

ProMax

“A Leading visionary in dental care”

Abstract

This paper has conducted a company analysis on ProMAX: specialized in selling dental care products. In order to conduct this analysis, a thorough assessment on the target product and product portfolio of the company has been performed. In addition, a budgetary plan has also been developed to implement the market plan of the company.

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Course Number:

Date of Paper:

ProMax

Company Vision and Objective

ProMax aims at providing dental care products such as tooth brush to customers worldwide. The vision of the company is to provide a modern toothbrush in the 21st century, which will give maximum benefit to the customers by relieving them from risk of infections and cavities. Its objective is to lead in the global dental care market. The main benefit of the products or brush is its ease of usage. The products have a definite design that provides comfort to elderly and disabled persons while brushing their teeth compared to the conventional brushes that are not appropriate for disabled persons. Additionally, ProMax is time saving and efficient enough to satisfy the customers as it does not need water. It will reduce chances of cavities and gum diseases; as well as sanitize the brush every day.

The main value proposition of the brush manufactured by ProMax is that it will reduce brushing time to 2 minutes, when on an average about 4 minutes are wasted behind the activity. If the customers use ProMax tooth brush then they do not have to take appointment with the dentist 4 times a year, rather it will be cut down to twice. The sanitizer of the brush plays a vital role in adding customer value and prevents cavities; eliminate bacteria and risk of infection. This

will help the product to acquire a competitive position in the market. Additionally, the core value of ProMax is innovation, customer service and quality.

Business Model

The business model of ProMax aims at generating 45% profit margin by selling products at a premium price as these products are necessities and there is no other alternative for it. It will also collect revenue by selling replacement bristles and toothpaste at high margin.

Customer Value: Increase customer value by improving their oral hygiene such as fresh breath, clean teeth and overall health. The products helps in preventing dental diseases and there is no alternative to the products.

Existing categories: The existing categories of customers are those who use toothbrush, electric toothbrush, mouthwash.

Key factors: The vital factors that are significant for ProMax are FDA approval, that their products are safe and hygienic for dental usage, intellectual property, insurance plans and establishment of distribution channels, marketing and advertisement of the products.

The three main revenue streams for the business are discussed henceforth:

Core Product: The Automatic Mouth-Brush (AMB) will be the core product of the business along with its mouth-brush case (MBC). The main revenue will be generated from the sale of this core product. However, there are two other revenue streams.

Bristles and Toothpaste cartridges: The second stream of revenue will be generated from sale of tooth paste cartridges and bristles. The bristles will be replaced after every 4 months

that counts to thrice a year. The cartridges of the toothpaste will be replaced every month that counts for 12 times a year.

Big data: The third stream of revenue will be generated from big data, which contains information that will be sold with the consent of the customers to the medical associations and dental companies. This information will be gathered with the help of a number of oral tests that are performed on the patients; this information is directly uploaded to the database of the business and the ProMax applications, which are used by the them.

The data will be displayed in such a manner that it can grasp the visuals of the individuals. This data are extremely important for establishing the future of ProMax, as an innovative device company, which is combating against poor dental health. However, the mobile application will be launched after two years of successful operation of the business.

Sales process: The selling process that is followed by the business is depicted below:

- 1) The sales team will have to consult with the Decision making Units (DMU) for understanding the policies.
- 2) The sale team will have lunch or dinner with DMU maintaining a formal pitch. They also have the responsibility to follow up their sales activity with gift/food baskets for expressing the gratitude.
- 3) The logistics department and staffs needs to be trained on ProMax so that they can solve any problem arising during the delivery of the products to the customers.
- 4) The custom mouthpiece brush is delivered to the patient, who visits the personal dental care unit for the final fittings.

Product description

The product manufactured by ProMax is hands free electric mouth piece, which aims at cleaning teeth of people very efficiently and quickly. It will virtually clean one's teeth, who are unable to brush their teeth, especially the handicapped children and adults. There was several advancements in delivering innovative toothbrush to the customers in the past couple of years. U-Shape brush primarily targeted to solve the teeth problems and later it was developed in such a manner, that it can expand to any size of tooth ("Patent Application Title: U Shape Toothbrush"). The innovations are amazing but it is not sufficient compared to ProMax toothbrush.

The main features of the product are as follows:

- 1) It helps in refreshing the breath of the individuals and restricts plaque.
- 2) It fights against cavities and gingivitis and assists in restricting dry mouth and avoids difficulty in chewing or eating.
- 3) Protects the teeth of individuals from jaw pain, bleeding gums and mouth sores.

There is no alternative for the product as people cannot avoid brushing their teeth. Though, mouthwash can protect teeth from risk of infection but cannot function the way a tooth brush does to keep mouth clean and hygienic.

Competitive Differentiation

ProMax will encounter tough competition in the market as there are many strong players offering dental products such as Philips (Sonicare), Procter & Gamble (Oral B) and Colgate Palmolive. Sonicare is rated the best dental product by the dental experts and it has increased customer value since 2004. Oral B has become global market leader in offering dental products. Colgate Palmolive has also acquired a significant position in the dental market. Hence, in order

to enter in a competitive market, ProMax need to differentiate their products accordingly. The key benefit of ProMax products is that it delivers efficient cleaning of teeth in few minutes. Moreover, its design is convenient for the handicapped and elderly people and it can be used anywhere as it does not need water. Moreover, the sanitizing feature helps in adding customer value than its competitors.

Market Size and Growth

People across the globe are interested in using the most advanced products that are available in the market at present. Likewise, people have the tendency to use those products, which saves time in their daily busy schedule. This encourages the dental product manufacturing companies in order to develop new products, which have the ability to combat against gum infections and bad breath. According to analyst, the demand for dental consumable market will grow to about 6.10% of Compound Annual Growth Rate. The most important factor that contributes to this growth is increase in number of dental equipments and procedures (“Research and Markets: Global Dental Consumables Market 2012-2016: Growth Rate, Market Size and Forecasts”). This will help ProMax to acquire more customers and market share globally.

ProMax intend to sell its products across the globe as the dental products are necessities for every individual. However, it will offer huge benefit to the disabled and elderly customers, who does limited activities and are unable to make movements with much ease.

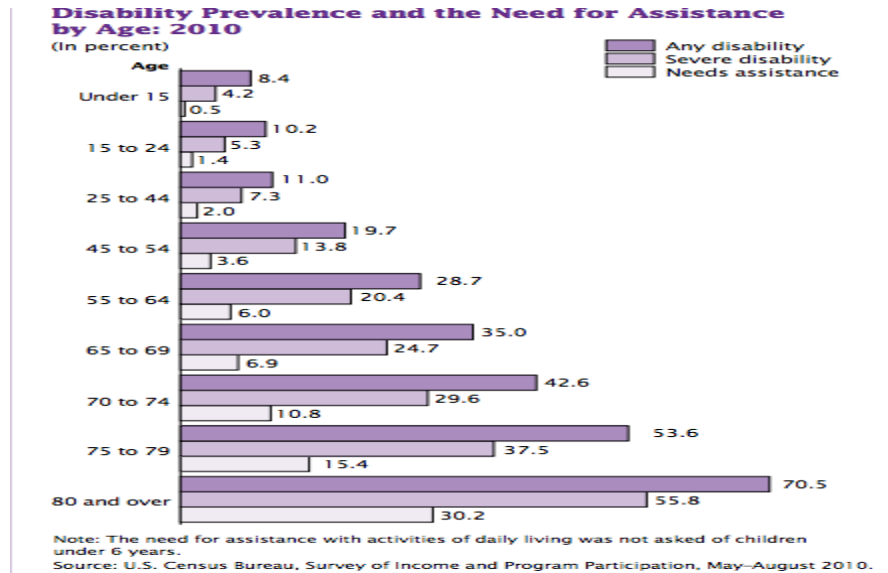
The end users of the products are caretakers of disabled persons. This product is convenient for them as it is fast and more efficient; it also controls oral hygiene on routine basis. Initially, the company will segment the market according to the disposable income of the individuals, as it is the main driver for consumer decision making. However, after extensive

research the target customers are divided into different segments and targeted those people who have difficulty in brushing their teeth. Activity of Daily Livings (ADLs) is such a group, where the individual stands for routine work but they are hindered from doing so as they cannot perform basic tasks such as toileting, feeding bathing and walking. Nevertheless, IADLs are those people who are troubled by Instrumental Activities of Daily Living. These complex skills are significant for an individual to lead their life independently such as preparing meals, transportation, using telephone and communication devices (“Activities of Daily Living: What Are ADLs and IADLs?”).

Target Customers

ProMax targets to cater the needs of the global customers. However, the products are specially designed for disabled and elderly customers, who encounter problem in performing their daily task and do not have the capability to brush teeth. This disabled and elderly market is largely untapped by the dental product providers. Hence, ProMax can satisfy the need of these customers. The elderly and disabled section of society encounters difficulty for brushing their teeth properly hence, they need specific assistance for doing their tasks; hence, the tooth brush offered by ProMax will be an ultimate product for these customers as it will help in their oral care.

Figure 1: Disability Prevalence and the need for assistance by age (2010)



(Source: “Americans with Disabilities: 2010”)

According to US Census Bureau, the percentage of the disabled people who needs assistance is higher among elderly group of 75 and above age boundary. This group of disabled people along with other disabled age group will be the target customers of ProMax (“The Disabled Elderly and Their Use of Long-Term Care”).

The following data is collected by Centers for Disease Control and Prevention regarding the disability and functioning groups in the US.

Figure 2: Disability in United States

Number of adults unable (or very difficult) to walk a quarter mile	17.2 million
Percent of adults unable (or very difficult) to walk a quarter mile	7.3%
Number of adults with any physical functioning difficulty	35.2 million
Percent of adults with any physical functioning difficulty	15.0%

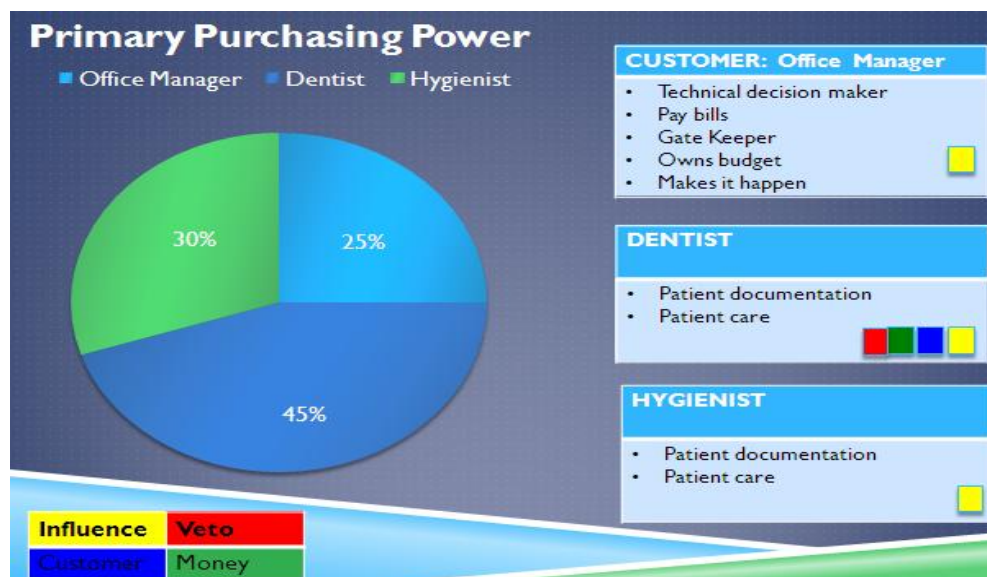
(Source: “Disability and Functioning”)

From the above figure it is evident that the percentage of disabled people is higher in the US which will be a perfect target market for ProMax to launch its product.

Apart from the above discussed group of customers, there are specific groups too who plays the main role in influencing the above mentioned people. These customers are dentists, who will actually push or recommend the customers to buy the ProMax products. However, the end users are disabled and elderly people and their caretakers. The primary decision maker and the economic buyer is the dentist as they control the overall budget of the end users (“Dental team”).

The survey research gives emphasis on the purchasing power of the customers.

Figure 3: Primary Purchasing Power



(Author’s Creation)

From the above figure it can be stated that the dentists have the major purchasing power.

Competition

ProMax has a number of strong competitors who have established their business in the global market for many years. These companies have not only become famous with their products but have also captured majority of the global market share. For ProMax the competitive products are Sonicare introduced by Philips, Oral B produced by Procter & Gamble (P&G) and Colgate Palmolive. These products have made good efforts in eliminating gum diseases and mouth infections. Hence, it will be a challenging task for ProMax to introduce the new innovative tooth brush in such a market.

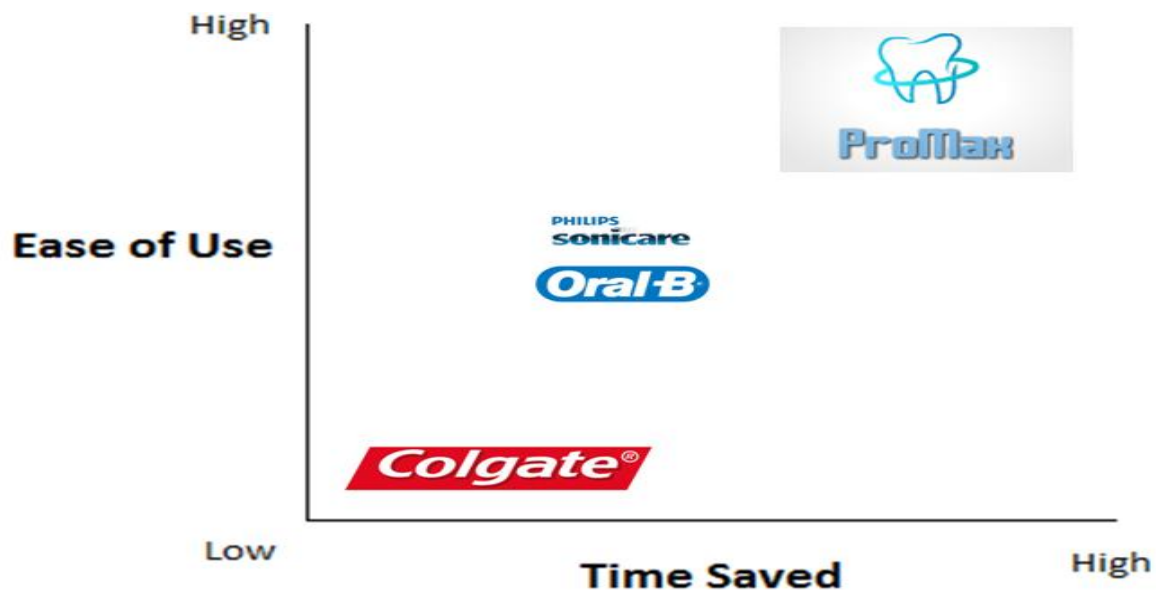
Sonicare of Philips is rated No. 1 brand by the dental experts and it has developed a strong brand value since 2000. The company distributes this product at 1000 service and sales outlets worldwide. The main limitation of the company is that it has high labor cost and weak cost structure. However, the company produces numerous ranges of products, which are useful for the customers in their daily life (“Vision and Strategy”).

Oral B produced by P&G have captured majority of the world market by establishing a strong brand name and distribution channel. It has employed advanced and innovative technology that has helped them to become the global leader. The product recall of Oral B is high and is increasing over the year because of its performance. The company operates in a heavy operating environment and has limited product expansion (“Our Purpose, Values and principles”).

Colgate Palmolive has established its strong brand name in the global market by diversifying its business geographically. The companies has involved in limited product expansion and have continuous product recall. In order to excel in such a competitive and

challenging market, ProMax has to develop a strong brand by its innovative products. However, it can be stated that the new product of ProMax is competent enough to be launched in such a market as it involves advanced technologies and cater the need of the elderly and disabled customers.

Figure 4: Competitive Position



(Source: Author's Creation)

From the above figure it is evident that the competitive position is high with respect to Sonicare and Oral B as it saves time and easy to use. Sonicare, Colegate and P&G are observed to dominate in the oral hygiene industry. Among all the competitors, only Colgate does not have the range of electronic toothbrush products.

Product Status

The exact stage of the product is prototype, which will help ProMax to establish its brand in the near future.

The following milestone elaborates the critical path that is followed by the brand in order to launch the product in the market:

Figure 5: Milestone for ProMax

Weeks	1	2	3	4	5	6	7	8	9	10	11	12
Initial contract												
Sales Pitch												
Training Program												
Deliver Product												

(Source: Author's creation)

The time required for the whole process is long and it also depends on the practice of the Decision Making Unit (DMU) of the company. The process can end in 3 weeks or it may take 12 weeks too. It is expected that most of the selling process to most of the customers are shorter or even a month. However, the DMU can significantly reduce the selling cycle and the wages of the sales force by assigning independent sales representatives, who already have experience in the field.

Marketing and Sales

The sales process involved to acquire customers is described below:

- 1) The dental office is contacted and the appointment is set up with the DMU.
- 2) A sales pitch is prepared and provided to the DMU.
- 3) Training programs are arranged for the dentists.
- 4) The products or mouth piece brush of the customers are delivered to the customers for personal dental practice and final fitting.

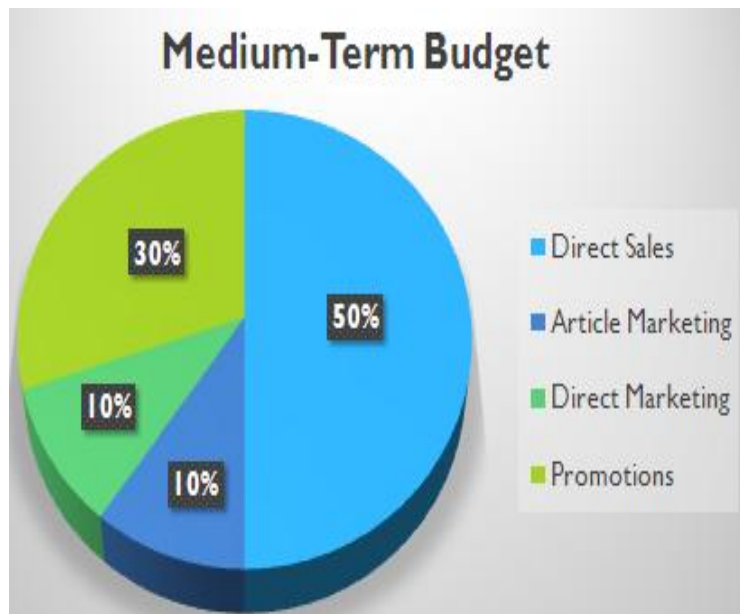
The sales strategy initiates with the rational goal for reaching the domain of top 10 disability population states such as Texas, California, Florida, Pennsylvania, New York, Michigan, Ohio, Illinois, North Carolina and Georgia. In this states, the sales team will concentrate on three top cities that is populated by dental practices. Further, the team will concentrate on building strong relationships with 15 dental practices each city, which equals to 45 dental practices each state.

Operation Plans

To acquire customers, the short term goal of the sales team is to formulate all-star sales forces, which consists successful and passionate business developers and sales leads from the dental supply companies. Connections are established with the Bay Area executives in search of Chief sales Officer (CSO). The Enterprise Sales Manager at Oracle and former Enterprise Account Manager, Mohit Khanna are the key persons for dedicating the sales pitch through Skype within 30 minutes on Saturday afternoon. The first few prototypes are demonstrated along with its benefits of ProMax. The sales pitch is expected to receive positive feedbacks about the products.

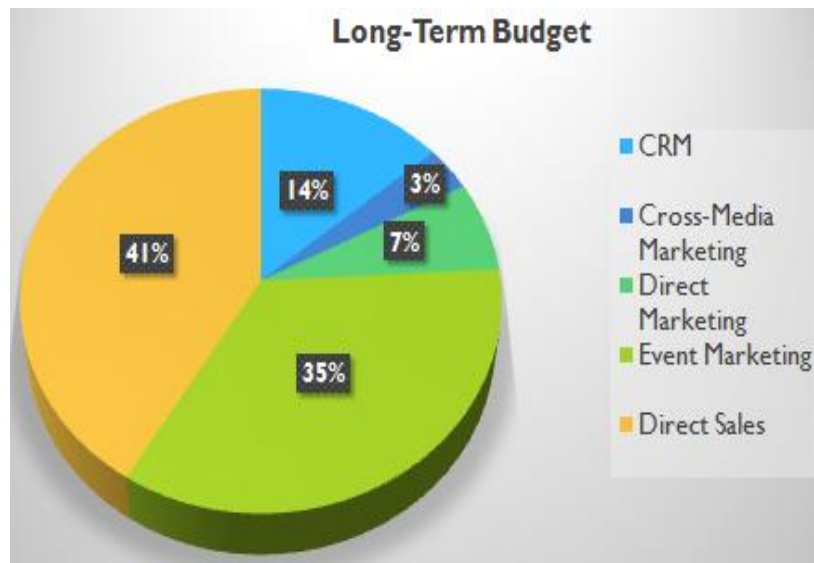
The midterm goal for the sales team is to launch the product in ten states within 6 months. Other three cities such as California, New York and Florida add to the new sales territory. The sales team expects to achieve strong customer base and even extend the long term sales goal to the next level. The midterm sales goals include 75 additional practices, which add up to 525 practices in total. The team will also expand to 10 more states such as Missouri, Tennessee, Alabama, Virginia, New Jersey, Indiana, Washington, Arizona, Kentucky and Louisiana ("Disability Statistics").

Figure 6: Medium Term budget



(Source: Author's creation)

The medium-term budgets are developed for establishing the brand and product of ProMax brand and product.

Figure 7: Long term budget

(Source; Author's creation)

The long term sales process takes into account 1-2 years from the date of launch. The process involves Cross Media Marketing, CRM, Event Marketing, Direct Marketing and Direct Sales.

Exit Strategy

The company will be privately owned property of the owners.

Critical Risk

The main risk for the business, which will be a big challenge for the company, is its strong competitors in the global market. The movement of the competitors will define the strategies of ProMax and thus it has to bear every uncertainty.

Management Team

The management team consist of three departments such sales and marketing, finance and operation and distribution. The minimum qualification and job roles of each member of the team are elaborated below:

Team	Qualification	Job roles
Sales and Marketing Departments	Have minimum experience in the dental care industry.	Prepare sales pitch and acquire customers.
Finance	Have an in depth knowledge and experience in accountancy and audit.	Prepare financial statements and review it.
Operational and distribution	Understand the operational plan and distribution channel of a company	Maintain a proper operational plan and maintain a proper distribution channel

Investor

The main investors of ProMax will be the three owners, Mr. X, Mr. Y and Mr. Z. They have invested around one-fourth of the total capital that are required for establishing the project. However, the rest amount is obtained as loan from bank.

Financial Summary

About \$20,000 is spent in 20 years that amounts to \$1000 per year for maintaining healthy gum and teeth. With this price, ProMax will capture 20% of customer value, which amounts to \$4000. The selling cost is \$1200 per unit whereas \$100 per unit is the manufacturing cost. The marketing and advertising cost amounts to about \$190000 in 3 years.

Finally, the financial summary for the four years are depicted below:

Figure 8: Budget for 4 years

Year 1	Year 2	Year 3	Year 4
<ul style="list-style-type: none"> • Total Revenue: \$0 • Total Expenses: (\$615,500) • Loss: (\$615,500) • Profit Margin: 0% • % Market Share: 0% 	<ul style="list-style-type: none"> • Total Revenue: \$0 • Total Expenses: (\$787,000) • Loss: (\$787,000) • Profit Margin: 0% • % Market Share: 0% 	<ul style="list-style-type: none"> • Total Revenue: \$11,492,000 • Total Expenses: (\$1,762,000) • Profit: \$2,521,400 • Profit Margin: 45% • % Market Share: 0.026% 	<ul style="list-style-type: none"> • Total Revenue: \$22,100,000 • Total Expenses: (\$1,214,000) • Profit: \$6,081,000 • Profit Margin: 45% • % Market Share: 0.650%

(Source; Author's creation)

From assumptions that are made regarding the sales and profit of the company, the above mentioned figures are obtained. The total revenue for first year is expected to be \$0 as the company will prepare for the launch of the same in different markets (which include prototyping, trials and testing). Hence, in the first year, the company fails to gain any market share. However, after 6- 7 months, the company will concentrate on preparing prototype and conducting the tests and trials. The total revenue after 4 years is expected to be \$10,608,000 per year; whereas the monthly revenue will be \$884,000. It is predicted that ProMax will capture market share of 0.026% in the third year and 0.65% in the fourth year.

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