

# **Coros Research Project**

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## Table of Contents

Executive Summary .....	2
1 Background.....	3
2 Market Overview .....	3
2.1 Market Size .....	3
2.2 Market Trends.....	5
2.3 Competitiveness Analysis .....	5
2.3.1 SWOT Analysis .....	6
2.3.2 Porter’s Five Forces Analysis.....	6
3 Business Objectives .....	7
4 Marketing Strategy and Implementation .....	8
4.1 Positioning.....	9
4.2 Proposed Strategy .....	9
4.2.1 Earned Media .....	9
4.2.1.1 Print Media .....	9
4.2.1.2 Social Media Outreach .....	13
Youtube Channels .....	13
Instagram .....	14
Blogs .....	14
4.2.1.3 Associations and Clubs.....	14
4.2.2 Paid Media .....	15
4.2.3 Owned Media .....	15
5 The Future .....	16
5.1 Challenges .....	16
5.2 Opportunities .....	16
Appendices.....	18
Appendix 1: Coros Products .....	18
Appendix 2: Competitor Information.....	19
Appendix 3: Blue Ocean Strategy Analysis .....	22
Appendix 4: Market Research .....	24
Appendix 5: Paid Media Purchases .....	25
Appendix 6: Query Search .....	28

## Executive Summary

Coros Wearables, Inc. is a sports equipment manufacturer whose product line includes smart watches and technology-integrated cycling helmets known as smart helmets. Originally a Chinese company, Coros seeks to emerge as high-end sports equipment brand in the U.S. market. After establishing itself in the U.S., Coros seeks to leverage its reputation as American producer of premium products and export its products globally.

Despite early successes through crowdfunding websites, Coros has had difficulty penetrating the market and securing a commanding market share. Market and competitor analysis show the smart helmet market to be highly competitive: a ‘red ocean’ with many incumbent players who offer similar products. To distinguish itself from the competition, Coros must entertain the following actions: (1) emphasize their products’ points of differentiation, (2) identify avenues by which it can reach consumers and outmaneuver the competition and (3) possibly cater to a consumer base whose needs have not yet been addressed by competitors.

The research found in the report asserts a market size of 4.17 million consumers to which Coros can market its products. These consumers fit a distinct profile with greater emphasis on safety and less emphasis on technology: a segment which competitors may be failing to address. Further research in market trends reveal ample growth in the wearable technologies/smart devices realm. Comprehensive competitive analysis of Coros and its 9 major competitors was also conducted, revealing high levels of product similarity.

The proposed strategy contains numerous short to medium-term goals that will put Coros in a position to successfully pivot to international markets in the future. All areas of the marketing mix: product, price, positioning and promotion have been addressed. Because the product has already been introduced and reduction in the price point is largely inelastic, emphasis is placed on recommended changes to positioning and promotion. A multi-layered combination of earned, paid, and owned media, in addition to specified salesforce tactics will allow Coros to outmaneuver the competitors and assert itself in a crowded product segment. By pursuing a different target audience and tailoring the OMNI message to that audience, Coros can successfully reposition the OMNI Smart Cycling Helmet as a safety leader in the Smart Helmet market space.

## **1 Background**

Coros Wearables, Inc. is a sports equipment manufacturer, co-located in Redmond, WA and San Mateo CA. whose product line includes the PACE smart watches and OMNI and LINX cycling helmets (See Appendix 1 for pictures). Coros is a global start-up and subsidiary of YF Technology, a profitable and well respected Chinese/Hong Kong consumer electronics company. Since being established in 2002, YF tech has grown to over 275 employees and \$200M in revenue in 2014.

The LINX Smart Cycling Helmet was brought to market via a successful Kickstarter campaign in 2016. The Kickstarter campaign raised \$319,765 from 2,135 backers. The LINX helmet is specifically designed for road cycling. It uses bone conduction technology placed on the helmet straps, which rests on the rider's cheekbones and allows the rider to hear without safety issues of using ear buds. Bone conduction sends small vibrations directly to the inner ear and bypasses the ear canal and eardrum, leaving the ear completely open and aware of external noises such as cars or conversations with fellow riders. The LINX helmet also has a wind-resistant microphone near the forehead for two-way communications. In addition, LINX ships with a wireless smart remote so the rider can keep their eyes on the road and hands on the bars while controlling their media and calls with the tap of a button. Coros has received and fulfilled more than a thousand helmet orders to US dealers.

After the successful launch of the LINX Smart Cycling Helmet, Coros launched an Indiegogo campaign for their second generation product, the OMNI Smart Helmet Cycling. The OMNI Smart Helmet Cycling helmet varied in three main aspects compared to the LINX. First, the LINX was designed predominantly for road cycling while the OMNI is a hybrid for both road and mountain cycling. Road cycling helmets tend to not have a visor as it can obstruct the cyclist's vision on the road. Visors can also act as wind sails and slow the road cyclist down. The OMNI helmet comes with a detachable visor, allowing it to be used in either environment. The OMNI is also 50 grams lighter with more airflow vents. The second main difference is that the audio has been improved from the LINX. Finally, the OMNI offers an LED feature allowing riders to signal their direction as well as to provide additional visibility at day or night. The LED safety feature also automatically activates at night due to a built-in light sensor. Currently, the OMNI helmet is only available in a medium and large size.

## **2 Market Overview**

### **2.1 Market Size**

The total available market is the total market demand for the Coros OMNI helmet. This includes all consumers who gave some interest in the product or for whom the product may be potentially

relevant. For Coros, this includes all bicyclists in the United States, which is currently listed at 66 million<sup>1</sup>. In 2015, the bicycle market size was estimated at over \$6 billion dollars<sup>2</sup>.

The served available market is the set of customers who have interest in the product and have the necessary market access and income for the smart helmets. Coros is seeking to market the OMNI helmet as a luxury product. There are six social classes in the United States:

- Upper Class - 1%
- Lower Upper Class - 2%
- Upper Middle Class - 14%
- Lower Middle Class - 26%
- Working Class - 30%
- Lower Class - 27%

As Coros is intending to position the OMNI helmet as a higher quality product and is charging a higher price, the served market would be the upper middle class and up (17%).<sup>3</sup> Therefore, the total served available market would be roughly 11.22 million people.

The target market is the set of consumers who Coros should pursue based on different segmentation strategies (e.g. socio/psychographic, lifestyle). In a survey conducted by Forbes, 2000 cyclists were polled to determine their bicycling preferences.<sup>4</sup> The results of the survey divided the bicyclists into the following four categories:

- Path-using Cyclists (36%):
- Dedicated Cyclists (24%)
- Fairweather Utilitarians (23%)
- Leisure Cyclists (17%)

Both Path-using cyclists and Dedicated Cyclists are characterized as avid bicyclists who identify cycling with part of their identity. While it initially appeared as if these consumers would be the ideal target consumers, the team realized that targeting these consumers would mean competing in a red ocean. Avid bicyclists may be less willing to try a new brand compared to the other well-established brands. Furthermore, the main point of differentiation of the OMNI helmet is the various safety features. An article from the Portland Bureau of Transportation titled “Four Types of Transportation Cyclists” analyzed how safety concerns affected the biking patterns of bicyclists in Portland.<sup>5</sup> The results of their survey can be seen below.

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<sup>1</sup> <https://www.forbes.com/sites/paullamkin/2017/06/22/wearable-tech-market-to-double-by-2021/#cc9126ed8f3e>

<sup>2</sup> <https://www.statista.com/statistics/227415/number-of-cyclists-and-bike-riders-usa/>

<sup>3</sup> <https://courses.lumenlearning.com/boundless-sociology/chapter/the-class-structure-in-the-u-s/>

<sup>4</sup> <https://www.forbes.com/sites/michelinemaynard/2013/08/27/whos-out-there-on-the-roads-the-4-types-of-cyclists/#61150d1d7c55>

<sup>5</sup> <https://www.portlandoregon.gov/transportation/article/158497>

- Strong and Fearless: <1%
- Enthused and Confident: <7%
- Interested but Concerned: 60%
- No Way No How: 33%

The article states that the number one fear of bicyclists is automobile collision. It is reasonable that the avid bikers would fall into the ‘Strong and Fearless’ and ‘Enthused and Confident’ categories and would not be as interested in the safety features of the OMNI helmet. Cyclists who are not avid bikers however, and limit their cycling to neighborhoods or areas of less traffic due to safety concerns, would be the ideal target market for Coros. The differentiating safety features would address their concerns with biking in urban areas and possibly expand their cycling activities. The combination of non-avid bikers (40%) and bikers concerned with safety (93%) would be roughly 4.17 million.

## 2.2 Market Trends

As technology continues to advance and a new generation of consumers, who grew up with technology begin to fill the market, the demand for wearable technology and smart devices is on the rise. An article by Forbes in 2017, predicts that the wearable tech market to double by 2021. Forbes estimated that 125.5 million wearable devices were shipped in 2017 and predicts the total number to reach 240.1 million by 2021.<sup>6</sup> The demand for smart devices is evident in all aspects of consumer products (e.g. Apple watches, Amazon Alexa) and can even be seen in the medical field (SMART implants). In addition to the rise of wearable technology, the average age of cyclists has continued to decrease, while the average household income of cyclists continue to rise.<sup>7</sup> The decreased average age of cyclists is beneficial for Coros as younger people tend to be early adopters to new technologies. The greater the average household income means greater disposable income to spend on consumer goods. The combination of these trends is promising for Coros and presents a prime opportunity for Coros to launch the OMNI smart helmet.

## 2.3 Competitiveness Analysis

The market environment and competitors were evaluated to determine the viability of the OMNI product line. The leading vendors in the Smart Helmet Industry are Babaali, Forcite, DAQRI, Nand Logic, FUSAR, LIVALL, LifeBEAM, Lumos Helmet and Sena. Additional information regarding each competitor can be found in Appendix 2.

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<sup>6</sup> <https://www.forbes.com/sites/paullamkin/2017/06/22/wearable-tech-market-to-double-by-2021/#4a9561a5d8f3>

<sup>7</sup> <https://www.forbes.com/sites/paullamkin/2017/06/22/wearable-tech-market-to-double-by-2021/#4a9561a5d8f3>

### 2.3.1 SWOT Analysis

The following table was produced based on the analyses of the top competitors in the Smart Helmet Industry.

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>● Safety Focused design and features</li> <li>● Open ear wireless Bone Conduction</li> <li>● Smart Remote for audio control</li> <li>● Day/ Night LED Safety illumination</li> <li>● G-Sensor emergency alert system sends SMS and GPS location</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>● Sound Quality</li> <li>● Capital for marketing</li> <li>● Customer Support only via email and local dealers</li> <li>● In US, available in Online - Coros.com, amazon.com and selected cycling retail shops</li> <li>● Lack of Sustainable Competitive advantage</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>● Other consumers are more focused on technological features rather than on the safety aspects</li> <li>● Enhance and Improve existing features like sound quality.</li> <li>● Expand the distribution to more online sports sites, cyclic and sports retail vendors.</li> <li>● Marketing via Paid Media and Digital</li> <li>● Add more value to customers</li> <li>● Implement CRM</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>● Competitors with better research-intensive strategies</li> <li>● Competitors can produce similar products or slightly different products</li> <li>● Most of the features have an alternative solution for customers</li> </ul>

Reviewing the different options on the market revealed that there were other competitors offering products with similar features. However, it appears as if the top competitors do not offer the same amount of safety features as the OMNI. This presents a large opportunity for OMNI to focus on this strength to be able to differentiate them from their competitors.

### 2.3.2 Porter’s Five Forces Analysis

A Porter’s Five Forces Analysis was conducted to evaluate the competitiveness of the OMNI product.

- Threat of New Entrants: The threat of new entrants is **Medium to High** due to the low capital expense, low patentability likelihood, and few barriers of entry. Just as Coros was funded through social crowdfunding websites, other new entrants can adopt a similar strategy.
- Rivalry among Existing Competitors: There is **High** competition in this market space. There are at least 8 other competitors who make similar smart helmets with similar features. Coros is also priced on the higher end with limited points of differentiation.
- Bargaining Power of Suppliers: The bargaining power of suppliers is **Low**. Coros currently manufactures the OMNI smart helmets in China, where cost of raw materials and labor are low, with plenty of other alternatives.
- Bargaining Power of Buyers: Buyers in this market have **High** power as there are other similar products on the market they can buy from. Additionally, Coros is a newer brand with less brand recognition, which may make it difficult to entice buyers.
- Threats of Substitutes: The threat of substitutes is **Medium to High**. Aside from other smart helmets, Coros could be substituted with regular helmets or listening devices (e.g. headset). As many consumers may only value certain features of the OMNI helmet, they could satisfy their need with multiple different products currently on the market at a lower cost.

In summary, the market environment for Coros is saturated with competition and difficult to navigate. To be able to succeed, Coros must be able to find an untapped market and prevent direct competition with other cycling helmet manufacturers.

### **3 Business Objectives**

Despite the success of the initial Kickstarter campaign, Coros' first helmet, LINX, suffered a slow start in 2017. Real marketing dollars were spent on unsuccessful social media and affiliate marketing campaigns. A marketing agency was hired to carry out social media campaigns on FaceBook, Instagram and twitter. They, however, did not conduct a well-executed target campaign. Instead, the marketing agency merely promoted campaigns targeting the general audience. In addition, those campaigns were mostly sales and promotion rather than telling a story or building a connection with the audience. Furthermore, operational cost reached over \$1 million for 2017, due to attending various cycling events, expos and trade shows. Coros were not able to offset their costs as sales were not high. Coros only sold 4000 total helmets (online and offline) compared to the 3000 pieces sold by Kickstarter. In 2018, the OMNI campaign was launched in Indiegogo platform and raised over \$100,000 from 800 backers. The management

team needs to rethink about how and when Coros can achieve their objectives before implementing the marketing strategy for OMNI, the second generation helmet after LINX.

The ultimate goal for Coros is to become the leading and premium player in smart cycling helmet market. In order to get there, several sub-goals need to be considered and achieved in 2018.

1. Profitability
  - a. Achieve Breakeven
  - b. Individual bike dealers
    - i. Raise the MSRP by \$10 to \$209. Raise dealer cost from \$100 to \$130 and offer a volume instant rebate with \$120 as the lowest cost if order 20+ units.
  - c. Online channels
    - i. Raise the MSRP to \$209 on Amazon and Coros will enjoy roughly 35% margin.
    - ii. Increase sales in Coros.com to gain 50% margin
  - d. Operation
    - i. Move the third party logistics to California and implement a full Enterprise Resource Planning system to streamline and automate order and inventory procedure.
2. Growth
  - a. Get into at least one big-box retailers like Costco, BestBuy, REI
  - b. Expand to 200 individual bike dealers nationwide
  - c. Increase Amazon Best Sellers rank to top 30 under Adult Helmets segment
3. Market share
  - a. 30,000 units for 2018 worldwide (NA, EU, SEA, AU)
  - b. 15,000 units for North American market.

#### **4 Marketing Strategy and Implementation**

As there are many competitors with similar products in the smart helmet market space, the current market environment is a typical 'red ocean'. Especially as a small company with limited funds, it is difficult for Coros to be able to directly compete with incumbent competitors who have the first mover advantage. To break into this market and secure market shares, Coros must be able to create new consumer value and compete in a 'blue ocean' (the strategy canvas framework can be seen in Appendix 3). The analysis of the competitors and market shows that Coros' differentiating features is the additional safety features they offer (e.g. Emergency LED lights, Emergency Alert System, Bone Conduction technology for full environmental awareness). Consumers who avoid cycling in heavy traffic areas due to safety concerns is believed to be the 'blue ocean' target consumers. Described in the market size analysis above, these consumers are estimated to number approximately 4.17 million, which represents

significantly more consumers than Coros was able to target in 2017. The following proposed strategy outlines how Coros can target these consumers.

#### **4.1 Positioning**

Coros is currently priced at the higher end compared to other smart cycling helmets, which is consistent with their image as a luxury product. Market research has shown however, that when customers walk into a specialty store and tried our helmet via POP display, often times they find out that what we are priced now is lower than their expectations. Additionally, as brand names are associated with a higher quality products, generally consumers also associate higher price to higher quality. For Coros to provide a sense of assurance when riding, it must also be adequately priced to reduce any concern of using a lower quality product.

Direct market research was conducted to determine how best to reach our target market. The following three shops were interviewed to determine how they order products (Refer to Appendix 4 for additional information). The three shops varied in size. One was a local store with only two locations while the other were two are nationwide bicycling chains. The managers at these stores stated that they only carry new products if the product is very popular or is frequently requested by customers. One of the larger bicycling chain managers stated that many of their customers read different cycling magazines and often request new products featured in their pages.

#### **4.2 Proposed Strategy**

Currently, Coros uses sales representatives to target independent bicycle shops and chain bicycle shops around the country but has limited outreach to customers. While Coros has a website, its customer outreach potential is limited. The proposed strategy focuses on expanding Coros' exposure through paid and earned media, partnering with local associations, and strengthening its owned media.

##### **4.2.1 Earned Media**

The earned media strategy is the cornerstone of the marketing strategy for two reasons. First, it presents the opportunity to reach millions of consumers without spending a dollar on advertising. Second, it presents the opportunity to move the product from the red ocean of typical cycling helmet consumers to a blue ocean of new cyclists who feel empowered to ride more frequently due to the safety features of the Omni. The goal of the earned media strategy is to expand the outreach of Coros to the target market.

###### **4.2.1.1 Print Media**

The key to success in execution is to craft finely tuned hooks to use on the journalist identified as targets at the most promising publications. Once a hook is set with a journalist Coros will then

begin to flood their zone with all of the information and resources they will need to write a positive story.

When working with journalists, it is important to keep three things in mind. First, journalists, generally speaking, have a deep respect for truth and accuracy, so being truthful and accurate in statements to them is a prerequisite for success. Second, journalists are always working on deadlines, so it is vital to be prepared to use a story hook to land them at a moment's notice. Third, time is a precious commodity for a journalist, so making as much information available to them as possible makes their job easier and makes it more likely to place a positive story.

In order to increase Coros' chances of success in placing stories with the targeted journalists Coros will create an exclusive product testing experience for each one. A typical session will begin with a meeting at the Washington area office where they will do a 30 minute presentation on the origins, construction, and performance of the Omni. They will have the journalists meet an engineer who worked on the development of one of the safety features of the product – either the bone conduction sounds system or the G-Sensor Emergency Alert System. Coros will then bring each journalist on a cycling ride through Rock Creek Park. They will use this opportunity to allow the journalist to test the Omni's features as well as demonstrate, with dramatic effect, the performance of the helmet in a crash using a test dummy. Finally, Coros will take the journalist to lunch after the test ride in order to answer any additional questions they may have about the product. This may seem like an elaborate, expensive, and time-consuming plan but it is still cheaper and creates more impressions than paid media. This level of effort is absolutely necessary Coros hopes to be successful in placing a positive story about the OMNI.

The above plan establishes the goal of the earned media campaign, develops a basic understanding of the rules of working with the press, and outlines out a concise plan to expose target journalists to the OMNI. It is now time to proceed to lay out the specific steps of the earned media strategy. Below is a synopsis of our strategy for each targeted publication.

## **Nationally Circulated Newspapers**

### **1. New York Times**

- **Section Placement:** The aim is to place a story about Omni in the Move subcategory of the Well blog in the Health Topic of the paper. This section covers outdoor activities such as running, cycling, and other exercise activities. Link: <https://www.nytimes.com/section/well/move>
- **Journalist:** [Tara Parker-Pope](#). Parker-Pope is the target journalist because she typically writes about physical activities that help achieve wellness. She is the founder of the Well blog at the New York Times and has been with the paper for ten years. Prior to joining the Times she was marketing report and health journalist at the Wall Street Journal from 1993 to 2007. She is a seasoned journalist so we will need to bring our A-Game to make a good impression.
- **Timing:** Reach out in early April. Schedule personalized testing section for early May. Have a column placed by end of May.

- **Hook:** The Coros Omni cycling helmet makes a new level of safety available to amateur cyclists, which can provide the added confidence in safety needed to turn a casual cyclist into an avid cyclist.

## 2. Wall Street Journal

- **Section Placement:** The aim is to place a story about Omni in the [Fitness Section](#) of the Health Topic of the paper. This section covers personal fitness with what appears to be a focus on gyms and fitness products.
- **Journalist:** [Rachel Bachman](#). Bachman is the target journalist because her beat is focused on fitness and exercise. She has 23 years of experience as a journalist. She began her career as a sports reporter with The Oregonian and moved to the Wall Street Journal in 2011. This is another seasoned journalist we can't roll. She appears to be an active athlete so our personalized product testing experience may be helpful. In July 2017 she wrote a piece titled [How Cyclists Can Stay Safe on the Road](#), which demonstrates her interest in cycling safety and can be used as part of our hook.
- **Timing:** Reach out in early April. Schedule personalized testing section for early May. Have a column placed by end of May.
- **Hook:** “Rachel, we read your piece on road cycling safety. We believe our new Omni cycling helmet will fundamentally change the way cyclists think about and experience safety on their bikes. We would love to give you the opportunity to introduce you to our product!”

## 3. Washington Post

- **Section Placement:** The aim is to place a story about Omni in the [Health and Science Section](#) of the paper.
- **Journalist:** Jenna Gallegos. Information on Jenna Gallegos is scant. That being said, based on the stories she has written over the past 24 months she seems to be the best fit at the WaPo to write a story about a cycling helmet as it relates to fitness and safety. For example, she wrote a story in September 2017 titled, [A better bike helmet might look funny and be made of new materials](#).
- **Timing:** Reach out in early April. Schedule personalized testing section for early May. Have a column placed by end of May.
- **Hook:** “Jenna, we read your piece on better bike helmets from last September. Our new helmet, the Omni, has the opportunity to make cycling safer for a new generation of cyclists. Our G-Sensor technology alerts loved ones in the event of an accident. Would you be willing to allow us to introduce you to our product?”

## Magazines

### 1. Outside

- **Section Placement:** The aim is to place a story in the Bike Snob column in the magazine, which has a tagline of, “Mercilessly disassembling cycling culture.” This section is

geared toward the casual to avid cyclist and covers not only cycling gear but the culture as well.

- **Journalist:** [Eben Weiss](#). Weiss is the author of the Bike Snob column in the magazine. He is a former literary agent who blogged anonymously for years before landing a book deal. He is in his mid-forties and lives in the Bronx. He is an excellent target because he seems to have a loyal following in the cycling world that also translates to social media. A successful story placement with Weiss has the potential to dramatically increase sales of Omni. Pitching Weiss is a high-risk, high-reward move that will require an all-hands effort from the communications shop to ensure success. Coros should go to his turf in New York City rather than have him come to us. Let him pick the trail for the ride demonstration. Bring him to a top-rated, hip restaurant in Brooklyn after the ride and be prepared to get peppered with questions post product testing. Remember, honesty is the best policy. Weiss seems to hate phonies.
- **Timing:** Begin pitching Weiss in early May with the intention of having a story in the July print issue that would hit subscriber's mailboxes and newsstands on June 12, 2018.
- **Hook:** "Eben, we are avid readers of your work. Your ideas on cycling safety and culture have been influential in our development of the Omni helmet. We would like to come to New York in order to personally introduce you to the Omni and answer any question you may have about it. We look forward to hearing from you soon."

## 2. Men's Health

- a. **Section Placement:** It would be ideal to place a review of the Omni in the September issue of the magazine titled *The Fall Guide to Style & The Data Issue* to position the Omni as both safe and fashionable.
- b. **Journalist:** [Dan Michel](#). Michel is the Fashion Editor at Men's Health, which may seem like an unlikely target to pitch the Omni. That being said, pitching Michel presents an opportunity to present Omni as both safe and stylish! Support for this theory can be found in his May 2017 article titled [The Best Bike Commuter Clothes for Men](#).
- c. **Timing:** Coros will begin pitching Michel in late May with the intention of having a review or story about the product in the *The Fall Guide to Style & The Data Issue*, which will hit subscriber's mailboxes and newsstands on August 7.
- d. **Hook:** "Dan, we appreciate your eye for fashionable athletic wear. We would love the opportunity to introduce you to our new Omni cycling helmet. We believe the Omni is not only stylish, but has groundbreaking safety technology for a cycling helmet as well."

## 3. Bicycling

- **Section Placement:** In January the Omni was mentioned in two stories. The first was posted on January 10, titled, [The Coros Omni Helmet Lets You Safely Listen to Your Favorite Tunes While Riding](#). The second was posted on January 18, titled, [The Best Tech for Cyclists We Saw at CES 2018](#). Though some would think it redundant to keep pushing for stories in Bicycling, it is viewed as an excellent opportunity to create repeated free impressions with a core audience of cyclists. The goal for the next Coros piece in the

publication is to have the journalist focus on the user-friendly technology of Omni while also presenting it as fashionable and safe. Sections of *Bicycling* seem fluid at best, so any press will be satisfactory. In the case of *Bicycling*, the proposed strategy is simply attempting to flood the zone.

- e. **Journalist:** Information for journalists at *Bicycling* is exceedingly difficult to obtain. The most promising candidate is Matt Phillips who wrote the January 18 piece mentioned above.
- f. **Timing:** Coros would like to have a highly visible piece in the August issue titled *Geek Out! The Tech Issue*, which hits subscriber's mailboxes and newsstands on July 10. Therefore, we will begin pitching Phillips in late April, and run an exclusive testing session for him in late May or early June.
- g. **Hook:** "Matt, we realize you have written about the Coros Omni in the past, but we would appreciate the opportunity to introduce you to all of the features of our product in an exclusive testing session."

#### 4.2.1.2 Social Media Outreach

Until October of 2016, companies operating on major online retail sites such as Amazon.com would commonly provide trial products, discounts or monetary compensation to customers willing to post their supposedly unbiased product reviews.<sup>8</sup> This is also true of particularly influential customers who've established a social media presence. Recognizing the value of identifying and exploring the variety of channels by which Coros can reach cycling enthusiasts, a number of influencers have been identified who've leveraged outlets such as personal blogs, vlogs, instagram and youtube to reach the cycling community at large.

Search engines filter and rank results based on a variety on factors. For instance, Google uses a complex algorithm with more than 200 factors affecting the ranking of content viewed on search engine results pages.<sup>9</sup> Likewise, YouTube filters a ranks results based on factors such as length of video, number of shares, number of views, comment count and others.<sup>10</sup> The proposed methodology for identifying influencers is to query keywords such as "bicycle helmet review" and record details about each result based on relevance to Coros products.

#### Youtube Channels

YouTube influencers often use their channels to generate revenue by offering advertising spots or other arrangements with companies such as reviewing products, product placement, or outright endorsement. The benefits of this arrangement to product marketers are: (a) increased brand visibility, (b) increased product visibility, (c) access to a community of high-information /

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<sup>8</sup> <https://reviewmeta.com/blog/analysis-of-7-million-amazon-reviews-customers-who-receive-free-or-discounted-item-much-more-likely-to-write-positive-review/>

<sup>9</sup> <https://backlinko.com/google-ranking-factors>

<sup>10</sup> <https://backlinko.com/youtube-ranking-factors>

high-involvement consumers and (d) perceived trust in product due to reviews being conducted by a trusted authority.

Different Youtube channels were identified that could become avenues to reach the target audience. The queries identified six YouTube channels which: (a) provide product reviews, (b) focus in the domains of the Coros target audience, and (c) have a combined reach of more than 3 million subscribed YouTube accounts. These names of these channels and their reach is identified in Appendix 6. The larger of the channels feature how-to buying guides, through which we could utilize targeted advertising, while the smaller channels feature product reviews. One particular type of youtube video, a video blog or vlog for short, can be a particularly influential way to reach consumers. Three vloggers and their reach are indicated in Appendix 6.

### **Instagram**

Instagram is a photo and video sharing social media platform with 500 million daily active users (DAUs) as of December 2017.<sup>11</sup> Eight instagram users were identified who post cycling-related content that seems attractive to the target audience and command a combined following of more than 1.2 million users. The names of these accounts and their reach is identified in Appendix 6.

Coros can engage with these users similar to how vendors on Amazon have engaged with customers by offering sample products, discounts or other types of compensation in exchange for reviewing or promoting a product it to their user base. Even just a ½% penetration rate would yield sales volumes of more than 6,000 Coros helmets.

### **Blogs**

Cycling blogs provide a similar boost in product and brand visibility, particularly as an owned or earned media source. Coros may decide to pursue publishing its own fitness blog, or it may attempt to earn coverage of bloggers seeking to review the latest products in cycling technology. A table of high-visibility blogs, along with their facebook and twitter reach is listed in Appendix 6. However, it is important to note that Coros does not need to be limited to cycling blogs; it may also expand into publications regarding safety in general.

#### **4.2.1.3 Associations and Clubs**

Cycling is largely a communal hobby. Hundreds of cycling clubs and associations exist across the United States, many of them with different areas of interest (e.g. mountain biking, competitive racing, leisure, etc).<sup>12</sup> USA cycling is the governing body for national bicycle racing. It had 61,000 members in 2015 and was further broken down into associations and clubs. In 2015 there were 34 local associations, including: New England Bicycle Racing association, PA

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<sup>11</sup> <https://www.omnicoreagency.com/instagram-statistics/>

<sup>12</sup> Cyclingclubs.org

cycling association Mid-Atlantic bicycling racing association, etc. Dozens of bicycling clubs, albeit not professional, exist under the USA cycling club governing body. This presents multiple opportunities for Coros to actively partner and promote their new products. Beyond community groups, Coros may decide to strategically partner with cycling advocacy or safety advocacy organizations to leverage the core value proposition of the OMNI helmet: safety.

#### **4.2.2 Paid Media**

The goal of the paid media strategy is to increase product awareness through print and digital advertising that reaches target customers. The fact that the target audience is fairly narrow presents an opportunity to use a limited paid media budget to achieve a high number of impressions in a short period of time through a limited number of outlets. This approach is believed will achieve maximum efficiency in the allocation of Coros' limited advertising dollars.

The key to success in executing the paid media plan is to use it as a complement to the earned media strategy. Given Coros' limited advertising dollars it is most practical to focus on the three magazines pitched as part of the earned media push: Outside, Men's Health, and Bicycling.

Print advertising in magazines requires lead time of six to eight weeks, so it is almost necessary to move forward with the print buys regardless of the success of the earned media push. That being said, when and if Coros is successful in placing stories in these publications, Coros will have move quickly to go live with their digital ads on their websites and in their e-newsletters. Quick turn-around time combined with low costs provides flexibility on the digit side that is unavailable on the print side, which must be utilized in order to achieve maximum efficiency in resource allocation.

Effective print and digital buys require a sustained commitment of three to six months for a product launch in the durable consumer goods sporting equipment space. It is now early March and it will take two to three weeks to go through the creative process to draft advertising, and ad-close dates for the June issues of the three targeted magazines fall at the end of March. Therefore, the paid media campaign should run in the summer issues of Outside, Men's Health, and Bicycling. Magazine issues are typically shipped to subscribers and made available on newsstands 15 to 20 days before the first day of the month for which they are published. For example, the June 2018 issue of Outside is available on May 15. This time frame ideal because it coincides with the seasonal increase in the level of cycling activity.

The timing and costs of the paid media strategy as well as vital statistics about the three magazines are outlined in Appendix 5. The budget calls for \$753,800 in Outside, \$1,019,550 in Men's Health, and \$644,240 in Bicycling for a total of \$2,417,590. This budget is a reasonable paid media budget for the launch of a product in the consumer goods sporting equipment space.

#### **4.2.3 Owned Media**

The Coros website is one of the first few opportunities customers will have direct contact with the product. In addition, owned media assets (e.g. website) is controlled by Coros and can be adjusted relative easily. In line with the above strategies focusing on safety, the front page of the

Coros website should be dedicated to a carefully edited video of Omni, highlighting the core safety features. This video will be the first thing customers see on our website. The first 10 seconds will explain bone conduction speakers and safety LED lights. Then 30 seconds will show different user scenarios like riding in city streets, rushing down hills, and falling down to the ground, only to show the emergency system activate. Coros should also include a review function to expand their earned media. It will also include real time Amazon store reviews and stars. Aside from their website, Coros should implement a Customer Relationship Management (CRM) system to manage and track their relationships with customers and sales representatives. This would provide useful information that could be critical in determining future marketing strategies.

## **5 The Future**

Coros possesses an inventive brand strategy: (1) export its Chinese designs and products to the U.S., (2) build a reputable brand in the American market, and (3) re-import that brand's products at a premium back to Chinese consumers as an American product. However, this strategy hinges on the success of Coros's ability to penetrate the American bicycle helmet market - a difficult task to achieve. Therefore, in order to meet its long-term goals, Coros must analyze and strategize around future challenges and opportunities in the short-to-medium term.

### **5.1 Challenges**

Novelty is a trait which the OMNI product simply does not possess. While OMNI is one of the most technologically advanced bicycle helmets on the market, its features are largely replicable and it seems to lack a competitive advantage compared to other smart helmets. Furthermore, the product must contend with consumer-perceived shortcomings in its products, specifically: sound quality.

Challenges exist beyond the OMNI product: competitors are believed to have access to better market data than Coros. Competitors are not perceived any significant production cost advantages. Without seeking and exploiting new advantages over its competitors through research and development of innovative features that are not easily replicated or are offered at a price point that is difficult to compete with, Coros will need to focus its efforts on its messaging and consumer conversion strategy, much of which is outlined in this report.

### **5.2 Opportunities**

The marketing strategy of competitors is largely focused around technological features rather than the primary function of a helmet: safety from catastrophic injury or death. They look to wireless capabilities and other features as marginal safety enhancers or "bells and whistles" to increase points of differentiation for their smart helmets. While competitors look to entice tech-savvy consumers, Coros has the opportunity to compete for a slightly different customer base:

consumers who avoid high-traffic areas due to safety concerns. OMNI can be catalyzed by an appeal to the second most important element in Maslow's hierarchy of needs: safety. Messaging emotionally tailored to consumers who may not be the most tech savvy or the greatest enthusiasts of cycling would be suitable as a short-term solution.

Looking in the medium to long-term, it will be incumbent upon Coros to develop a strategy that drives sufficient volume and the attention of consumers (possibly measured through market share) to levels that justify introduction of the product into the Chinese market. Without a strong presence in U.S. markets, Chinese consumers seeking high-end American products may be skeptical or hesitant to adopt the Coros brand.

## Appendices

### Appendix 1: Coros Products



## Appendix 2: Competitor Information

<b>Lumos Helmet</b>	
Price	\$179.99
Features	<ul style="list-style-type: none"> <li>● 48 Individual LEDs in front and back to ensure visibility on the road.</li> <li>● Helps to signals turing</li> <li>● Automatic warning lights (Beta Version)</li> <li>● Wireless remote for turn signals</li> <li>● Be seen, be safe.</li> </ul>
Target Consumer	Night time Riders, Stylish
Distribution	Online and Retailer shops
Cons	<ul style="list-style-type: none"> <li>● One size fit doesn't work for few customers</li> <li>● Discomfort</li> <li>● Weight - 450g</li> <li>● Battery Life 6 hrs in flashing mode and 3 hrs in solid mode</li> </ul>

<b>Livall Helmet</b>	
Description	<p>Offers multiple cycling helmet products, Kids, mountain biking and multi-functional biking.</p> <p>Bo Zheng Brian, Founder and CEO, Majored in Scientific Information and Technology management</p> <p>New Product coming - Livall BH51 Price may be \$150 Robocop design</p>
Price	\$80
Features	<ul style="list-style-type: none"> <li>● Bling Jet for navigation light</li> <li>● LED Smart Light</li> </ul>

	<ul style="list-style-type: none"> <li>● Quality Stereo Built-in bluetooth speaker</li> <li>● SOS Alert</li> <li>● Walkie-Talkie</li> <li>● Hands-free call</li> </ul>
Target Consumer	Communicate riding team via walkie-talkie, Entertainment lovers, Sound quality, Busy commute - good mic for phone calls
Distribution	Online and Retailer shops
Cons	<ul style="list-style-type: none"> <li>● Quality and lifetime reliability</li> <li>● Poor website performance</li> </ul>

<b>LifeBEAM Helmet - Sensing the Human Race</b>	
Description	<p>Artificial intelligence wearable technology company.</p> <p>The company was founded by air force former pilots, Omri Yoffe and Zvika Orron, looking for a way to improve pilot monitoring during the physical challenges of flying.</p>
Price	\$216
Features	<ul style="list-style-type: none"> <li>● Measures your heart rate, calories &amp; performance</li> <li>● Dual module with Bluetooth 4.0 and ANT+ connectivity</li> <li>● Advanced optical sensor</li> <li>● No chest strap required</li> <li>● All weather compatibility</li> <li>● Comfortable</li> </ul>
Target Consumer	Heart Rate monitor, Old age group, health conscious
Distribution	Online and few retail shops
Cons	<ul style="list-style-type: none"> <li>● Quality and lifetime reliability</li> <li>● Alternative HR monitor like Apple watch, Fitbit</li> </ul>

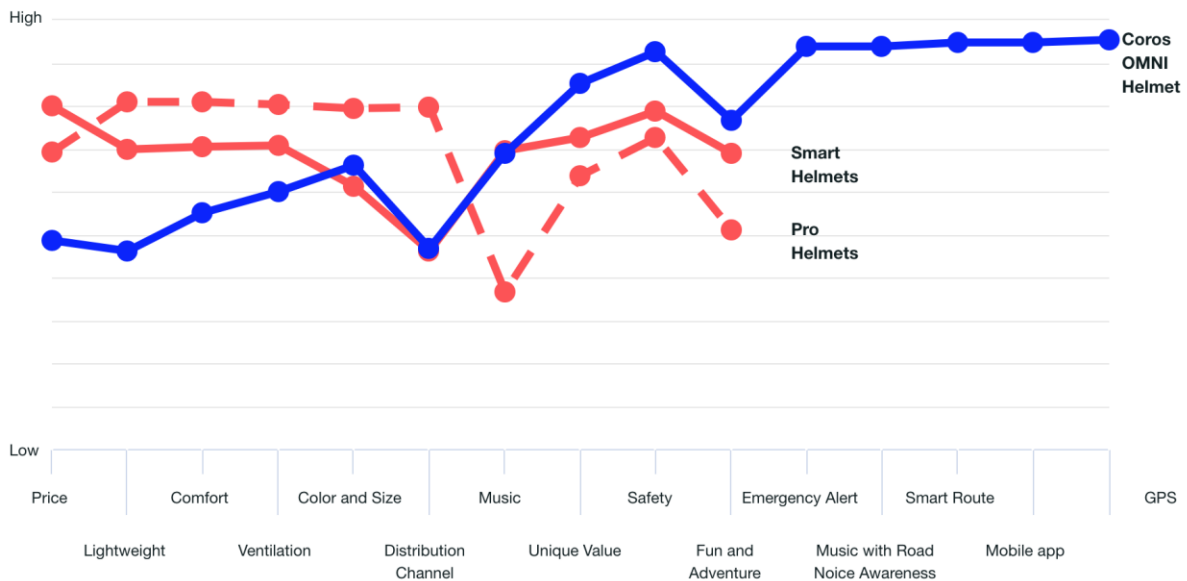
Source: <http://www.zdnet.com/article/lifebeam-nabs-16-million-to-expand-ai-based-wearable-fitness-tech/>

<b>Sena Helmet</b>	
Description	<p>Patented Advanced Noise Control microphone technology</p> <p>All in one package QHD Camera</p> <p>2-Years warranty</p> <p>Published in few magazines</p>
Price	\$216
Features	<ul style="list-style-type: none"> <li>● Smartphone connectivity via Bluetooth 4.1 to listen to music</li> <li>● GPS navigation</li> <li>● Make and Answer Phone calls</li> <li>● HD built-in speaker</li> <li>● Built-in FM Radio</li> <li>● Built-in Wifi</li> <li>● Intercom with upto three riders over half a mile distance</li> </ul>
Target Consumer	<p>Urban hi-tech</p> <p>Phone call quality is good</p> <p>Intercom</p> <p>Having a camera running at all times is also handy for liability purposes in sticky riding situations, especially for commuters.</p>
Distribution	Online shops
Cons	<ul style="list-style-type: none"> <li>● Sound Distraction</li> </ul>

## Appendix 3: Blue Ocean Strategy Analysis

To-Be Strategy Canvas

Coros - To Be Strategy ACCEPTED



**Eliminated:** Multi-directional impact protection system MIPS, Built-in video camera, and wifi, Walkie-talkie

**Reduced:** Helmet Complexity, LED Lights, Weight

**Raised:** Must need safety features, Online and Retail stores, 3M Reflective Tape

**Created:** Safety, Fun and Adventure and Multi-purpose.

Unique value proposition - Points of difference:

- Open ear bone conduction for precious sound and full environmental awareness
- Day/ Night LED safety lights to provide maximum visibility throughout day and night
- G-Sensor emergency alert system sends SMS text and GPS location to emergency contacts
- Smart remote for hands-free audio control for volume, track forward, pause/play, calls
- GPS with voice navigation

Combined with pro-level stuff - Points of Parity:

- Multipurpose aerodynamic helmet with 18 vent airflow cooling design

- Comfortable foam strip lining and dynamic fit via ratchet system for extended wear
- Rain, Water, splash, and sweat resistant
- Lightweight approximately 340 grams

## Appendix 4: Market Research

Modell's Sporting Goods	Performance Bicycle	The Bike Lane
<ul style="list-style-type: none"> <li>· Corporate Office: NY</li> <li>· 150 stores nationwide</li> <li>· Sells athletic footwear, active apparel, etc</li> </ul>	<ul style="list-style-type: none"> <li>· Corporate office: N. Carolina</li> <li>· 100 stores nationwide</li> <li>· Each store orders from Corporate</li> <li>· Bike specialty store</li> <li>·</li> </ul>	<ul style="list-style-type: none"> <li>· Local store</li> <li>· Two location</li> <li>· Orders product direct from vendors</li> <li>· Involved in community bike safety programs</li> <li>· 15K monthly newsletter subscribers</li> </ul>

- **Performance Bicycle:** This is a national distributor with corporate office in North Carolina and has 150 stores nationwide (Performancebike.com, 2018) Performance Bicycle sells bike specialty products. When we inquired on how they choose which brand to buy and sell to their customers, the store managers stated that corporate purchaser does the buying, however, individuals stores have the ability or power to recommend new brands be added to their inventory. The store manager also suggested to get more visibility we need to advertise in Bicycling magazine.
- **The Bike Lane:** This is a small bicycle company with only two local stores. The owners purchase their inventory direct from vendors. They, however, would be willing to order new brand of helmet if and when a client request it.
- **Modell's Sporting Goods:** this is a nation company with 150 stores across the country. Modell's has an extensive product catalog of not just bike but all sporting activities (Modells.com, 2018). Corporate office makes all the decisions on what to buy and which brand to carry in store. From the field research we did, it does not seem there is much communication between store & corporate office.

## Appendix 5: Paid Media Purchases

### Outside

#### Facts

- **Rate Base:** 675,000
- **Median Household Income Print:** \$81,000+
- **Average Age Print:** 43
- **Median Age Digital:** 36
- **Male/Female Print:** 70% to 30%
- **Male/Female Digital:** 65% to 35%

#### Print Buy

- **Spring/Summer 2018 Buyer's Guide**
  - Ad Close: 3/9/2018
  - On-Sale Date: 5/5/2018
  - 2<sup>nd</sup> Cover: \$45,155
  - First Gear Full Page: \$9,500
- **June Print Issue**
  - Title: Perfect Summer
  - Ad Close: 3/23/2018
  - On-Sale: 5/15/2018
  - 2<sup>nd</sup> Cover: \$117,015
  - Full Page Color Run of Book: \$98,700 (1 of 3)
  - First Gear 1/3 Page: \$4,000 (1 of 3)
- **July Print Issue**
  - Title: Defining Moments
  - Ad Close: 4/20/2018
  - On-Sale: 6/12/2018
  - 2<sup>nd</sup> Cover: \$117,015
  - Full Page Color Run of Book: \$98,700 (2 of 3)
  - First Gear 1/3 Page: \$4,000 (2 of 3)
- **August Print Issue**
  - Title: Best Towns
  - Ad Close: 5/18/2018
  - One-Sale: 7/10/2018
  - 2<sup>nd</sup> Cover: \$117,015
  - Full Page Color Run of Book: \$98,700 (3 of 3)
  - First Gear 1/3 Page: \$4,000 (3 of 3)

#### Digital Buy

- Digital is \$5,000 for two weeks of banner ads and e-newsletter ads. If we were to go live on sdaMonday, 5/21/2018 and stay up through Sunday, 9/2/2018, we would be

up for 16 weeks at a rate of \$5,000 for two weeks. This would bring our digital buy total in Outside to \$40,000.

**Total Budget for Outside: \$753,800**

## **Men's Health**

### **Facts**

- **Rate Base:** 1,800,000
- **Subscription/Newsstand:** 92% to 8%
- **Median Household Income Print:** \$84,637
- **Median Household Income Digital:** \$93,470
- **Media Age Print:** 43.6
- **Median Age Digital:** 38
- **Male/Female Print:** 82.5% to 17.5%

### **Print Buy**

- **June Print Issue**
  - Title: The Generations Issue
  - Ad Close: 3/28/2018
  - On-Sale: 5/22/2018
  - 2<sup>nd</sup> Cover: \$314,850
- **July/August Print Issue**
  - Title: The Body Issue
  - Ad Close: 5/02/2018
  - On-Sale: 6/26/2018
  - 2<sup>nd</sup> Cover: \$314,850
- **September Print Issue**
  - Title: The Fall Guide to Style & The Data Issue
  - Ad Close: 6/18/2018
  - On-Sale: 8/07/2018
  - 2<sup>nd</sup> Cover: \$314,850

### **Digital Buy**

- Digital is \$25,000 for a month of banner ads and e-newsletter ads. If we were to go live on Friday, 6/1/2018 and stay up through Saturday, 9/1/2018, we would be up for 3 months at total cost of \$75,000.

**Total Budget for Men's Health: \$1,019,550**

## **Bicycling**

### **Facts**

- **Total Audience Print:** 1,500,000
- **Unique Visitors Digital:** 1,186,000
- **Median Household Income Print:** \$81,641
- **Median Household Income Digital:** \$102,867

- **Media Age Print:** 49.3
- **Median Age Digital:** 47.3
- **Male/Female Print:** 73% to 27%
- **Male/Female Digital:** 59% to 41%

**Print Buy**

- **June Print Issue**
  - Title: Road Editors' Choice
  - Ad Close: 3/2/2018
  - On-Sale: 5/08/2018
  - 2<sup>nd</sup> Cover: \$76,460
  - 1 Page Run of Book x 2: \$64,160 (2 of 6)
- **July Print Issue**
  - Title: The Tour de France
  - Ad Close: 4/17/2018
  - On-Sale: 6/05/2018
  - 2<sup>nd</sup> Cover: \$76,460
  - 1 Page Run of Book x 1: \$64,160 (3 of 6)
- **August Print Issue**
  - Title: Geek Out! The Tech Issue
  - Ad Close: 5/22/2018
  - One-Sale: 7/10/2018
  - 2<sup>nd</sup> Cover: \$76,460
  - 1 Page Run of Book x 3: \$64,160 (6 of 6)

**Digital Buy**

- Digital is \$2,300 for a week of banner ads and e-newsletter ads. If we were to go live on Friday, 6/1/2018 and stay up through Friday, 8/31/2018, we would be up for 13 weeks at total cost of \$29,900.

**Total Budget for Bicycling: \$644,240**

## Appendix 6: Query Search

<b>YouTube product review channels</b>	
<b>Channel name</b>	<b>Number of subscribers</b>
Global Cycling Network	1.3m
Bike Radar	440k
Seth's Bike Hacks	601k
Global Mountain Bike Network	700k
Performance Bicycle	52k
Cycling Weekly	66k
Francis Cade (vlog)	27.3k
Cycling Maven (vlog)	47k
Shane Miller (vlog)	43k

Y2

<b>Instagram handles and reach</b>	
<b>Handle name</b>	<b>Number of followers</b>
@jeredgruber	89k
@taylorphinney	114k
@theRadavist	149k
@tiffanycromwell	57k
@teamsky	597k

@manualforspeed	51k
@fireflybicycles	56k
@mashsf	110k

Y3

<b>Blog names and reach</b>		
<b>Blog name</b>	<b>Facebook followers</b>	<b>Twitter followers</b>
The Guardian   Bike Blog	6.3m	5.9m
Cyclingnews.com	570k	222k
Bike Rumor	218k	59k
The Inner Ring	N/a	70k
Castelli	136k	55k
TrainerRoad	53k	12k
Bike Snob NYC	412	53k
VeloNews	14k	41k