

SHEEP MATS:

U.S. Market Research & Branding Recommendations

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Agenda

Define Task

- Strategic Challenges & Goals

Explore U.S. Anti-Fatigue Floor Mat Market

- Industry Overview & Analysis
- Competitor Analysis

Evaluate Current and Potential U.S. Customer Segments

- Residential Consumers
- Commercial Consumers

Provide Branding Recommendations

- Segmenting
- Targeting
- Positioning

Conclusion

DEFINE

EXPLORE

EVALUATE

RECOMMEND

CONCLUDE

Sheep MATS

COMFORTABLE STANDING EVERYDAY

Sheep Mats: “Quality is Life”

Manufacturer of anti-fatigue mats

Launched in 2006

Current products: mats for kitchen, standing desks, chairs, medical use

Current clients: Grainger, Target, Costco, Amazon, Phillips (B2B)

Low-cost option

Recent launch of new website: Ahome



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Define Task

Identify Sheep Mats' target United States consumer and provide strategic branding recommendations for existing and future products.

Define Task: Strategic Challenges

Current branding is not targeting potential market differentiation

Anti-Fatigue Mat Market is heavily saturated

Changes in United States market/trends may create branding challenges

Define Task: Strategic Goals

Evaluate U.S. anti-fatigue floor mat industry trends

Provide strategic branding recommendations to better target current commercial and residential markets

Explore Sheep Mats strategy for entering new markets including Salon Mats and Medical Bedside Mats

Industry Overview: Anti-Fatigue Mats



The global anti-fatigue mat market is expected to grow to \$2.95 Billion (5% CAGR) by 2021

Market Drivers:

- Increase in healthy working environments (OSHA requirements)

Market Trends:

- Use of recycled materials

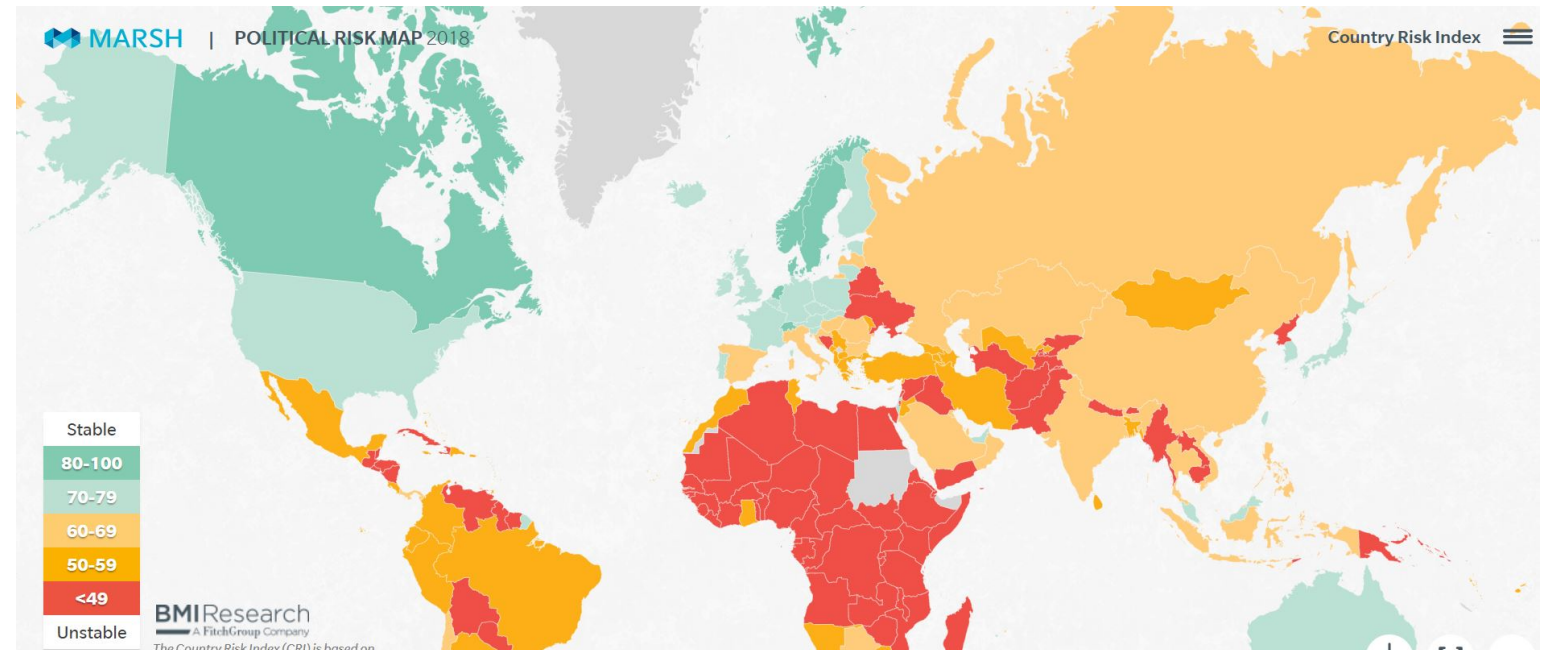
Important features:

- Anti-microbial, anti-slipping, aesthetics

Industry Analysis: PESTEL

Political Analysis

- Risk of conflict on Korean Peninsula at highest since 1994 at 30%.
- Tougher foreign policy stance against China could lead to Sino-US trade war
- Short-Term Political Risk Index Score = 85.0



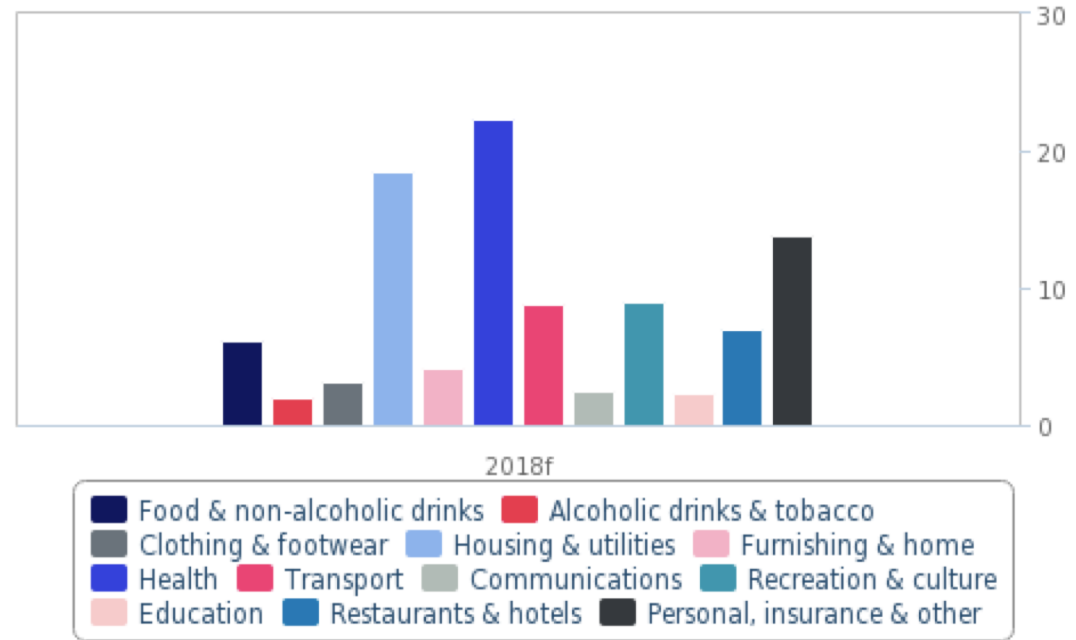
Industry Analysis: PESTEL

Economic Analysis

- 2017: 43% of Americans consider their economic situation “healthy”
- Private consumption has risen 3.8%
- Short-Term Economic Risk Index Score = 72.3

Total Household Spending Breakdown

Total Household Spending Breakdown, % Of Total, 2018f



f = BMI forecast. Source: National sources, BMI

Per capita disposable income: \$40,030.14, 2013 – 2018 Compound Growth: 1.9%
Forecast value for 2023: \$43,977.23, 2018 – 2023 Compound Growth: 1.9%

Industry Analysis: PESTEL

Sociocultural Analysis

- 2018 trend: consumers support businesses whose morals align with their own
- Millennials/iGeneration
 - Increased amount of time spent in front of screens
- Shift in consumer preferences → health-consciousness and well-being
 - Health: 22% of total household spending in 2018
 - US Center for Medicare & Medicaid Services forecast increase from \$435 Billion in 2015 to \$740 Billion in 2024

Industry Analysis: PESTEL

Technological Analysis

- Advancements in ergonomic technology
- Recent development of “smart” material
 - Goes from flexible to hardened rubber by twisting, bending, or squeezing it



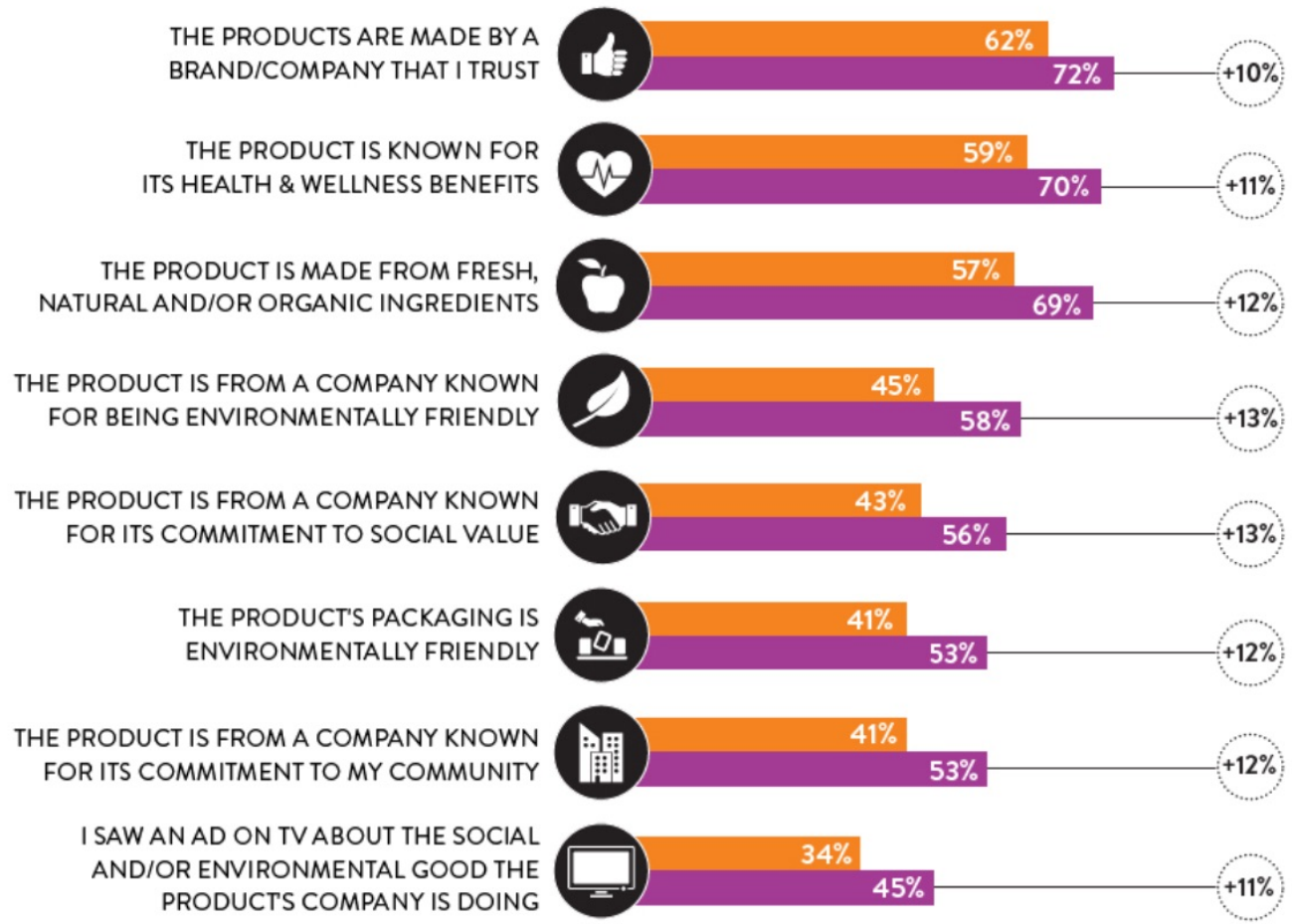
Industry Analysis: PESTEL

Environmental Analysis

- Promotion of natural products to obtain the Environmental Protection Agency's (EPA's) "Safer Choice" certification
- Green movement is on the rise
 - 75% of respondents aged 15-30 will pay more for a sustainable offering
 - 51% of respondents aged 50-64 will pay more for sustainable offering

TOP SUSTAINABILITY PURCHASING DRIVERS

Global Respondents vs. Those Willing To Pay More*

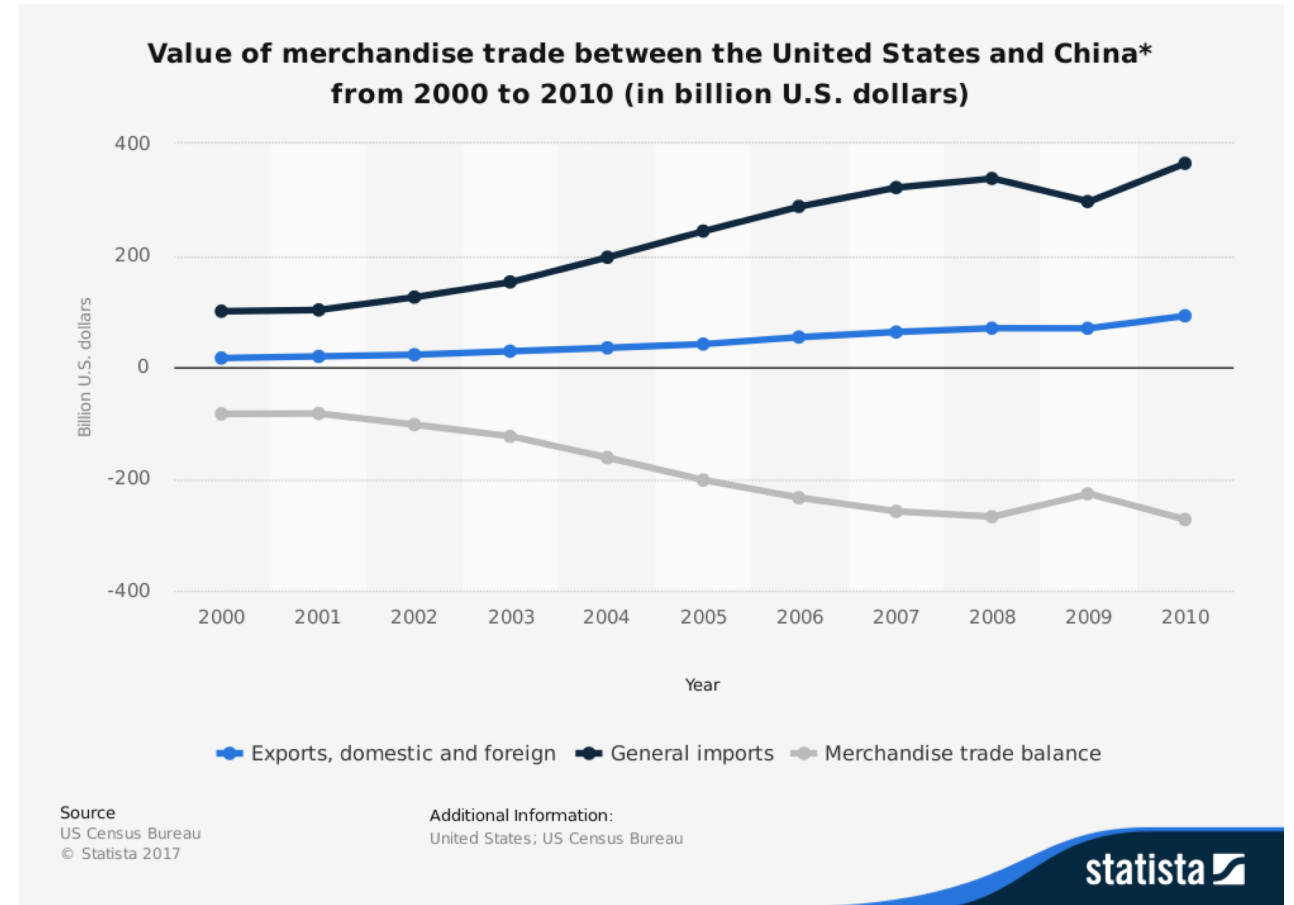


● GLOBAL AVERAGE ● THOSE WILLING TO PAY MORE

Industry Analysis: PESTEL

Legal Analysis

- Consumer Product Safety Commission (CPSC) regulates imported products
- Non-compliance fines up to \$15.5 Million
- Importers (not suppliers) must ensure that imported goods meet required standards



Industry Analysis: Porter's 5 Forces

Threat of Entry: Low	Barriers to entry: Capital Req's for manufacturing, Product differentiation is low Easy access to distribution channels, Low government policy/regulation
Power of Suppliers: Low	Low Switching Costs
Power of Buyers: High	Low switching costs, Low product differentiation Availability of substitutes: not a necessity
Threat of Substitutes: High	Low product differentiation Low switching costs
Competitive Rivalry: High	Retail industry is highly competitive, High concentration of competitors Low brand awareness between mats, Low product differentiation

Competitor Analysis

Wellness Mats	Gelpro	Imprint	Sheep Mats
<ul style="list-style-type: none"> • 1-2 Day Shipping • 20 year warranty, Price: \$70 - \$930 • Specialty Discounts 	<ul style="list-style-type: none"> • Founded by engineer-housewife couple • Price Range: \$35 - \$125 	<ul style="list-style-type: none"> • Limited (8) selection of mats • Price Range: \$60-\$120 • Discount: \$40 - \$96 	<ul style="list-style-type: none"> • Priced lower than competitors • More product variety • Only Chinese Manufacturer to pass German certification standards for medical and commercial mats.

Other U.S. Competitors: Uline, Rhinomats, Home Depot

Competitor Analysis cont.

ANTI-FATIGUE MATS DATA							
PRODUCT NAME	SIZE	OTHER SIZES AVAILABLE	THICKNESS	DURABILITY	FIRMNESS	TRACTION WHEN WET	SHIFTS DURING USE
Imprint CumulusPRO Commercial	24" x 36"	yes	0.75"	★★★★★	firm	★★★★↓	no
Topo by Ergodrive	26" x 29"	no	2.70"	★★★★★	firm	★★★★↓	yes
Sky Mat	20" x 32"	yes	0.75"	★★★★	medium	★★★★↓	no
Royal	20" x 32"	yes	0.75"	★★★★	medium	★★★★↓	yes
Gorilla Grip	20" x 32"	yes	0.75"	★★★★	medium	★★★↓	yes
Imprint Cumulusg	20" x 36"	yes	0.63"	★★★	medium-soft	★★★★★	no

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Customer Overview

Growing Hispanic population

- Rapid rise in first-time Hispanic home buyers
- Purchasing power has outstripped the rest of US dating back to 1994

Non-Essential Spending

- Annual average growth rate of 4.75% from 2018 - 2022 (comp. 3.95% essential)
- Expected to grow 5.3% y-o-y in 2018

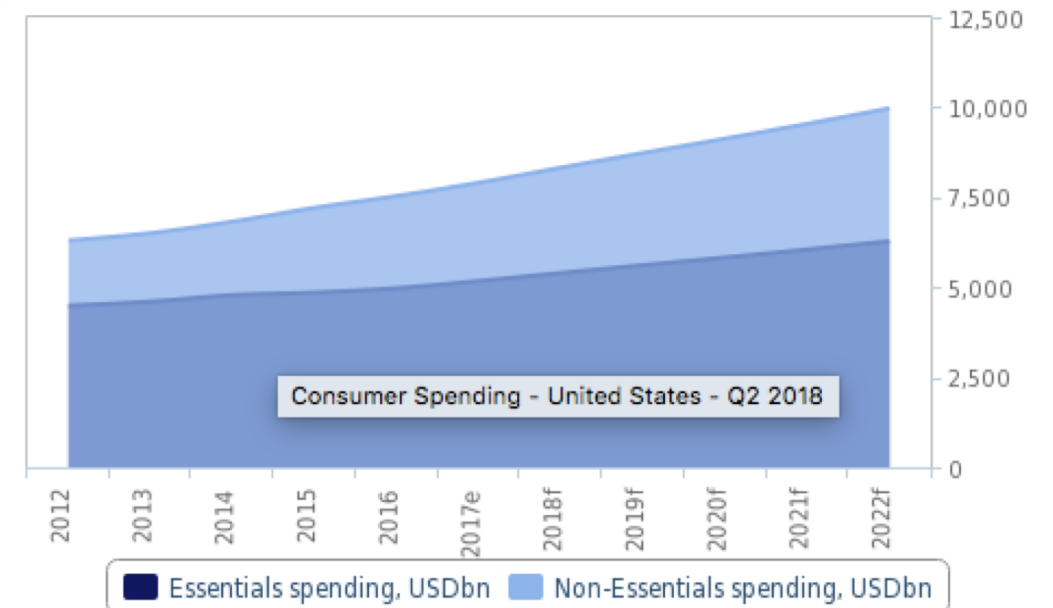
Increase in workplace design spending

Office design for “well-being”

- 60% of workers more motivated when action is taken to support their well-being
- Reducing stress from workplace environments

Essential And Non-Essential Spending

2012-2022



Customer Overview

While middle aged customers are dominant, U.S. adults aged 65+ will rise from 14.6% of total pop to 22.1% in 2050.

Young Adults (18 – 35 years)

- Furnishing and home (lower end)
- Fashion, personal care

Middle Aged (35-64 years)

- Personal effects, health
- Furnishing and home (upper end)

Pensionable Population (65+)

- Health, convenience, care services

Residential Consumer Analysis: Kitchens

Colors: Natural/Organic color schemes

- Bold accents
- Minimal Design
- *Out of Fashion*: Bamboo, Bohemian Tapestries

Themes:

- Farmhouse and Mid-Century Modern
- Stress free environments, simplicity

Opportunities:

- Pet Friendly spaces in the kitchen
- Floor runners for pregnant women and older adults
- Area rugs on the rise (gray, navy)

Residential Consumer Analysis: Bathrooms

Colors: Neutral w/ Organic undertones

- White, gray, and warm brown
- Brass & Gold tone fixtures
- Bold accent walls and floors

Themes:

- Modern, European Mediterranean, Comfort, Nautical, Country
- Strong accent rugs; “Instagram-ready decor”

Opportunities:

- Design your own rugs

Commercial Consumer Analysis: Offices

Global standing desk market to hit \$2.8bn by 2025

- Double digit growth rate during 2017-2025
- Standing desks fastest growing employee benefit in U.S. workplaces

Adoption of ergonomic furniture in the office

- Ergonomic Mats: massage ball, pressure peaks, support mounds

Design

- Colors: bright colors, neutral metallics
 - Unusual material combinations (metals, wood, textiles, stone)
- Themes: unconventional workplaces, minimalist office, neutral or streamlined layouts
- Opportunities:
 - “recharge” station/ comfort spaces

Commercial Consumer Analysis: Salons

Design Trends

- Colors: earth toned palette
- male dominated salons = futuristic look, metal hardware and metallic tones
- Open spaces, entire floor covering, clean lines, tapered edges for ease of rolling salon carts

Opportunities

- Custom shaped mats to specifically shape around base of styling chairs
- Mats that are “high heel-friendly”

Pricing

- Low: \$35.49
- High: \$359.30

Commercial Consumer Analysis: Salons

Key Statistics

- Revenue: \$55.9 Billion
- Annual Growth Rate: 2.5%
- Profits: \$4.6 Billion
- Wages: \$24.9 Billion
- Businesses: 1,286,220

Market Share

There are no major players in this industry

Key External Drivers

Consumer spending

Number of adults aged 20 to 64

Per capita disposable income

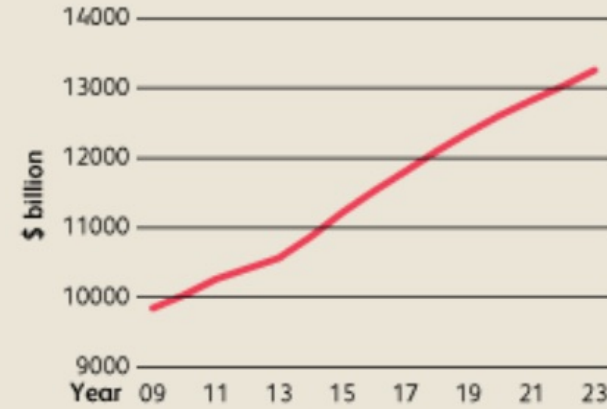
Business sentiment index

Number of households

Revenue vs. employment growth

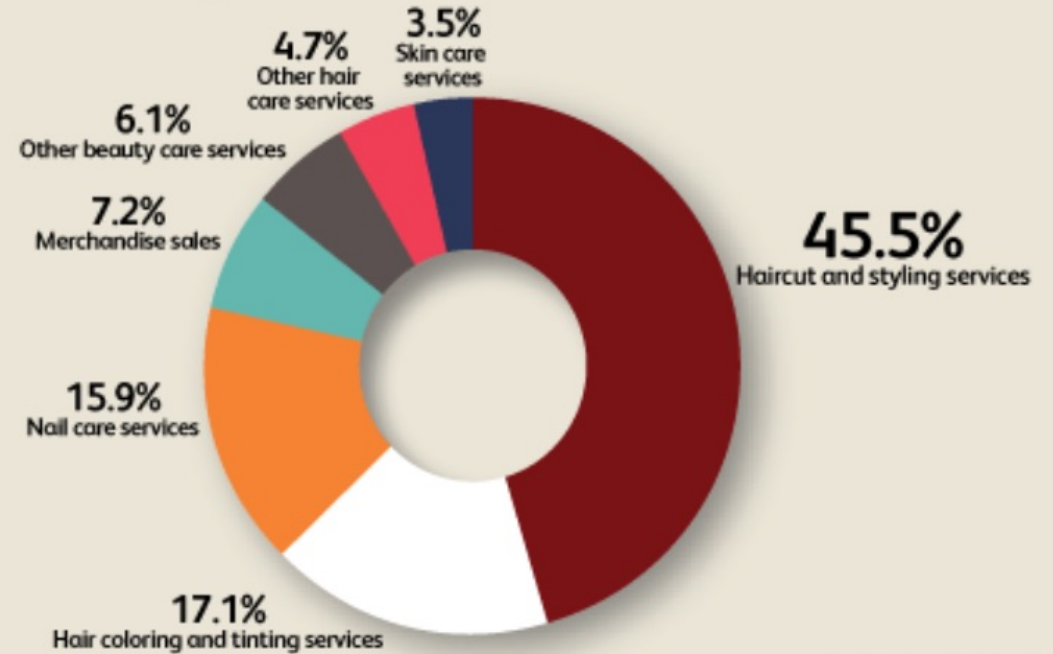


Consumer spending



SOURCE: WWW.IBISWORLD.COM

Products and services segmentation (2017)



SOURCE: WWW.IBISWORLD.COM

Commercial Consumer Analysis: Nursing Care Facilities

Increasing Aging Population

- By 2022, population of adults 65+ will increase to 55.6 million (3.3% annual growth rate)

Important Features

- Lightweight, folds easily, thick cushioning, easy to clean, good traction, complete bedside coverage, tapered edge for wheelchair/walker access

Pricing

- Low: \$65
- High: \$130

Commercial Consumer Analysis: Nursing Care Facilities

Key Statistics:

- Revenue: \$128.7 Billion
- Annual Growth: 3.7%
- Profits: \$18 Billion
- Wages: \$54 Billion
- Businesses: 23,056

Market Share

There are no major players in this industry

Key External Drivers

Federal funding for Medicare and Medicaid

Number of adults aged 65 and older

Federal expenditure on disability benefits

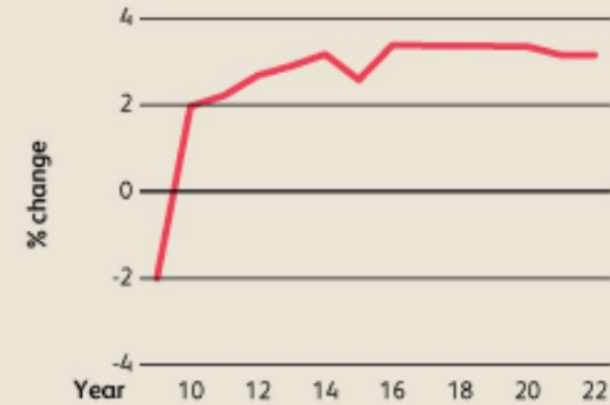
Number of people with private health insurance

Per capita disposable income

Revenue vs. employment growth

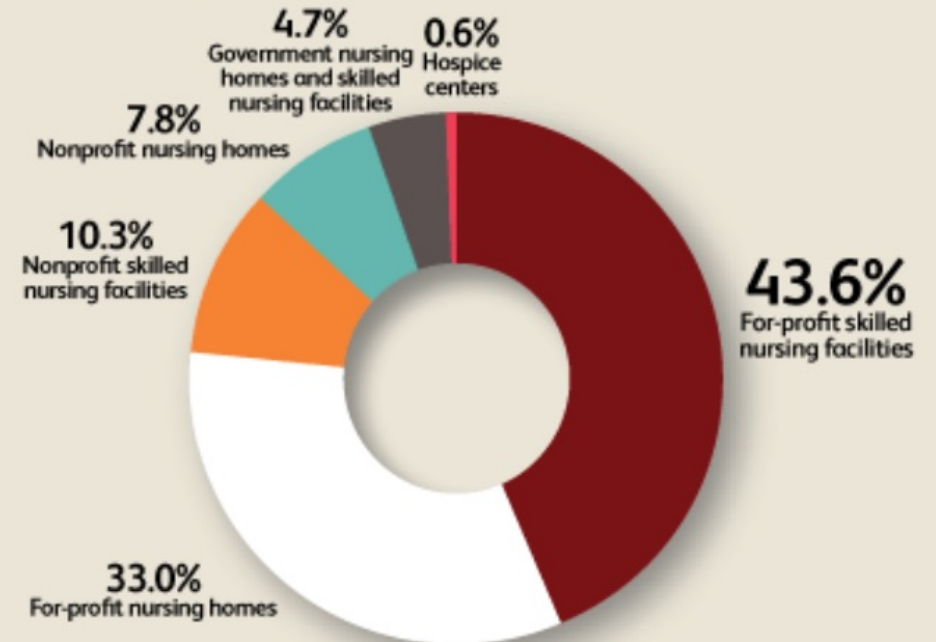


Number of adults aged 65 and older



SOURCE: WWW.IBISWORLD.COM

Products and services segmentation (2017)



SOURCE: WWW.IBISWORLD.COM

Branding Recommendations

Improving Sheep Mats' **digital presence** is the most important and cost efficient way to **attract American consumers**.



Branding Recommendations: Segmenting

Industrial, Medical

- Driven by OSHA standards

Commercial - Salon,
Office, Nursing Care
Facilities

- 30% of industry market share

Residential - Kitchen,
Bathroom, Yoga,
Fitness, Kneeling

- Slowest projected growth due to substitutes for other types of mats

Branding Recommendations: Targeting

Residential – Market Attractiveness: Medium

- High household disposable incomes in US
- Trends towards houseware purchases and health and wellness

Nursing Care Facilities – Market Attractiveness: High

- **OSHA inspecting nursing care facilities for safety hazards**
 - Employees miss work at a rate that is 2.3 times higher than all other private industry businesses combined, largely related to accidental slips, trips, and falls
- **Non-slip mats recommended for fall protection for both employees and patients**

Salons – Market Attractiveness: Medium

- Market saturated with competitors
- Mats custom designed in circular design to fit around salon styling chairs

Branding Recommendations: Positioning

Residential

- Comfort-focused
 - Stay comfortable in your own home
- Safety-focused
 - Avoid potential hazards in your home
 - Protect your family members

Nursing Care Facilities

- Safety-focused
 - Employees: Don't miss work due to a hazardous fall
 - Patients: Protect your loved ones
- Comfort-focused
 - Employees: Stay comfortable on your feet all day long

Salons

- Comfort-focused
 - Save your body from unnecessary fatigue
- Health-focused
 - Avoid work-related health problems

Conclusions

Sheep Mats' competitive advantages:

- Priced lower than competitors
- More product variety
- Only Chinese Manufacturer to pass German certification standards for medical and commercial mats

Opportunities for growth with health and wellness spending trends both in the workplace and in homes

Need to focus on digital presence as main US branding resource

Nursing care facilities are most attractive target market

Questions and Answers

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