

Carbonation Savers

Executive Summary



Company Background

Business Description: We are a co partnership comprised of Kimberly Tse and Rachel Hon. We are a manufacturing and retail company that sells lids as one unit.

Business Model: An innovative silicone lid and coaster for a regular sized soda can and beer bottle

Mission Statement: Our mission is to keep soda lovers happy by keeping their beverages fresh and bubbly even after it has been opened. Unlike other plastic lids out there, our silicone lid is durable, eco-friendly and safer because it contains less chemicals. Because our lid keeps soda fresh for a longer period of time, consumers are more likely to not waste it, so they do not need to buy more cans.

Market Opportunity

Opportunity: Many people enjoys their soda being fizzy, but once a soda can is opened the carbon dioxide in the soda starts to escape and you are left with a flat soda.

Target Market: Our product is marketed to those who consume soda and beer.

Industry Overview: Our industry of those who drink soda and beer is 150 million. There has been a rise in the consumption of soda and beer in the past few years.

Market Research: Many Americans, especially those in Southern States, drink lots of soda and beer according to research from the Center for Disease Control and Prevention and the Gallup Poll

Leadership

Qualifications: We have been in the Academy of Finance for 3 years where we have learned about marketing, entrepreneurship, and the global economy. We are also soda drinkers so we understand our consumers.

Contact Information

Kimberly Tse & Rachel Hon



Carbonation Savers
2164 24th Avenue
San Francisco, CA
94116

Year Founded

2017

Investment Opportunity

\$408.33

Annual Operating Costs*

\$4,900.00

Annual Sales*

\$12,020.00

Annual Profit*

\$1,811.95

Return on Sales*

15%

Return on Investment*

115%

Breakeven Units/Month*

175 Unit/Month

**Projected*

1.1 Business Opportunity

What is your business opportunity?

Many people enjoys their soda being fizzy, but once a soda can is opened the carbon dioxide in the soda starts to escape and you are left with a flat soda.

Describe the problem/unmet need your business is solving?

Carbonated drinks lose their carbonation within an hour. People tend to take their time and enjoy their soda, but after a while it becomes flat and people would stop drinking their carbonated beverage.

How does your business solve the problem/unmet need?

Carbonation Saver is a innovative silicone lid and coaster that contains a tight snap on seal at the top that will guarantee to keep your carbonated drink nice and fizzy for a week.

1.2 Type of Business

What is your type of business? (Manufacturing, Wholesale, Retail or Service)

Describe in detail why you chose this business type.

My business is a Retail product.

1.3 Type of Business Ownership

Which business ownership type did you select for your business? (Sole proprietor, Partnership, LLC, S-Corp, C-Corp) Describe in detail why you chose this business ownership structure.

Partnership

Why did you select this type of business ownership? Why does it make the most sense for your business?

I chose this business ownership structure because we would be able to have more control over our company. Also, we would get more profit.

1.4 Mission Statement

A mission statement is a company's constant reminder to its employees and customers of why the company exists in a concise way.

Our mission is to keep soda lovers happy by keeping their beverages fresh and bubbly even after it has been opened. Unlike other plastic lids out there, our silicone lid is durable, eco-friendly and safer because it contains less chemicals.

Because our lid keeps soda fresh for a longer period of time, consumers are more likely to not waste it, so they do not need to buy more cans.

Describe what your company does best and why in one-two sentences.

Our company is best at making customers happy by providing them with non-flat soda due to our innovative silicone lid.

1.5 Social Responsibility

Social Responsibility is often described as "doing well by doing good." In addition to making a profit entrepreneurs need to consider how they support social good.

How is your business socially responsible? Be specific.

After soda goes flat, people will stop drinking the beverage and it will go to waste. Our product assures that people will continue to enjoy their carbonated drinks after it is opened. Our lid will be made out of silicone, which is a safer material compared to plastic. It is dishwasher safe and it can be reused.

How do you plan to give back to a social cause with either your time and/or money?

Other soda lids out in the market are made of hard plastic, which contains many chemicals and it can be harmful to a person's health, therefore creating a silicone lid would be a better alternative for people to use.

1.6 Qualifications

What are your personal qualifications to run this particular business? (experience, certification, classes, skills) To complete this section refer to your strengths from your SWOT.

As students in the Academy of Finance, we have more knowledge of the global economy and the business industry that would help us determine how our business would fit into our society, We've also taken a Computer applications business course at City College of San Francisco that taught us how to use popular computer programs used in the business industry. We have experience in leadership by participating in clubs and volunteering at school events. Lastly, as soda drinkers, we would put in a lot of effort in creating a product that would keep carbonated drinks fizzy.

What qualifications would your team need to have?

Our team would need more knowledge about carbonation in the soda and how long it lasts.

2.1 Market Research

What industry does your business belong to? Describe why your business fits within this industry.

Cup and Lid industry

It fits within this industry because we are creating an innovative silicone lid that fits a can and bottle

What is the size of that industry? (For example: revenue, services providers, and industry trends)

The cup and lid industry currently makes around \$9 billion dollars and is expected to rise 3.9% to \$10.6 billion in 2020.

What is the size of your potential target market?

The potential size of our target market is 150,000,000

What data did you find that supports your business opportunity?

Soda and beer consumption is on a rise in many states in the South. In a study, they found that consumers are drinking more soda than water and beer comes in third place as the most consumed beverage.

2.2 Target Market

Based on your research, describe your market segment within your target market. Be as detailed as you can, using the following guiding questions.

Demographics: *What objective social and economic facts did you find?*

- All ages, 13 - 50
- Male and Female

Geographics: *Where do your customers live, or where are businesses located?*

- Southern states
- Urban
- Suburban
- Online: All around the world

Psychographics: *What are some psychological characteristics (attitudes, beliefs, interests, etc...) of your customers?*

- Not health conscious
- Drinks soda often
- Drinks beer often

What are the buying patterns for your target market?

- Buys soda often
- Buys beer often

2.3 Competitors

Which direct competitors run similar businesses? Describe these competitors in detail.

Snapp Topp is a direct competitor because their product is also a lid for sodas, but their material and design is very different.

Which indirect competitors fulfill the same want or need with a different business? Describe these competitors in detail.

The Fizz Saver helps to save the carbonation in sodas but only for 2 - Liter sodas.

2.4 Competitive Advantage

Describe your competitive advantage, or what makes your business better than your competitors? Use the following guided questions to help identify potential differentiators for your business:

- ***What product or service can your business provide that your competitors don't?***
- ***What mix of products or services can your business provide that your competitors don't?***
- ***What specialized selling or delivery method can give your business a competitive edge?***
- ***In what unique ways can your business meet customers' wants or needs?***

	Carbonation Savers	Snapp Topp	Fizz Saver
Factor 1: Product description	An innovative silicone lid and coaster for soda cans and beer bottles	Plastic reclosable can topper	2-liter soft drink dispenser
Factor 2: Price	\$4.00 each	\$7.49	\$3.30
Factor 3: Material	Silicone	Plastic	Plactic

List your three competitive advantages that put you ahead of the competition. Go beyond price.

1. Easy to put lid on and take lid off.
2. Eco-friendly to our environment because there are less chemicals.
3. Prevents spillage and includes a grip sleeve

2.5 Business Growth

What trends in your industry could provide additional opportunities for growth?

The market size of the soda industry is about 98 million and according to the statistics, it continues to grow every year. Because the industry is growing more people will likely to purchase our product.

What next steps would you take to grow your business and/or making it operational?

- We would like to expand online and to stores (Amazon, walmart, and target)
- Expand overseas (China)
- Improve the quality of the product
- Lower the cost to manufacture

2.6 Challenges

What trends in your industry could provide potential challenges to your business?

- Health consciousness
- Decrease in soda/beer consumption

What barriers to starting this business exist? What additional education or training could you pursue to overcome these obstacles?

- There are other products already created that solves the carbonation problem.
- Finding a manufacturer

3.1 Definition of One Unit

What is one unit of sale? Remember that a unit of sale is what the customer actually buys from you, so it should be clear and easy to describe.

A silicone lid/coaster plus grip.

3.2 Production Process

List all the steps it takes to get your product or service to your customer. Be specific and add lines if needed.

Description of Process Steps
1. Manufacture Product
2. Package Product
3. Advertise Product
4. Sell product through pop ups and website

3.3 Variable Expenses

List all the variable expenses, materials and labor, related to your unit of sale.

Materials				
Material Description	Bulk Price	Bulk Quantity	Quantity per Unit	Cost per Unit
Food Grade Silicone	\$5.00	20 kg	5 oz	\$0.04
Pigment	\$20.00	5 kg	1oz	\$0.55
Cardboard Gift Box	\$0.15	1 box	1 box	\$0.15
Tissue Paper	\$0.01	1 sheet	1 sheet	\$0.01
Total Material Costs per Unit				\$0.75

Labor		
Cost of Labor per Hour	Time (in hrs) to make one unit	Total Labor Costs per Unit
\$13	0.07 hours	\$0.91

COGS/COSS		
Material Costs	Labor Costs	TOTAL COGS/COSS
\$0.75	\$0.91	\$1.66

3.4 Economics of One Unit

Selling Price per Unit			\$4.00
Variable Expenses per Unit			
Costs of Goods Sold			
Materials	\$0.59		
Labor	\$0.91		
Total Cost of Goods Sold		\$1.5	
Other Variable Expenses			
Commission			
Packaging	\$0.16		
Other			
Total Other Variable Expenses		\$ 0.16	
Total Variable Expenses			\$1.66
Contribution Margin per Unit			\$2.34

3.5 Fixed Expenses for One Month

Expense Type	Monthly Cost	Explanation
Insurance	\$83.33	Business property insurance and Business Liability insurance
Salary	\$0.00	
Advertising	\$250.00	Newspaper/flier and commercial advertising
Interest	\$0.00	
Depreciation	\$0.00	
Utilities	\$30.00	Mixing bowl, spoon, table, printer, labels, ink
Rent	\$45.00	Pop ups: Flea Markets and festivals
Other Fixed Expenses	\$0.00	
Total Fixed Expenses	\$408.33	

3.6 Income Statement for First Year of Operations

A	REVENUE	<i>selling price × units sold</i>		\$12,020.00
B	Gross Sales	<i>selling price × units sold</i>	\$12,020.00	
C	Sales Returns	<i>selling price × units returned</i>	\$0.00	
D	Net Sales	<i>B – C</i>		\$12,020.00
VARIABLE EXPENSES				
Costs of Goods Sold				
E	Materials	<i>cost of materials × units sold</i>	\$1,772.95	
F	Labor	<i>cost of labor × units sold</i>	\$2,734.55	
G	Total Cost of Goods Sold	<i>E + F</i>		\$4,507.50
Other Variable Expenses				
H	Commission	<i>cost of commission × units sold</i>	\$0.00	
I	Packaging	<i>cost of packaging × units sold</i>	\$480.80	
J	Other	<i>cost of other costs × units sold</i>	\$0.00	
K	Total Other Variable Expenses	<i>H + I + J</i>		\$480.80
L	Total Variable Expenses	<i>G + K</i>		\$4,988.30
M	CONTRIBUTION MARGIN	<i>D – L</i>		\$7031.70
FIXED OPERATING EXPENSES				
N	Insurance	<i>cost of insurance × 12 months</i>	\$1,000.00	
O	Salaries	<i>cost of salaries × 12 months</i>	\$0.00	
P	Advertising	<i>cost of advertising × 12 months</i>	\$3,000.00	
Q	Interest	<i>cost of interest × 12 months</i>	\$0.00	
R	Depreciation	<i>cost of depreciation × 12 months</i>	\$0.00	
S	Utilities	<i>cost of utilities × 12 months</i>	\$360.00	
T	Rent	<i>cost of rent × 12 months</i>	\$540.00	
U	Other fixed expenses	<i>cost of other × 12 months</i>	\$0.00	
V	Total Expenses	<i>N + O + P + Q + R + S + T + U</i>		\$4,900.00
W	PRE-TAX PROFIT	<i>M – V</i>		\$2131.70
X	Taxes (15%)	<i>W × 0.15</i>		\$319.76
Y	NET PROFIT	<i>W – X</i>		\$1811.95

3.7 Start-up Investment

What are your start-up expenditures? What are your cash reserves? Complete the table below:

Item	Why Needed	Vendor	Cost
Food Grade Silicone	To make lid, grip, and mold	Alibaba	\$5.00
Packaging	To put product in	Michaels craft store	\$0.16
Pigment	Color silicone	Alibaba	\$20.00
Mixing Supplies	Mix silicone and Pigment	Target	\$8.00
Equipment	Printer, Label, paper, ink, table	Target	\$200.00
Total Start-up Expenditures			\$233.16.
Emergency Fund (<i>1/2 of startup expenditures</i>)			\$116.58
Reserve for Fixed Expenses (<i>covers 3 months of fixed expenses</i>)			\$1224.99
Total Start-up Investment			\$1574.73

How much of this start-up investment can you afford to pay yourself? \$787.37

How much of the start-up investment will you need to finance? (Total Start-up Investment- What you can afford to pay) \$1,000.00 from parents

3.8 Financial Ratios

Return on Sales (ROS):

$$\frac{\text{Annual Net Profit}}{\text{Total Annual Sales}} \rightarrow \frac{\$1,811.95}{\$12,020.00} = 15\% \approx \$0.15$$

Return on Investment (ROI):

$$\frac{\text{Annual Net Profit}}{\text{Total Startup Investment}} \rightarrow \frac{\$1,811.95}{\$1,574.73} = 115\% \approx \$1.50$$

Breakeven Units (Monthly):

$$\frac{\text{Fixed Monthly Expenses}}{\text{Contribution Margin}} \rightarrow \frac{\$408.33}{\$2.34} = 174.5 \approx 175 \text{ Units}$$

4. MARKETING & SALES

4.1 Marketing Plan

A marketing plan focuses on the Five P's: People, Product, Place, Price and Promotion. In this section, describe your people, product, place, and price portions of the marketing plan.

Who are your target customers, and how will you use people to market your business to them?

Our target customers are male and females of all ages, ideally people ages 13 to 50. We also want to target those in the South because more people drink carbonated beverages. People in this age range tend to consume a lot of carbonated drinks like soda and beer. We will target beach goers and families that have outdoor parties. We will hand out fliers and utilize social media to market our product.

What are the features and benefits of your product or service?

The benefit of having customizable lids and grip is being able to identify your drink at parties or gatherings. Our lid will keep your carbonated drinks fresh and prevent foreign objects out of your drink. It also includes a grip that will help prevent cans slipping out of people's hands. The lid also acts as a coaster, which will help keep your can from sliding off the surface.

Where will you sell your product or service?

We will sell our product at pop ups and online. We will also market our product near beaches for people to use at beach parties. We will also partner with restaurants and other companies to have them use our products.

What strategies for determining prices will you use?

To determine our price, we will consider the product prices of our competition and the cost it will take to make our product. We will be selling them for \$4.00 per lid.

4.2 Promotion

In this section, you will describe your promotional strategies that you will use to attract and retain customers. Remember to explain how you will innovatively use existing platforms (such as blogs, social media, etc...) to effectively appeal to your target market.

What advertising will you do as part of your promotional strategies? Why will this form(s) of advertising be effective for reaching your target market?

Our main advertising strategy is through the use of ads and personal selling. These forms of advertising will be effective for reaching our target market because most of the people who we are targeting often use social media and read newspapers, therefore having ads in these sources will help get the word out. We are mainly selling this product to people who drink carbonated drinks often, so we are leaning towards a certain group of people. Many people are on social media so it would be easy to connect with our customers.

What visual merchandising will you do as part of your promotional strategies? Why will this visual merchandising be effective for reaching your target market?

Many products these days are packaged with plastic or non recyclable material. Instead of using these materials to package our product, we will be using recyclable cardboard gift boxes. This way it will be better for the environment and it might attract more customers.

What publicity and public relations will you include as part of your promotional strategies? Why will these publicity and public relations initiatives be effective for reaching your target market?

We will have ads in newspapers and social media. This will be effective because there are many people, teens and young adults, who uses social media and having our ad on a social media page will allow people to discover our product. There are also a lot of people, older adults, who still read the newspaper. We will also plan to have a product launch party, allowing people from around our neighborhood to discover our product.

What sales promotions will you include as part of your promotional strategies? Why will these forms of sales promotions be effective for reaching your target market?

When a customer purchases our product we will also include a grip for the can to prevent the can from slipping out of your hand

4.3 Sales Methods

What will be your overall personal selling strategy to get sales from customers in your target market?

We will be using social media to connect with our customers. We will also attract our customers with our artistic displays and packagings of our product.

4.4 Sales Estimates

In this section, you will detail your first-year sales estimate. Use the following guiding questions to help with your estimates.

Maximum Capacity: What are the maximum amounts of units could you physical make or deliver in a month?

It takes 0.07 of an hour to make a single lid.

$0.07\text{hr} = 4.2\text{ min}$

$0.07\text{ hr} = \$0.91$

Spend Two hours a day to make lids

$120\text{ mins} / 4.2\text{ mins} = 28.6 = \text{about } 28\text{ lids}$

$28 \times 7\text{ days} = 196\text{ lids per week}$

$196 \times 4\text{ weeks} = 784\text{ lids per month}$

The maximum amount of lids we can make in a month is 784.

Break-Even Units: How many units do you need to sell to cover fixed expenses every month?

We need to sell 175 units to break even.

Market Analysis: How many units can you sell based on your number of customers in your target market segment?

The size of our target market is 150,000,000. Since we are a small business, our goal is to first have our product be known in our city and slowly expand out throughout the state. The total population is 316,128,839. Our target market is 47% of the total population. The total population of SF is 837,442, therefore 47% of that population is 393,597.

According to Etsy sellers, their average sales ranges from 0 to 50 a day. On average, 25 sales per day. If we make 25 sales per day we will make \$100.00/day. The maximum

amount lids we can make is 784, if the sales are consistent, we would need 750 to earn \$3,000.00 per month.

Seasonality: How will sales be affected by different seasons and holidays? How will your ability to produce be affected by sales and holidays

In the beginning, when we first start our business, our goal would be to meet our break even point. A couple months after our product would be known and our sales would start to increase. Once summer hits, our sales would increase drastically due to the hot weather. People would want to drink something cold and refreshing and most of them would choose a carbonated drink. After the summer is over we estimate that the sales will start to go down a little bit because the weather is starting to get cold and not a lot of people will be drinking a cold drink, but our sales will still be over the break even goal because our product should be well known to the community and there should still be sales coming in.

Month	Units	Revenue
January	175	\$700.00
February	175	\$700.00
March	185	\$740.00
April	190	\$760.00
May	230	\$920.00
June	350	\$1,400.00
July	400	\$1,600.00
August	360	\$1,440.00
September	300	\$1,200.00
October	250	\$1,000.00
November	200	\$800.00
December	190	\$760.00
Annual Total	3,005	\$12,020.00

