



Business Plan
Business Name: PortablePaws Co.
Product: Travel Dog Bed

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Exhibit 3: Market Segmentation Analysis/Target Market Selection

Market Segmentation

We have used the geographic segmentation strategy as our initial approach to segment the market. Research conducted by Hounds Lounge reveals that numerous state parks and national parks across the United States provide accommodations that are friendly to dogs. In response to this trend, our Travel Dog Bed is crafted to cater to the needs of pet owners seeking a portable bed for both car travel and outdoor recreational activities. Therefore, we have made the strategic decision to focus on domestic sales within the United States.

Continuing our market segmentation, we directed our focus towards a demographic that presents the greatest potential for benefiting from our product. According to insights provided by PetFoodIndustry, in 2024, millennials (age 27-42) represent the largest age group of all dog owners in the United States at approximately 35.2%. Moreover, millennials also travel domestically more frequently than other age demographics, and CondorFerries states that “42% of millennials travel an average of 35 days per year (2024). Thus, making this age demographic the largest possible beneficiaries as they make up the largest portion of dog owners and travel more often than other age groups. Our price point is aimed at the segment of millennials who are higher than the average income level.

Furthermore, the psychographic segmentation of our market breaks down into the portion of millennials who place a high value on being dog-owners and will choose to bring their pet along with them on their outdoor adventures. A 2023 study completed by Southern Methodist University shows that 85% of dog owners view their pet as an important part of their family, meaning they will go out of their way to make their pet safe and comfortable during trips. This segment is based on the portion of dog-owners who prefer to travel and adventure with their pet due to their lifestyle. Reader’s Digest states that approximately 30% of dog owners take their pet camping (2024) and according to another survey, “56% of dog owners have driven with their dog in a vehicle at least once a month over the past year.” (Kurgo, 2016) These owners will want to make preparations for their pet to enjoy the car ride and the outdoors and will see the value in our product.

Segmenting the market further based on behavioral characteristics, we aim to create a loyal customer base that will spread the news about our product by word-of-mouth and on social media platforms. “Pet owners in the United States were typically loyal to specific brands when buying products for their pets” (Statista, 2024) With this in mind, this segment will be composed of dog-owners who interact often with our product in their experiences while traveling and on digital platforms.

Target Market

According to Forbes, the total number of dog-owning households in 2024 is 6.51 million, of which millennials make up approximately 35.2% (PetFoodIndustry). 42.5% of related or similar products available on the market are priced higher than ours. Taking our price point into consideration, we aim to target millennials in the higher than average income level which CNBC states is around 52% of the demographic. Due to the design of our Travel Dog Bed, there is a size limitation for dogs to be able to use our product. A survey has reported that 73% of dogs adopted in the US are of small to medium size (11Pets, 2024) and would fit in our Travel Dog Bed. Our product is designed to be a safe and convenient option for dogs traveling by car to reach outdoor destinations and the AAA/Kurgo survey states that 56% of dog owners have their pet travel by car at least once a month, and of the dog owners who have their pet regularly join them on the road, it is reported that 23% have admitted to using their hands or arms to secure their pet when they hit the brakes (Kurgo, 2016). We are specifically targeting this group to offer a safer solution to pet traveling and prevent possible distractions and accidents while driving. Our product is able to convert from a secure travel bed to an outdoor standing bed that is waterproof and weather resistant. We will be targeting consumers who would benefit from our bed due to their active lifestyle. Reader’s Digest states that approximately 30% of dog owners take their pet camping and would therefore see the value in our product (2024)

Exhibit 4: Market Quantification

MARKET QUANTIFICATION



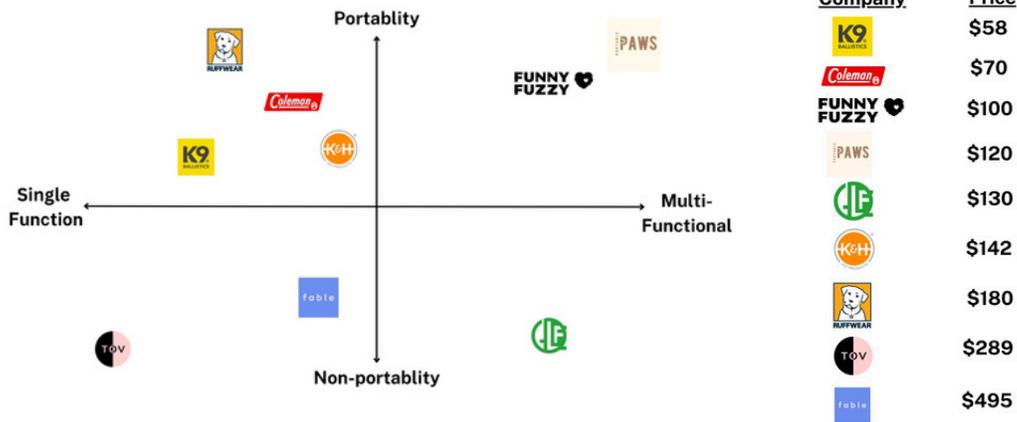
Year	1	2	3	4	5
Market Potential (# of Customers)	6,510,000	6,696,186	6,894,393	7,105,361	7,329,890
Market Share %	0.112%	0.132%	0.152%	0.172%	0.192%
Retail Channels	B2C	B2C	B2C	B2C	B2C
\$ Price Per Unit	\$120.00	\$123.60	\$128.54	\$134.97	\$141.72
Annual Unit Sales	7,291	8,839	10,479	12,221	14,073
Annual Revenue	\$874,920	\$1,092,500	\$1,346,971	\$1,649,468	\$1,994,426

Assumptions

A customer will purchase 1 unit per order due to the nature of the product.

Quantification Explanation		
Market Growth	Market Share	Price Point
<p>Reports from the APPA National Pet Owners Survey show that dog ownership had decreased in two years over the last decade but had increased the other eight years. Since the number of dog-owners in the US fluctuates per year but gradually increases over time, we can assume that the current CAGR of 2.86% (Statista, 2024) will at least increase at a rate of 0.1% annually looking at the pattern over the last decade.</p>	<p>As the market potential of total dog owners in the US increases over time naturally, our market share will subsequently increase at a rate of approximately 0.02% per year. The increase in our market share each year is also due to our significant investments in digital marketing endeavors on a variety of social media platforms as well as our partnership with Amazon and their combined advertising.</p> <p>“The average conversion rate for Amazon Ads is between 10-15%, which is higher than most other eCommerce platforms as some platforms and industries have conversion rates of just 1-2%” (Laser Sight Digital, 2022)</p>	<p>Our product starts off priced below 42.5% of similar market offerings (Amazon). This leaves us room for price increases to compensate for inflation as well as make our high-quality and durable materials more affordable.</p> <p>As demand for our product increases and as our reputation and loyalty from customers grows, we are able to raise our asking price to be more profitable over time.</p>

Exhibit 5: Positioning/Competitive Analysis



Competitive Analysis:

Funny Fuzzy operates an international e-commerce brand specializing in pet lifestyle products, aimed at enhancing the joy and comfort of pets both at home and during travel. They emphasize a large assortment of dog products without a specific focus on quality. Their product line includes various travel beds, such as dog car seats covers and portable options suitable for indoor/outdoor and travel purposes.

Product Description	Distribution Strategy	Promotional Strategy	Pricing Strategy
<ul style="list-style-type: none"> Selling variety of car dog beds <ul style="list-style-type: none"> dog car seat large trunk dog bed dog carriers The bed closest to our product is their waterproof car dog bed 	<ul style="list-style-type: none"> Based out of Albany, NY Selling internationally & through Amazon 	<ul style="list-style-type: none"> Sell on their website & selective items on Amazon Demographic discount codes - students, key workers, youth 15-25, and social groups "Get \$5 off if you subscribe", "Flash Sale", "extra \$50 off" Promote on platforms such as Facebook, Instagram, Pinterest, & TikTok 	<ul style="list-style-type: none"> Misleading price tactics <ul style="list-style-type: none"> inflated prices then marked down to original price Shipping costs range \$8.99-\$15.99 <ul style="list-style-type: none"> Free shipping for orders more than \$79 Partnered with Klarna, allowing to buy now and pay later
Additional Information	<ul style="list-style-type: none"> Augmentation: 14-day window for refund/exchange upon approval from customer service. Their customer service email is customer@funnyfuzzy.com where a representative will answer during operation hours of 10am - 5pm. "FunnyPedia" is their blog on their website with posts regarding their brand and products 		



Potential Risk Analysis:

As a participant in a competitive market, similar products and strategies from rivals make gaining market share challenging. To navigate the challenges of a fiercely competitive market, it's imperative to distinguish our product and uphold consistency in our claims. Although federal regulations do not mandate dog restraints, the DMV has recommended that "pets, like children, should be safely restrained while traveling". As our product is functional for outdoor use, we face the potential challenge of seasonal demand fluctuations, complicating accurate forecasting. Another potential concern to be aware of is fluctuating cost as inconsistency in raw material prices or product costs can impact the product's strategy and profitability. In response, we commit to closely monitoring production costs comparison to our key competitors and adjusting our strategies accordingly.

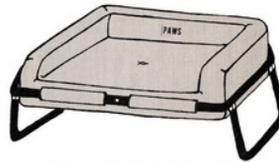
Exhibit 6: Marketing Mix

Product Strategy

Our product is a portable dog bed that is crafted to use in the car and for outdoor activities. The bed is made out of waterproof material that is removable for easy clean up. The bed has hooks that attach to the seatbelt ensuring the bed is secured. There is also a hook for a dog harness to ensure your pet is safe. Once the destination is reached, there are legs that pop out turning into a standalone bed.



Travel Bed: legs folded in
For use in the back seat of vehicle



Standing Bed: legs folded out
For indoor/outdoor use



Metal Frame: without bed cushion
Can be taken apart in two for
assembly/storage

Pricing Strategy

PRICING	2024	2025	2026	2027	2028
Unit Price	\$120	\$123.60	\$128.54	\$134.97	\$141.72
Shipping & Handling	\$1.60	\$1.60	\$1.60	\$1.60	\$1.60
Total Cost for Customer	\$121.60	\$125.20	\$130.14	\$136.57	\$143.32
Variable Cost	\$67.18	\$66.23	\$64.43	\$66.91	\$67.54
Fixed Cost	\$70,599	\$70,599	\$70,599	\$70,599	\$70,599
Break-Even Point (units)	1,298	1,198	1,095	1,073	1,022

The basis for our pricing strategy is competitor-based using a psychological approach, as we determine what we'll charge in comparison to that of other portable dog beds on the market and offer high-quality. Our price is based on insights gained from market research to help us pinpoint the best price. We do not claim to be a cheap product, but we are offering customers a cost-effective alternative as only one bed suffices for multiple purposes. We position ourselves as a practical choice, avoiding claims of high-end luxury and instead claim to be a long-lasting, durable solution.

Distribution Strategy

We sell directly-to-consumers through our own website as well as on the Amazon platform. These intermediaries allow us to reach our target market as "a new study from investment firm Cowen reports over 60% of millennial consumers say Amazon is their most preferred shopping channel" (2021). We have chosen to utilize Shopify to host our website as it is user friendly and has a large variety of design options that align with our branding. Our physical distribution center is located in Montana, and we will deliver our product through USPS. We chose Montana, "due to its immense size as thousands of companies with locations along the way use it as a means of transporting goods, making it a popular and reasonable method of distribution"

(Montana Connections, 2019).

Promotional Strategy

Our promotional strategy centers on social media advertising, using a pull strategy to build brand awareness and attract active, dog-owning millennials. Emphasizing the premium quality of our durable dog bed, we refrain from offering discounts. We advertise using digital platforms like Facebook, Instagram, YouTube, TikTok, Google Ads, and Amazon Ads. Advertising primarily on Google allows our company to acquire traffic, as "Google accounted for an estimated 28.6% of the total digital advertising revenue" (Statista, 2024). Direct marketing channels are our primary sales avenue, but we use Amazon as an intermediary and Shopify as a way to enable cookies to gain insight on customer behavior.

Amazon	Google Ads	Facebook	YouTube	Instagram	TikTok	Website
\$16,500/year	\$12,500/year	\$10,000/year	\$2,600/year	\$2,000/year	\$1,500/year	\$909/year
20,370 impressions	12.5 million impressions	10 million impressions	26,000 impressions	2 million impressions	2,885 impressions	10,000 impressions