

Just Add Water



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Introduction

Over the last ten years, the human population has produced more plastic than during the whole of the 1900's. 50% of the plastic we use is one use plastic. Reportably, last year, 150 million tonnes of plastic were found to be floating in the ocean, making up about 40% of its surface. This rubbish harms precious marine life, washes up on beaches and costs millions to remove. For example, 225 pieces of plastic in the stomach of a three-month-old chick, weighting 10 % of its body mass.

Plastics are made from non-renewable resources, the mining of these materials (such as natural gas, coal and oil) releases greenhouse gases - proven to have adverse effects on the environment. The manufacture of plastics requires huge amounts of energy which usually comes from non-renewable sources, resulting in a huge amount of Carbon which is released into the atmosphere. When non-recyclable plastics come to the end of their life cycle, they can take up to 450 years to biodegrade naturally - taking up large volumes of space in landfill sites, which we are in fact running out of. Their accelerated destruction requires incineration, releasing toxic chemicals and even carcinogens (which cause cancerous cell mutation) which workers on incineration plants can be exposed to.

In 2014 770 million litres of sports drinks were sold in the UK (source: Statista), the average person drinking 12.1 liters of sports drinks a year. This doesn't account for those who play sport professionally, or those who regularly drink sports drinks for energy in other ventures. These drinks are sold in bottles made from PET (Polyetheleneterathelate), which, though recyclable, often end up in landfills. They are one of the most commonly incorrectly disposed items in the UK.

JAW aims to reduce this impact on the environment by using a recyclable and long lasting bottle, paired with isotonic sports drink tablets to replace the current bottled sports drinks on the market. By effectively eliminating the need to buy bottled sports drinks, JAW can limit the purchase and disposal of one use bottles.

Additionally, by creating the bottle out of aluminium (a long wearing, durable and 100% recyclable material) JAW will further prevent the waste of broken, cracked and scratched reusable HDPE Plastic bottles, helping to alleviate a small portion of strain on the environment, by reducing the market demand for sports drinks produced in plastic bottles.



(source: Greenpeace)

Who We Are

A small company based in Sussex comprised of eight business partners, JAW is a business with consumers at the heart of its company.

CEO and Business Director - Maya Kent

Finance Managers - Philip McPherson and Ben Belcher

Product Development - Cleo Bourne and Annabel Parker

Marketing Team - Antonia Wegmann and Annabel Parker

Manufacturing - William Coles

Operations - Annabel Parker and Antonia Wegmann

Operative - Oliver Scott

Our Company Vision

Having designed a sustainable, eco friendly alternative to sports drinks. JAW is focusing on a gap in the market: a healthy, isotonicly replenishing sports drink which is environmentally friendly and costs less than a quarter of the price of the current bottled sports drinks

‘Just Add Water’ represents the simplicity of our product, by coupling up two products which are easily manufacturable (a dissolvable tablet and a drinks bottle with a storage/dispenser function) a consumer can easily replace the current flawed system of buying endless, expensive and environmentally costly bottles of the same sports drink.

What Inspired Us

As Global Warming and Climate Change become ever more prevalent, emerging generations are seeking ways to change the habits our predecessors have formed. It has become a necessity to evolve and adapt, become more environmentally aware and shift our living styles towards a greener way of life.

At JAW we wanted to create a product which solved a problem: one use plastic sport drinks. Highly flawed; expensive and detrimental to the environment we thought of a solution, something which solves every aspect of the original problem, and we are now passionately seeking to turn that solution into a reality.

Our Target Market

Anyone who plays a sport or participates in exercise should bring a water bottle in order to stay hydrated. The American College of Sports Medicine expresses that drinking water improves the function of the joints and muscular tissues, the regulation of body temperature, and the transportation of nutrients.

A very large percentage of the population do sports, children, teenagers, and adults are recommended to do 150 minutes of moderate aerobic activity or 75 minutes of vigorous aerobic activity a week, as stated by the Department of Health and Human Services. In general, active people and those who take care of their health

do not want to buy a sugary or unhealthy sport drinks after exercise, as they feel this counteracts the exercise they have just done. They are much more likely to want a healthier alternative.

We are aiming JAW at consumers aged from around 12 to 55. Justifiably, that is the bracket of the population which are most likely to participate seriously in a sport, and therefore purchase an isotonic sports drink. Therefore, any marketing strategy will be tapered towards this target market.

Our Product

An isotonic based triangular shaped tablet, which will dissolve into a performance enhancing, minerally enriched sporting energy drink.

- The bottle has seven slots for tablets which can be dispensed internally with the twist of the lid. It is made from insulated aluminium, to prolong the cool temperature of the drink even in warmer environments, with a PVC (Poly Vinyl Chloride) coloured lid. The bottle has a spout with an internal straw to assist efficient drinking on the go, making it appropriate for many sporting activities including team sports such as hockey or football, as well as individual sports such as cycling or rowing.



The conceptual advantage of our product over the competition on the market is the ease and efficiency of the bottle containing storage and dispense system of the tablets, which are a unique triangular shape, ensuring no other competitors can use our storage space with their opposing tablets.



Our Range

Our ‘starter pack’ includes our insulated Aluminium bottle with the dispenser lid, paired with three sets of the standard 7 tablet packs of sporting tablets, one in each flavour (21 tablets). Retailing at £9.99, giving consumers around 3 weeks worth of tablets.

Standard 7 packs of tablets, contained within a lithographically printed, tetra pack, triangular grey card pyramid retail at £1.99 per packet, and come in a range of flavours; currently Orange, Raspberry and Lemon & Lime.

Packets of tablets also come in sets of seven - a ‘full circle’ containing 49 tablets (7 weeks worth of tablets) retails at £12.00 and comes as an assortment or one specific flavour. These are packaged by placing a corrugated card insert either end of the cylinder of tablet packs, and secured by a fibrous string tied over the ends of the product.

Our Goals

1. What is the enduring purpose of the venture?

Due to the nature of our business being a startup venture, it will not immediately break even due to the high costs associated with starting a business from scratch. We aim to break even in the second year and we would achieve this by;

- Cutting all extra costs once the business is on its feet. For example; all operations will be run from the residences of the partners rather than spending money on an office or warehouse space, the partners do not plan to take any salary made until the business breaks even - further reducing costs
- Promotion can be gradually increased proportionally as the business grows, as we can reinvest the salary (internal financing) from the business rather than raising more finance. Where more sales are generated, the amount spent on promotion can be increased.

2. What will the company look like in five years

- In five years we aim to be considering expanding into the markets in other areas, potentially European countries (depending on the political and economic situation at the time) as their markets are similar to that of the market in the UK. We aim to do this by starting small and gradually building the company in size and image. Also we would like to add more flavours and different bottle designs to expand our brand.

Funding

Start up Costs

Each partner (the 8 founders) will put in £20,000, totalling £160,000 of partner investment. We would then seek an additional £150,000 bank loan, at an interest rate of approximately 2.35% p.a, aiming to pay that off in the 4th year of trading, or we could pay this off over more years and ease our cash flow as we invest further.

In the second year (by the end of which we aim to break even) we expect to require an additional £100,000 bank loan. But we are looking to do this through crowdfunding on a website such as Kickstarter or Crowdcube. This will allow us to give a small amount of equity to invested consumers, involving them in our business and giving them a sense of ownership, as well as providing us with a loan-free operation - meaning we have less to pay back in the future.

Finance

(See main attached Excel Workbook)

Costing

Bottle starter packs are costed based on manufacturing through Ampulla And include 2 packets of extra tablets. We are targeting a retail sales price of £ 9.99 per starter pack and have a healthy gross margin of 59%. This is based on selling to the retailer.

For the tablet refills we are targeting a retail sales price of £ 1.99 per refill with an even better gross margin of 68%.

We expect our cost of production to reduce as our volumes increase and this will result in improved future gross margins.

Sales forecast

We expect to start sales in June 2019 with a gradual build up. Bottles as a general rule will be bought by first time consumers although of course it can happen that consumers may buy a starter pack again. We have estimated that an average consumer will buy six refill packs per year but this is just an average, some will buy more and some less.

Startup expenses

69% of the startup expenses are expected to take place from January to June 2019 as they relate predominantly to design, branding, consulting, R&D, trademarks and other startup expenses that have to be incurred before we can start production and

thus sales. Legal expenses haven't been classified under startup expenses but are expected to be higher in 2019 than in the three following years.

Marketing

Marketing expenses are expected to start as of May 2019 just before we start sales but will be mainly centered around tasting promotions, flyers, web and social app activities and promotions. We will not have any television adverts until 2020 because products must be widely distributed and available before it is worth undertaking such expensive marketing expenses that can then become effective.

Profit and Loss

We will be in a loss situation throughout January to June because there are no sales yet but many expenses, such as startup costs, low sales and marketing build up - which is key to our sales drive. This will total £53,750 of expenses before we can start selling our product.

Even from July to December the gross margin resulting from sales will not be sufficient to cover our expenses so we are forecasting losses in those months too, totalling £165,878.

In year two we will be concentrating on growth and marketing expenses, which will be investing for the future and we expect to almost break even, resulting in a net loss of £3,154 by the end of year 2.

As of Year 3 we expect good profits that will exceed the losses of year one and two (forecasting a £206,764 profit by the end of year 3). For Year 4 we are forecasting a very good profit of £392,122).

Cash Flow

Year one:

Due to first year loss, the need to invest in goods will require a bank loan of £150,000 on top of the investments of the partners of £160,000. We will make a strong business case for the loan which will be essential to our plans. Our back up option would be crowdfunding.

Year two:

We will need another £150,000 bank loan (or crowdfunding) as this will be a year where we aim to spend quite heavily on marketing and advertising in order to grow our brand awareness and thus sales. Our inventories and receivables will increase due to our growth and this will also affect our cash flow.

Year three:

In year three we expect a positive cash flow of £733, 334 which would enable us to start paying back our bank loans.

Year four:

We expect a positive cash flow £ 326,035 and to pay a first dividend of £40k to the 8 shareholders and continue paying back our bank loans.

The very positive cash flow will be available to increase our cash in bank and partly could be used for business growth.

Pricing

Part of our marketing campaign must be that the cost per drink is only a small percentage (1/21st) of the total initial cost. At £9.99 per bottle the consumer will effectively only be spending £0.47 per drink the first time purchasing, but after buying another 7 tablets it will only be 28p per drink vs. £1.00 for 500 ml of Lucozade energy, a competitor we have identified. Therefore we would emphasise this to the public as one of our USPs is therefore that this is a better deal than Lucozade, as well as having no artificial colouring or flavouring and being an environmentally-friendly solution, which Lucozade isn't with their choice of PET plastic bottles. The consumer keeps and reuses their bottle rather whereas when purchasing Lucozade you would throw it away, possibly many not even recycling, which is a huge environmental cost to keep producing new plastic and not efficiently recycling plastic - this is at the core of our business plan. We have opted to use the '£9.99' price as multiple psychological studies have shown that this induces the customer into focusing on the '9' rather than '10', making our price seem more competitive. When purchasing the tablets only (in packs of 7 - one per day of the week), the price to consumer will be £1.99, or 28p per tablet.

However, we can recommend to retailers that our prices can be flexible to encourage increased consumption in periods of increased consumer demand, such as the Black Friday/Cyber Monday weekend where consumption increases, in order to encourage more sales.

Operations

Resources

During the first year, we have decided not to hire any additional workforce, as it will mean there are fewer expenditures. But instead, the 8 of us will work to fulfil our customers needs. After this year long period, we will be looking to hire full time employees and expand our premises to a larger site. As we are based in West Sussex we will start selling our products in the UK before growing and expanding our company internationally.

Retailers and selling our product

We will start selling our products at major supermarket chains including; Sainsbury's, Tesco and Waitrose, as major supermarkets are where the majority of current sports drinks are sold. We believe this will help our product be seen as a direct competition for the current one use sports drinks. We also plan to use Amazon as an independent seller. This costs £39.99 a month alongside additional selling fees. We think by having both online and in store retailers we can include a wider range of opportunities to expand our company and reach a higher percentage of the market share. We also plan to have a 'shop window' website containing pictures and descriptions of our products, as well as links to websites where you can purchase them. This link will be displayed on our instagram profile (@JAWJustAddWater) as well as our connected Facebook page. We plan to effectively use social media to promote our product, in conjunction with our endorsers.

The process of becoming an independent seller on amazon:

Before You Register

Decide what you want to sell

More than 20 product categories are open to all sellers, and at least 10 more are available only to Professional Sellers.

[Learn more about product categories >](#)

Choose a selling plan

With two selling plans, Amazon offers you the flexibility to sell one, or one thousand. The Professional plan gives you the opportunity to sell an unlimited number of products and pay a \$39.99 monthly subscription fee. Individuals pay no monthly fees, but instead pay \$0.99 per item sold. Both Professionals and Individuals pay other selling fees when an item sells. [Learn more about plans and pricing >](#)

Register and start listing

Create your account on Seller Central, the Web interface where you will also manage your selling account.

After You Register

Once you have registered, Selling on Amazon is a simple four-step process.



1. List

You can add products to the Amazon Marketplace catalog one at a time, or if you have a Professional selling subscription, you can add large batches of items using bulk tools.

Two ways to list products

1. List products already on Amazon.com

Indicate how many products you have to sell, condition of the product(s), and shipping options

2. List products not yet on Amazon.com

- Identify UPC/EAN and SKU
- List products attributes - for example title, description



2. Sell

After you list your offers, customers can see them on Amazon.com. With features like 1-Click and a brand millions trust, Amazon helps customers make quick, easy, worry-free purchases. Make sure that when customers see your offer it is accurate and complete, including high-quality product images.



3. Ship

Amazon notifies you when customers place an order. Use Fulfillment by Amazon (FBA) and let Amazon do the shipping—or handle shipping yourself.

[Learn more about Fulfillment by Amazon >](#)



4. Get Paid

Amazon deposits payment into your bank account at regular intervals and notifies you that your payment has been sent.

(<https://services.amazon.com/selling/getting-started.html>)

Inventory

For the first two years the stock will be kept in any available spaces in our own homes, rather than renting somewhere as this would be an additional cost. Ben has an empty garage so we plan to keep the majority there. However in the third year we project that we will require extra space for the stock, and so will rent somewhere to provide more space. This will amount to a cost of £36000, and as we will have to increase the space in the fourth year, the cost will rise to £38000.

Manufacturing

To produce the aluminium shape of the bottles we will use the UK based manufacturing company *Ampulla Limited*. It will cost £1.20 to buy a 500ml aluminium bottle and £0.04.

We decided to not to create our own tablets as this will be too expensive to produce and also we felt that we should use a company who specialise in the production of tablets to create them for us. By doing this we have full confidence that the tablet reaches the requirements that we would like, being healthy, having a good taste and giving energy to the consumer. Therefore we will source the tablets from *Nutra*, a manufacturing company based in South Carolina, who specialise in nutrition and dietary supplements. It will cost £0.30 for 7 tablets and £0.37 in total for one packet of 7 tablets. Including transport and packaging.

Potential Expansion

Looking to the future we expect to develop a range of expansions once the company has received enough revenue for expansion through retained profit.

- More flavours of tablet. By offering consumers more choices we will increase the amount of consumers who our product appeals to by agreeing with their preferences. Some new flavours could include; Apple, Blackcurrant, Peach, Mango, Pineapple, Strawberry, Grapefruit and Banana.
- More colours and designs of bottle. By appealing to current trends we can appeal to consumers and gain market share
- Global expansion could be possible, by spreading to nearby countries with similar market conditions under the right circumstances

Our Business Analysis

Our service has some weaknesses to which we will have to address. This includes the initial brand recognition due to the brands with high recognition already. Using strong advertising campaigns on social media in order to increase the public knowledge of our service/product.

Some of the key analysis of our company:

Strengths	Weaknesses	Opportunities	Threats
Environmentally friendly, proposing a clear solution to an issue which consumers are highly aware of.	Low brand awareness is something our company will suffer with during the first few years. However, we would like to combat this through expansion of our advertising campaign, for example our targeted use of YouTube fitness vloggers.	International growth is a major opportunity for our company.	Current competitors who already have established links and contracts with retailers as well as their own internet-based presence. However, we believe we can combat this by highlighting the dangers of one-use plastic bottles and ensuring that retailers and consumers are made aware of these environmentally damaging consumption decisions.
Partners are all	Although we face	The ever	Changing laws

<p>highly experienced and competent with the use of social media which is a large proportion of our marketing technique, as it is appropriate for our target market.</p>	<p>no direct competition, we do have strong alternatives to our product which dominate large proportions of the available market share.</p>	<p>increasing knowledge of hidden sugars and calories as well as the changing wants and needs of the consumer will result in people looking for healthier alternatives to usual sport drinks, which is the gap in the market that our product fills.</p>	<p>and regulations (such as the UK's withdrawal from the EU) which could make entry in European and other International markets more difficult in the transitional period</p>
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Competitor Analysis

Our product is completely unique and there is no other market competitors who have the same vision at the moment - linking both isotonic sports drinks to a same brand bottle which is especially designed to hold and release the tablets all in one simple action. One main competitor for the tablets is called SIS (Science in Sport) who have made similar tablets that dominate the sports drinks tablet market turning over a huge £10.9 million last year alone, showing the size of the market we are entering into. We differentiate ourselves in that we are pricing significantly cheaper than SIS, charging 28p per tablet vs SIS' 35p. We expect that once our marketing has built up people we begin to turn to JAW over SIS due to the aforementioned benefits. This is not however at the cost of our products lacking in quality regarding the cheaper RRP - we are predicting JAW to become a significant competitor to SIS as there is no one at the moment competing with their price, bringing the unique bottle design or essential environmental aspect. We have found using a survey where we asked 40 male and female people aged 16-35 that 38/40 would be interested in trying our product and 27/40 would be interested in replacing their current sports drink for JAW if they preferred it and if we guaranteed a lower cost. That's 67% of SIS' market and JAW definitely has the potential to be the next break through product in the fitness/sports drink industry.

The Market

Market Analysis

Sports drinks are drinks claiming to improve sporting performance or to speed up recovery. Most of these are labelled isotonic/hypotonic and claim to rehydrate and replenish nutrients after exercise. Examples include Lucozade Sport, Powerade and Gatorade.

“ Consumers show real interest in fortified water products that offer sports and energy benefits, and in health drinks from brands already active in these markets. This interest suggests areas for operators to explore in order to build relevance among a wider audience, and as well as offering opportunities in the post-soft drinks levy operating environment.



KITI SOININEN

Head of UK Food, Drink and Foodservice Research

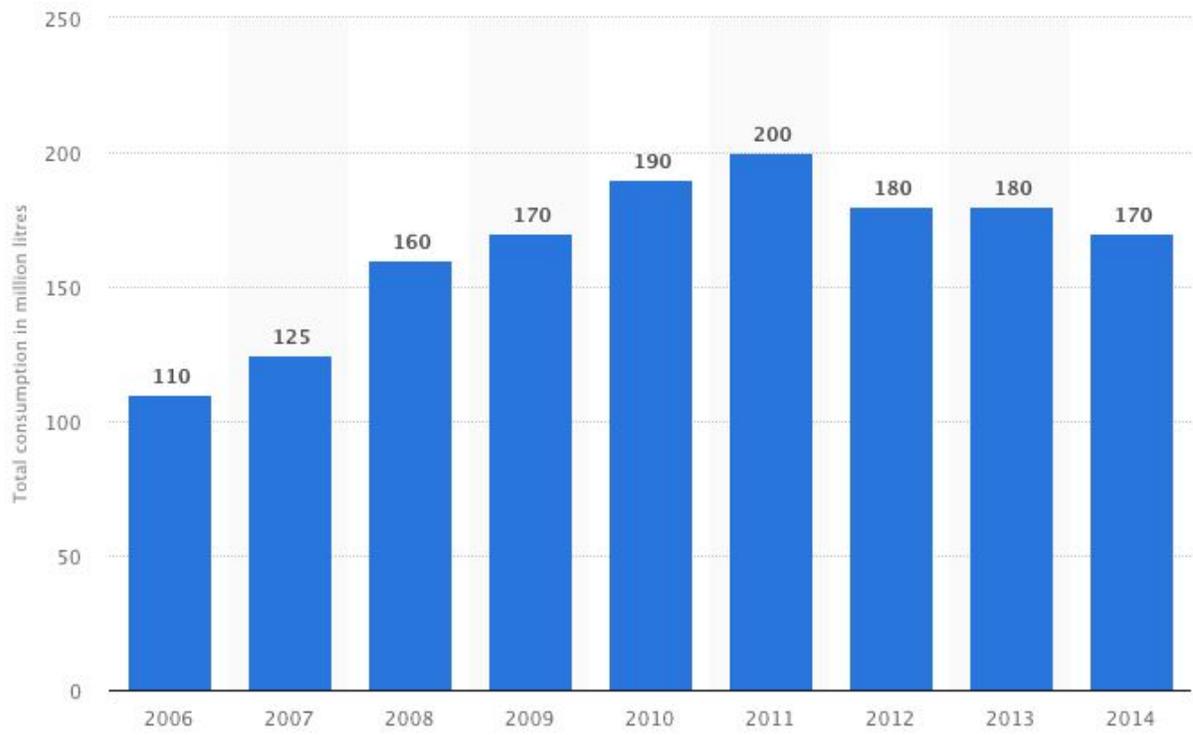
“Brands in this market need to find new ways of convincing users of the safety and efficacy of their drinks. At the same time, it is necessary for them to identify new angles to engage prospective consumers. Drinks made from natural ingredients show strong potential with more than seven in 10 people showing interest.”

– David Zhang, Research Analyst

Market Research

Our market research has proved very positive. We recognise that our target market is very large and therefore, getting information from our target demographic is crucial. There is a proven demand for sport drinks that show that in 2014 the total consumption of british people was 170 million litres.

Total consumption of sports drinks in the United Kingdom from 2006 to 2014 (in million litres):



Marketing Strategy

Use of Social Media

We aim to mainly promote our product through use of social media, our Instagram profile (@JAWJustAddWater) as well as our connected Facebook page. This is because we believe it is the easiest and most effective way to reach our target market.

Above the Line Promotion

We plan to use above the line promotion and celebrity endorsement in order to make a name for our product, our product is based in stores however we will have a website people will be able to access as our advertisement will be done over social media.

Instagram and YouTube

We plan to work with smaller fitness related youtubers who reach out to our target audience of teens and young adults. We have contacted @laurenTickner and she has told us she would usually charge £1,500 to promote a fitness product on her Instagram and talk about it on her YouTube channel for 60 seconds. She has 128 thousand followers and the majority of her followers are interested in fitness as she offers guidance on healthy lifestyle and workout ideas. We would want to do the same promotional proposal involving @gracefituk who is, again, a youtuber with a large Instagram following and a small YouTube following, which will give us a direct path to where we want to be in the market. Grace has 698 thousand followers, is verified on Instagram and often does adverts so we know she would be a perfectly reliable source of advertisement

We want to aim bigger by broadening our advertisement community to larger youtubers and influencers however we want to do this in year 2 when we break even, this will involve someone called Steve Cook who has 975,000 subscribers and is predicted to hit 1,000,000 by next year, his content on average gains 300,000

views per day so if we could get him to talk about our product and explain how we enjoyed using it for fitness, this would gain huge exposure for our product and hopefully help us begin to turn over figures in the hundreds of thousands. Steve Cook would charge roughly £2,000 pounds for an Instagram post and £3,000 for a 60 second clip of him explaining our product and expressing to his viewers he enjoys the product, with all our influencers we will give their viewers direct links to access and purchase the product through our retailers i.e Sainsbury's and Tesco and leading sports shops like sports direct.

Below the Line Promotion

We aim to use below the line promotion alongside the above the line promotion through the introduction of voucher codes, competitions, free gifts, samples and buy one get one free deals.

Free Gifts

Including free gifts with a purchase of a certain value can also encourage consumers to purchase more. For example, one 'new flavour' tube of tablets with orders over £20.

Samples

Samples such as new flavours of tablets can also be given out with orders purchased in supermarkets 'one sample per tube bought' can encourage consumers to look forward to the expansion of the new sampled flavour - and so launch the new flavour when it comes out, as they don't have to commit to buying a whole seven pack of tablets incase they don't like the flavour.

Instagram and Youtube

By providing our influencers/endorsers with voucher codes for 10% off orders specific to their posts and videos such as 'GRACE10' or 'JAWSTEEVE' we can encourage consumers to purchase our products. The use of deals promoted within their videos can also encourage consumers to purchase the products - for example BOGOF tubes of tablets, or 10% for a 'limited time only'. Competitions (appear to

be hosted by the youtubers/promoters themselves) such as 'repost a photo, follow the social media account, tag five friends to win' for a prize such as a free starter pack' can encourage users to promote the product between themselves.