can be found on their website under broader room categories such as Bedroom, Living room, Home Office, Kitchen and appliances, Bathroom, Dining, Laundry Room, Hallway, Outdoor, Baby and Child. Nearly all of IKEA's products are self-assembled and come with instructions for at home set-up. In regards to products similar to the Mind the Gap product concept of bed-side storage, IKEA sells two products titled the Möjlighet and Stickat, as seen in Figure 21. Both products are specifically catered towards children with the Möjlighet product containing more space for storage. Both products are 100% polyester. The Möjlighet is available only in blue, while the Stickat offers black, pink, and lime green options for color (IKEA, 2020).

Figure 21: IKEA Comparative Products



3.1.2 Price

For the price section of IKEA’s analysis, it should be noted that IKEA offers products with prices ranging from \$0.99 containers to nearly \$3,000 sectional couches and everything in-between, depending on the size and scope of the product offering. In regards to both the Möjlighet and Stickat products, IKEA is able to price under \$10 considering the use of polyester fabric instead of plastic or wood. Interestingly, the Stickat product is \$7.99 compared to the \$5.99 price tag of the Möjlighet, even though the Stickat is smaller in size and offers less storage for the consumer. These low prices can also be attributed to the fact that these items are intended for children and meant to be attached to small beds.

3.1.3. Place

For the third of the four Marketing P’s, IKEA’s place strategy is to sell the brand’s extensive product lines through hundreds of brick and mortar stores that can be found in various metropolitan areas across the world and in the United States, as well as

through its online website. The brick and mortar stores are self-service, allowing the customer to wander throughout the store and browse through large amounts of product in various constructed showrooms. IKEA uses various third-party distribution networks to transmit products among various IKEA store locations as well to consumers who have purchased through the website (IKEA, 2020).

3.1.4. Promotion

Although IKEA is a privately traded company, as of 2019, there is an abundance of data available that shows the amount IKEA spends on media annually and the individual social audiences that the company interacts with most heavily. As shown below in Figure 22, IKEA has gradually been decreasing the brand's annual media spend from 2017-2019, with the largest decrease of 26.34% occurring over the most recent annual cycle of 2019. As shown in Figure 23, IKEA spends the largest amount of its promotional funds, approximately 63.49% in 2019, on the category of Broadcast. Of this 63.49%, Cable TV comprises a solid 50.27%. IKEA's largest consumer base of clients are those aged 25-34, which is 26.04% of its total consumers. Therefore, it can be assumed that IKEA believes the best promotional tactic available for this target market is to advertise most heavily via commercials through Cable TV. Their wide range of TV adverts include a variety of their products, not just one individual item. This information is extremely valuable when recommending the promotional strategies for the product's target market of Metro Renters, which is similarly composed of American consumers aged 25-34, as seen in Table 8 (Advertising Redbooks via Winmo, 2020). In addition, IKEA successfully utilizes various social media, such as Instagram, to sell the brand's

products. The brand uploads promotional photographs and video to their Instagram page with the option to shop via the uploaded content by merely clicking on the images in order to view the prices of the items with the option to be redirected to IKEA’s website to complete a purchase.

In conclusion, some key insights can be distinguished. IKEA is a large-scale manufacturer and replicating their business model would require large amounts of capital and the workforce required to set up a website that has the capabilities to sell internationally. In addition, IKEA’s main consumers are those aged 25-34 and in order to reach this market, the company advertises primarily on Broadcast television. This form of advertising needs to be explored in a financial sense, considering the start-up nature of our team’s company. IKEA has moderate, affordable prices and offers a similar product to Mind the Gap for children. IKEA’s product is polyester and offers several slots for storage. Instead of needing to be inserted under a mattress, the products simply strap to the side of the bed.

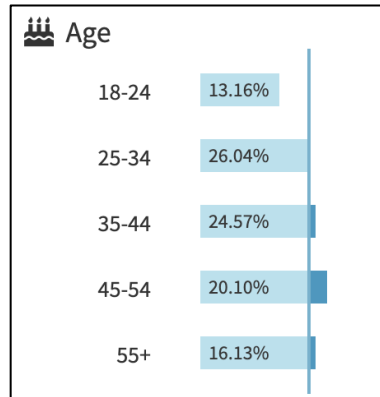
Figure 22: IKEA Estimated Media Spend

Estimated Brand Media Spend Summary		
View: Annual Quarterly		
Year	Total	▲ Change
2019	\$59,973,650	↓ 26.34 %
2018	\$81,419,869	↓ 9.14 %
2017	\$89,611,553	↓ 5.35 %

Figure 23: IKEA Media Mix

Media Mix			
View: Annual Quarterly			
Type	2017	2018	2019
Broadcast	62.85%	68.14%	63.49%
Digital	1.21%	0.26%	0.47%
Digital - Search	0.21%	0%	0%
Out of Home	0.87%	2.82%	0.46%
Print	26.61%	19.31%	24.21%
Radio	8.25%	9.47%	11.38%
Total	100%	100%	100%

Table 8: IKEA Consumer Age Ranges



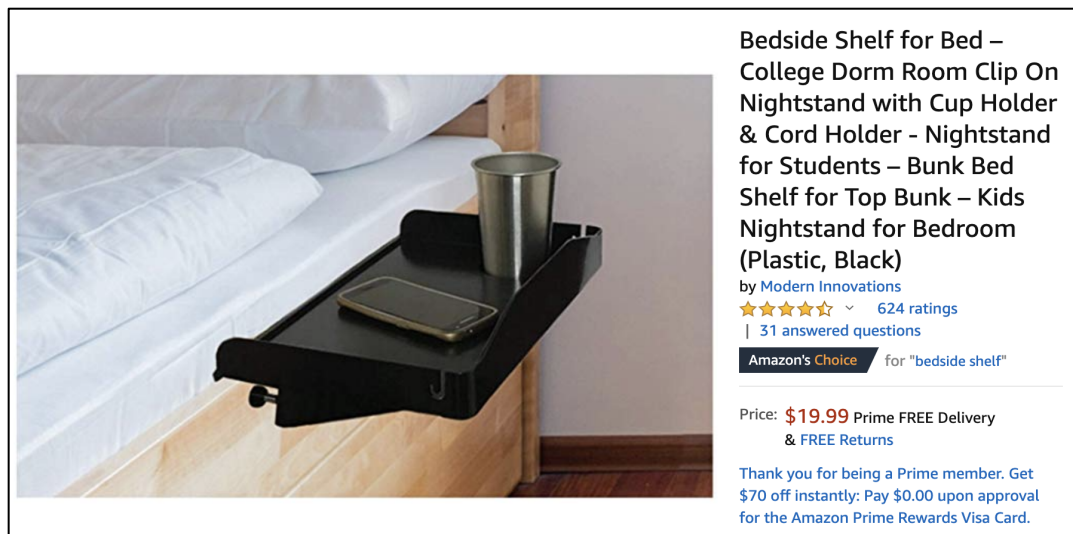
(Advertising Redbooks via Winmo, 2020)

3.2. Case Study: Modern Innovations

Modern Innovations is a brand that sells through a third-party channel, Amazon, and offers the following products on their Amazon online store page: knife bars, wine chillers, egg poachers, water bottles, drinkware, candy jars, note pad holders, stretch film,

projector screens, watering stakes, and a product that would directly compete with the Mind the Gap product, a plastic bedside shelf as seen in Figure 24 (2020).

Figure 24: Modern Innovations – Comparative Product



3.2.1. Product

The bedside shelf that Modern Innovations offers is approximately 1.01 lbs and the product dimensions are 15” x 9.2” x 2.5”. The product features include a spill-proof cup holder, a cable slot, and a flat surface for storage space. The bedside shelf comes in two colors, black and white, and is advertised that it is able to hold 50 lbs of weight. Instead of using additional plastic to secure the product underneath the mattress of the bed, this bedside tray hooks onto the side of the bed with three screws on the back that can be adjusted to tighten or loosen the shelf to the side of the bed (2018).

3.2.2. Price

According to the Modern Innovations retailer page, the company offers products ranging in price from a \$6.99 stretch film handle pack of two to a candy jar priced at

\$32.99. In regards to the price of this bedside shelf, both color options of black and white are priced at \$19.99 with free Amazon Prime shipping, delivery, and returns (2018).

3.2.3. Place

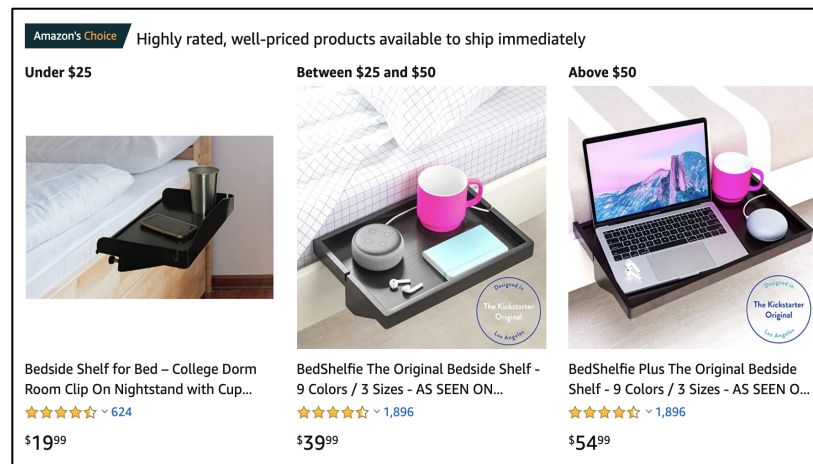
Modern Innovations strictly uses Amazon and their own personal website to sell and distribute their products to consumers. The brand does not operate any social media accounts such as Instagram, Facebook, or Snapchat. The website features the exact products offered via the brand's Amazon homepage (2020).

3.2.4. Promotion

In regards to Modern Innovations' promotional tactics, the brand advertises as a lifestyle brand offering high quality product offerings according to the company's personal website (2020). The brand promotes specific products, such as the knife bar, by paying additional funds to have the product be in the first page of searches, with a Sponsored Ad message below the product image. For the bedside shelf product in particular, the product is easily located in the first page of searches for bedside shelf, although not sponsored. This specific product is distinguishable from competitors by the Amazon's Choice icon rating in the top left corner of the product image under a category titled Under \$25, as shown in Figure 25. Modern Innovations advertises the bed shelf product towards individuals with small rooms or bunk beds and boasts that it takes one minute or less to set up. In addition to attaching to a bed, the product page states that an alternative use for the product can be additional space on an office desk to store a printer or fax machine, if attached. The brand also states that the product is catered towards two

target markets, parents buying accessories for their child's room and college students moving into college dorm rooms (IKEA, 2020).

Figure 25: Modern Innovations – Amazon's Choice



In conclusion, there are key insights that can be drawn from the Modern Innovation case study. Since the brand sells through Amazon, the company saves money on not holding excessive inventory. This would be ideal for a small company, considering the smaller scope of operations needed. Modern Innovations utilizes sponsored advertising and is not active on social platforms. The products are moderately priced and compete on a low-cost basis with other products being shown on the first search pages of Amazon. Finally, the choice of providing three points for securing the product to the side of the bed is interesting and seems cost efficient. Although a novel idea, this choice would not be feasible for the Mind the Gap product considering the team's material choice. It would be complex and costly to attempt this using wood and additional fixtures.

IV: Marketing Mix Recommendations

Concerning which industry would be most beneficial for the team to focus on when catering towards the Mind the Gap's product, price, place and promotion considerations, it is recommended that the team compete in the Online Household Sales Industry after considering the research completed on both industries as well as the individual SWOT Analysis' compiled. Data suggests that the high competition in both industries is a cause for concern, especially for a potential start-up company selling an individual product like the Mind the Gap. Although both industries have high competition, the Household Furniture Manufacturing Industry has the lowest profit to sector average, meaning this industry shows lower profits in comparison to the Manufacturing industry as a whole and would be risky for a start-up company. This industry is meant for companies who wish to manufacture household furniture on a large-scale, mass-production basis. For our start-up company, attempting to compete in this industry would be too costly and would require a large amount of capital that the team could not provide starting out. It is recommended that the team should not adopt this business structure. Data suggests that mass producing this product is unwise, considering the complex structure of the product and the amount of raw materials needed for just one final product. The team does not have the in-house manufacturing facilities nor materials to accomplish this feat. If this product were to be mass-produced, the material and operational costs would be extensive and the suggested price of the product would have to be raised in order to compensate. In addition, if the team were to compete in this industry, the Mind the Gap product would have to be heavily altered and condensed into

a smaller manufacturable item in order to realize profits able to keep the team's company afloat.

The Online Household Sales Industry is composed of firms that outsource their manufacturing to third-party producers and then retail their products online. This outsourcing to third-party manufacturers allows for the product to save on operational costs by choosing between manufacturers who would be competing for the team's business based on price. In addition, the Online Household Sales Industry has the strength of low volatility, meaning the industry is quite stable. This would make the team's company more appealing to future capital investors. Therefore, the Online Household Sales Industry is the best available option when considering which industry the team should choose to compete in. This translates into the necessity of the team's choice to sell the Mind the Gap product through an online digital format, instead of through a typical brick-and-mortar store.

4.1. Product

In order to appeal to the target markets of young college students and professionals living in tight living quarters, it is recommended that the Mind the Gap product should keep the charging station, cupholder, and plastic slot for cell phones. The Mind the Gap product will not only provide the charging station in its entirety, but individualized slots for a more stable cup and tech storage compared to products such as the Modern Innovations bedside shelf. This additional storage is a key selling point for the product, as well as the material choice of wood. In addition, it could be beneficial to consider expanding the length of the product's external body in order to include enough

space for a laptop or notebook PC. According to Kunst, approximately a 59.64% share of the 18-29 age range of Americans own a laptop or PC (2020). This large market share that is included in the Dorms to Diplomas target market should not be dismissed.

Therefore, this additional inclusion is highly recommended in order to further appeal to this specific target market. This inclusion should be the only recommended addition for the standard product. Considering the price point that it is recommended for this product, any additional inclusions will only serve to raise the production cost and complicate the nature of the product, making it less appealing to the Dorms to Diplomas target market. These adjustments and selling points will differentiate the product from comparative choices, such as the Modern Innovations bedside shelf and similar Amazon products, as seen in Figure 25. Most bedside shelves available on Amazon only include a flat surface and small, thin slots for computer and phone charging cords to rest. The Modern Innovations competing product is made of plastic and the IKEA's version of a competitive product is composed of polyester. The selling point for the material choice of wood is that this material is an aesthetically pleasing choice and provides the chance for the team to offer additional benefits, such as painting the wood different colors and engraving the wood, that are not available for a product made of polyester or plastic. Simplicity and low cost are the key factors recommended for the team to focus on when dealing with this target market demographic and attempting to differentiate the product to consumers.

In order to target both of the recommended markets, data suggests that an “add-on” or customization feature be included when selling the product. This would allow the team to hone in on the Metro Renters target market as well, while keeping the standard

product simple for the Dorms to Diplomas demographic. These additional features that the money-saving Dorms to Diplomas market may deem as frivolous could be made available for upcharge fees so that the product is appealing to both markets simultaneously. This add-on feature could be utilized by those in the target markets willing to pay the upcharge fees for customization, such as the option to choose specific paint colors or the number of additional slots.

4.2. Price

The second of the four marketing objectives that will be discussed is the optimal price for the product. Considering the total product cost of \$30.47 per product, the team should set the Mind the Gap product at a price point of \$35 in order to retain some profit while avoiding the alienation of consumers unwilling to spend more than what is necessary for similar products. With this price, the team can expect to generate \$105,000 in revenues from 3,000 manufactured products. After factoring in operational expenses, including factory overhead and labor, the team can expect to retain \$25,590.

Recall that 25% of the survey respondents stated that they would pay between \$35-50 for this product. In order to remain profitable, it is recommended that the price point should not fall below the cost of production, \$30.45. The lower the team can price the product while still remaining profitable will allow the team to compete with similar products utilizing low-cost methods. It is recommended that the team pursue a strategy that is centered on lower production costs while providing a high-quality product. The Dorms to Diplomas target market has less disposable income than the Metro Renters, considering their status as college students whether they are working or not. By keeping the standard

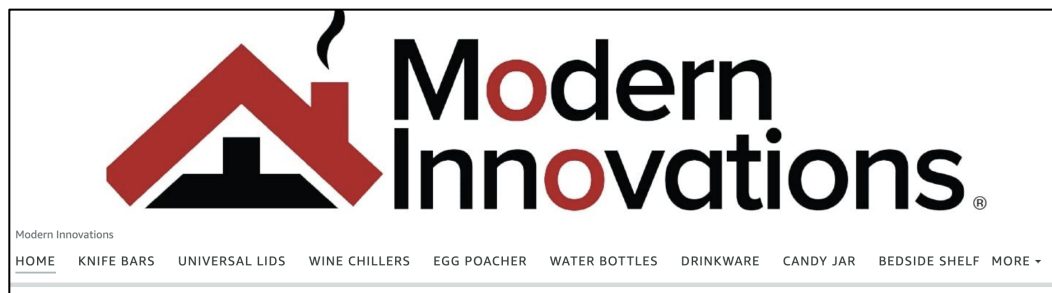
product priced low while allowing for additional customization for those in the Metro Renters segment wishing to pay upcharge fees, the team can market this product effectively to both target markets. Based on the survey data, the range that should be charged for these additional inclusions can be determined. Figure 5 suggests that the \$5-10 range is most advantageous. In addition, according to 48% of the team's survey respondents, this range is what they would be willing to pay for any add-ons.

4.3. Place

It is recommended that the team use an online merchant, such as Amazon to set up a retailer home page and sell the product. By utilizing an online merchant, the college student and young professional target markets will be provided with an easily accessible online shopping service suited to their needs and wants. These audiences are known for their love of growing and emerging technologies, particularly the Dorms to Diplomas segment, and by providing the product through this channel, the team could capitalize on the platform that is most heavily frequented both, online and digital media. The Metro Renters market would benefit from this online marketing as well, considering a total of 72.3% of respondents agree with the statement "If I could, I'd buy nearly everything online (Commspoint, 2020)." According to the Commspoint Influence research, the online and digital media should focus on both laptops and mobile devices. This recommendation is heavily influenced by the Commspoint data surrounding the internet usage of both markets. For example, nearly half of the Metro Renters spend more than five hours a day surfing the internet on their laptops (Commspoint, 2020).

Although IKEA’s business model is successful for reaching some members of the Dorms to Diplomas target market, this company sells thousands of furniture items. The team is only manufacturing one type of product offering and should narrow the scope of future business operations by using Amazon as the third-party merchant. By selling the product through Amazon, the team can model the business strategy after the Modern Innovations case study. This will allow the team to set up a retailer web-page through Amazon in order to evaluate how the product will sell in a more controlled and less volatile setting before the team looks into the expansion of future operations, such as owning a separate company webpage where consumers can purchase directly. For example, see Figure 26 below for an example of the Amazon homepage of Modern Innovations. It is recommended that the team should draw inspiration from this format when setting up a personalized Amazon retailer homepage.

Figure 26: Amazon Homepage – Modern Innovations



4.4. Promotion

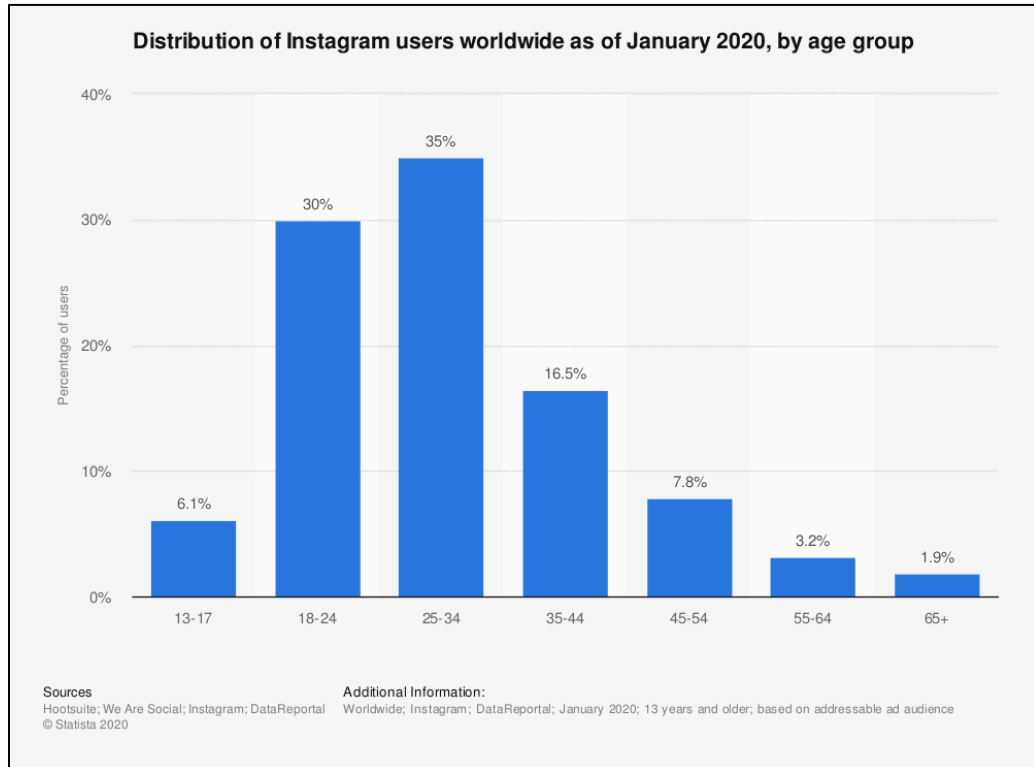
The final marketing objective that will be addressed concerning the commercialization of the product is how the Mind the Gap should be promoted. Data suggests the use of paid media, meaning the purchase of advertisements, should be the

main focus when spreading awareness about the product. It is recommended these paid advertisements run primarily through digital media, specifically social media such as Instagram and Facebook, based on the target market's ease with the use of technology and the young age of both markets. After considering the information gleaned from the Commspoint Influence profile that I created for the Dorms to Diplomas and Metro Renters target markets, it is recommended that the team promote the Mind the Gap product through several other outlets as well. Considering the novelty of the product and the fact that the team is not yet a company, it is recommended that the team should stay away from building a complex individual website for the Mind the Gap product. Instead, the team could better evaluate the preliminary success of the product by utilizing a different type of owned media. The team should create social media accounts that allow for the consumer to be redirected to the personalized Amazon retailer homepage where they can then make a purchase.

Considering the nature of the product as a slightly bulky dorm accessory, it is recommended that the team initially measure the success of the product through online advertisements via Instagram. Instagram is a versatile social media platform that allows users to share videos and photos with the users who follow them and others in the Instagram community. According to Clement, the two largest demographics that use Instagram are those between the ages 18-24 and 25-34 as seen in Figure 27, which combined represents 65% of users (2020). This makes Instagram one of the most popular social media platforms for both age demographics, which is also the age demographics that the Dorms to Diplomas and Metro Renters target markets consist of. Instagram has new features that allow users to create branded accounts that could be used to promote

and sell products. The team could set up a profile, such as “@thedormbox,” and post frequently about the benefits and features that the product offers while promoting the product through the sharing images and videos showing college students setting up and using the product in their dorm rooms. The team could further connect with the target market demographic by sharing personal videos on Instagram of users who have used and love the product and are more than willing to spread awareness through word of mouth. In addition, after converting the account to business mode, the team could allow consumers to click the shopping option on pictures they share to the page in order to see the price of the product and view the Amazon redirection link. In regards to the cost of Instagram advertisements, Karola Karlson states that the average cost-per-click on an Instagram advertisement costs anywhere between \$0.50 to \$1.00 (2019). In addition, in comparison to other social media sites, such as Twitter and Pinterest, Instagram is competitive in terms of conversion rates for clicks to purchases. According to Karlson, Instagram posts have a higher conversion rate of 1.08% than Twitter, 0.77%, and Pinterest, 0.54% (2019). This social media platform would be a preferable choice to test the selling power of the product while controlling the funds that the team would be spending by monitoring the Instagram ad costs as they occur.

Figure 27: Distribution of Instagram Users by Age Group



After testing the success of the cheaper online advertising option, the team can look into heavily advertising through TV in order to capitalize the large amount of time the targeted consumers spend watching TV per day. Although a higher percentage of Metro Renters, 90.8%, spend at least an hour watching TV compared to the Dorms to Diplomas market of 79%, these numbers are still extremely large for both markets (Commspoint, 2020). Of the 90.8% of Metro Renter TV viewers, 20.4% spend more than 5 hours watching compared to 13.5% of Dorms to Diplomas (Commspoint, 2020). Considering the above research already conducted on the viewing habits of both target markets, data suggests that using this form of promotion would allow the product message to be seen by the majority of intended consumers. Yet, this form of advertising can be pricey. It is recommended that local television near smaller areas be tested initially

before attempting to tackle large, metropolitan areas. It is not feasible for a start-up company to spend several hundred thousand dollars on advertising to consumers in cities such as New York City or Los Angeles. Although portions of the Metro Renters target market are contained in these areas, the company would need to gain substantial experience and beneficial projected profit outlooks before spending large amounts of promotional funds for TV advertisements in these areas. For local TV stations, the team could potentially spend a minimum of \$5 for every 1,000 viewers reached in a 30-second advertisement (Rudder, 2019). This is feasible for a small start-up firm selling individual products such as the Mind the Gap.

CONCLUSIONS

Outlined in this research is a marketing analysis featuring a discussion of the competitive and situational landscape, dual Dorms to Diplomas and Metro Renters target markets, and the resulting recommended marketing mix for the Mind the Gap product, based on the gathered data. After analyzing the dual target markets and the surrounding situational and competitive landscape, several conclusions can be made to result in the final marketing mix recommendations.

Based on careful consideration and analysis of individual SWOT analyzations for both the Household Furniture Manufacturing and Household Furniture Sales industries, the optimal choice of Household Furniture Sales can be made. For a startup company, the risk of attempting to enter an industry centered around full-scale and mass production manufacturing is too high. Initially, the safest route for a novel company is through sales, particularly online instead of brick-and-mortar. Although there are slight socioeconomic differences between both target markets, some final Mind the Gap product recommendations can be made: elongate the length of the product which allows room for an additional laptop slot and allow for customization for consumers who are willing to pay upcharge fees for additional feature inclusions, such as added slot spaces and color variations. Therefore, the standard recommended price for the product is \$35 with leeway for \$5-10 of potential upcharge fees based on request. Concerning what target market, the team will want to sell the product to the young collegiate and young professional target markets. Both target markets use online shopping as a relaxation tool and are technologically focused. This translates to consumers who feel comfortable using digital interfaces for their purchasing habits and will prefer the online selling platforms that are recommended as a result. In regards to promotional strategies, research on both target

markets indicates that beginning with online advertising and then, if successful, moving to television advertising would be key for both markets. The upkeep of social media sites and creation of an individual third-party retailing homepage, such as Amazon, will further serve the goal of the promotional marketing objective. In conclusion, following the recommended marketing mix insights and catering towards the needs and wants of the dual target markets could prove critical for commercial success of the Mind the Gap product if the team were to attempt larger scale production.

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