



BRAD MERTES



BECCA PEELE

INTELLECY

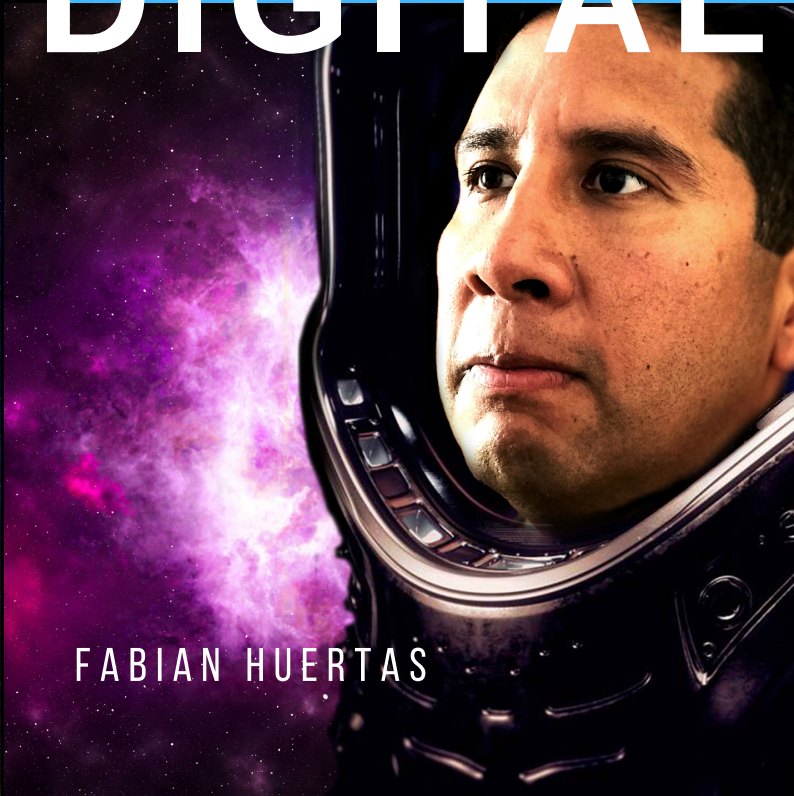
PLANSBOOK

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TABLE OF CONTENTS

Marketing and Promotion.....	1
Product.....	1
Price.....	1
Place.....	2
Promotion.....	3
Porters Five Forces.....	4
Intensity of Rivalry.....	4
Bargaining Power of Suppliers.....	5
Bargaining Power of Buyers.....	5
Threat of New Entrants.....	6
Threat of Substitutes.....	6
General Environment.....	8
Political/Legal.....	8
Technology.....	9
Economic.....	9
Socio-economic.....	10
Environmental.....	10
Competitive Assessment.....	11
Market Share.....	11
Major Competitors.....	11
Market Analysis.....	12
Geographic Factors.....	12
Target Customer Segment.....	14
Creative Direction.....	16
Media Plan.....	18
Objective.....	18
Media Platforms.....	18
Budget.....	19
Return on Investment.....	21

PRODUCT

The products within this industry include any and all residential and commercial alarm systems, such as fire alarms and security systems. These products can range from basic technology like fire alarms, to cutting-edge new technology like what we see with Intellec's water monitoring system. Products within this industry also comprise of security surveillance systems which can include the monitors on products themselves, and security footage/cameras. Because of the vast reach of this market, the products within it tend to be very differentiated by ability and levels of technology.

For Intellec's product to stand out amongst the competition, it is critical to focus on the high technological level of the Smart Water System. It keeps the product differentiated from other, less advanced products in the market.

PRICE

This industry has a wide array of pricing. From \$10 fire alarms to \$1000+ home security systems, the Security Alarm Services industry reaches from lower-earning consumers to the much more affluent communities. Pricing within this industry tends to reflect the level of technology and monitoring that the product requires.

For example, a fire detector is easy to install by a homeowner and requires no upkeep other than changing the batteries, whereas a home security alarm may have sensors all over the property, and has features that connect to the local police dispatch. Consumers will be comfortable with a higher price within this industry because that shows them that the technology is sophisticated and advanced enough to require a higher price tag. Additionally, home security systems are not a necessary product and purchases are for precautionary reasons. A lower income household will want to spend their money on more essential items first.

For Intellecty a price tag of \$500 may seem high, but consumers that are genuinely interested in the technology and quality of the product should have no problem investing that amount of money. As the company grows, and Intellecty wishes to expand its consumer base it may need to lower the price to penetrate the market further.

PLACE

For products in this industry to succeed they need to be in the right place at the right time for a consumer to choose them. With lower technology items like fire alarms and carbon monoxide monitors, consumers can quickly pick these up on the shelves at their local home improvement or department store.

With higher level technology items like security alert systems, an installation process is required, so consumers are much more likely go directly to the company that sells them, either electronically or by phone to make a purchase and set up the installation. In this case, it is smart for these companies to have a high presence online or and in print and television advertising so that consumers can develop an awareness of the company and the product it offers.

Due to the high level of Intellecty technology, it is unlikely they can place their product on store shelves right away, but that should be a medium-term goal. This is ideal because consumers that are already looking at pipes and other related products may have just experienced a leak, and would find themselves greatly benefiting from Intellecty's BluView.

PROMOTION

Promotion for the Security Alarm Systems industry is generally limited to television and print advertising, where we see some disaster prevented due to these products. There is not a lot of social media marketing for these kinds of products because they are generally being purchased by the older generation who are not quite as affected by social media advertising yet.

For Intellecty, they could benefit significantly from a mix of both print/television advertising as well as social media marketing. Due to the high level of technology, their product appeals to the younger homeowners who grew up with the technological boom over the past few decades and are very interested in owning a “Smart Home.” Younger homeowners can, therefore, be easily reached with social media marketing as well as print/television advertising.

INTELLECTY



INTENSITY OF RIVALRY

The intensity of rivalry is medium to high attributed mostly to low demand. Although some security systems are required by law not all companies in the industry, operate in those markets. The security alarm industry is not new, however, only in the last decade has the technology reached the point of being sufficient enough to garner widespread attention. Therefore, there are few customers actively looking to purchase security alarm services; most customers must understand the benefits and uses.

The security system alarm industry also has very high operating costs which make it difficult to be competitive. In the last five years, the industry has seen a period of mergers and acquisitions as larger corporations have acquired smaller businesses to gain market share. ADT, the industry's most significant player, makes up 17% of the total revenue. Nearly 90% of industry players are made up of small businesses with less than twenty employees. These companies are typically locally focused and must compete with other local companies in small markets areas.

Medium intensity of rivalry means that Intellecty must be prepared to compete for customers by offering superior service. When analyzing the competition, customers have identified specific attributes they find most important when determining which business to select. The speed of response to emergency tops the list of factors relevant to customers. Cost of monitoring and trustworthiness are additional factors customers have identified as salient. For Intellecty to compete and gain a competitive advantage, one effective strategy may be to focus on the quality of customer service and accessibility of representatives.

BARGAINING POWER OF SUPPLIERS

Suppliers in this industry are made up of electronics and power conversion manufacturers. Their bargaining power is low to medium and often depends on who their buyer is (ADT compared to Intellecty). Many of the suppliers are large multinational corporate entities with enough financial stability to use their power in negotiating. However, the threat of backward integration is very high, many companies within the industry already manufacture their products using their research and development. This gives very little power to the supplier considering they can be made obsolete if found to be financially unviable.

For Intellecty, medium bargaining power means supplier relations must be equal and benefit both parties equally. Neither supplier or seller has many advantages over the other regarding negotiations.

BARGAINING POWER OF BUYERS

The bargaining power of buyers is medium. The size of the market gives consumer's many options to choose from but does not allow much in terms of negotiating due to relatively standard market pricing. Buyers can be both individuals or large corporate entities. Of course, the larger the business looking to buy the more power they will yield due to the sheer size of the account. However, many of the smaller businesses cater to residences and do not have to deal with corporate contracts. Additionally, many sales in this industry are relational and require continued correspondence from buyer and seller making it much harder for customers to switch.

Although buyer power is not particularly high, customers continue to be the basis of all businesses. It is important to cater towards your customer and ensure satisfaction is the main focus.

THREAT OF NEW ENTRANTS

The threat of new entrants in the security alarm system is low to medium. The industry is in the mature stage of its life cycle, meaning most major players have already secured their market segment and market share. Smaller companies still make up a large portion of the market and are mostly locally focused allowing the potential for new local entrants.

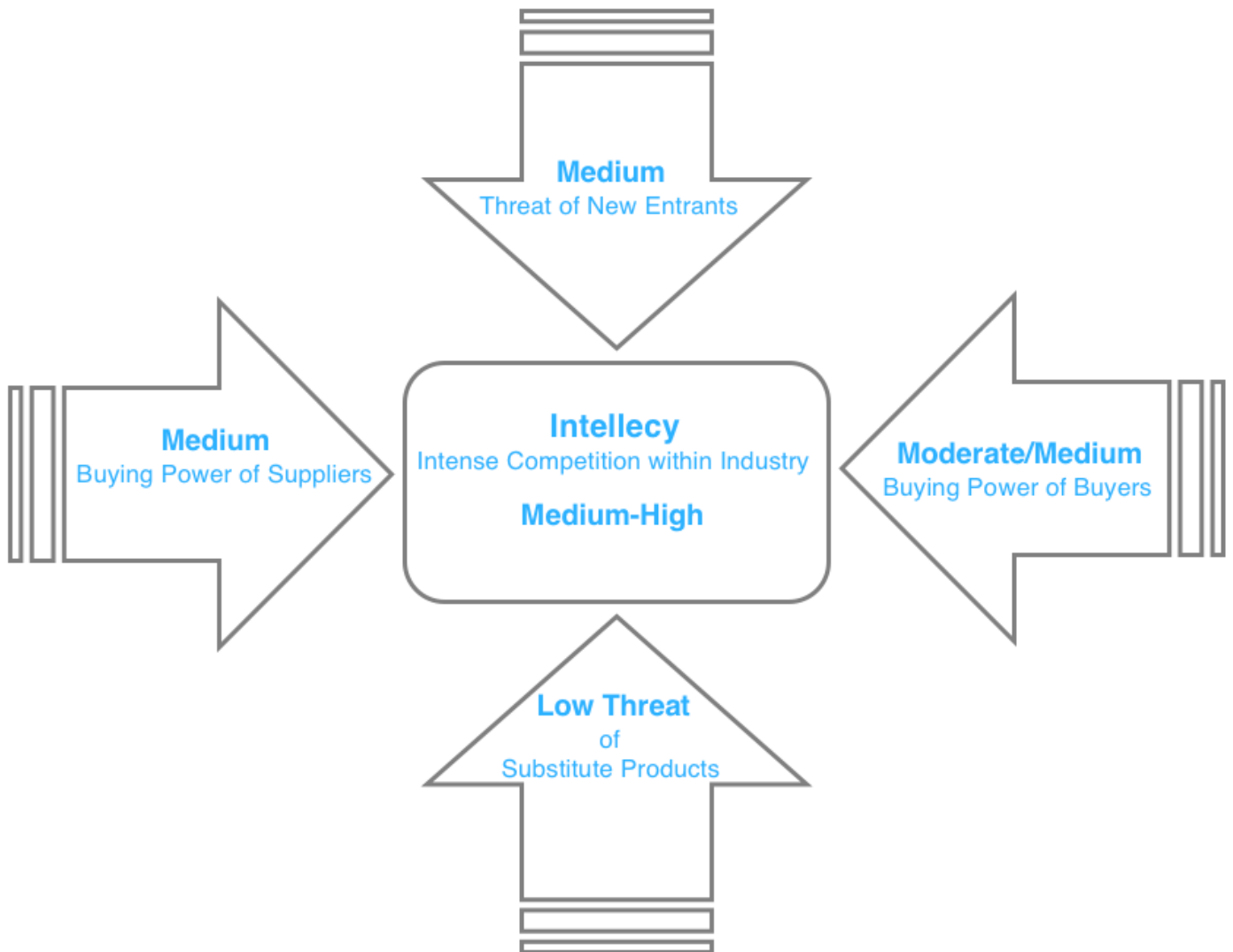
One barrier to entry that may keep out potential entrants are the technological requirements needed to compete. As technology increases and becomes more proprietary, it will be harder for startups to compete. Additionally, high switching costs lead most customers to stick with one provider for long periods of time, not allowing new companies access to those existing consumers. Finally, high operating costs will deter most new entrants for fear of long-term debt.

Medium threat means that there is a possibility new companies will join the industry and compete against Intellecty for business. However, it is not a priority concern and does not threaten a large portion of the business.

THREAT OF SUBSTITUTES

The threat of substitutes is very low as there are none for managed security. Security, in theory, could be substituted with increased surveillance by police and fire departments. However, this is neither practical or cost effective. Any substitute currently available will effectively compromise home security with its lack of ability and coverage.

Porter's Five Forces Framework



*Competitive Overview of the Main Forces
Influencing Intellecyy's Industry*



POLITICAL/LEGAL

In the United States, there exist certain regulations that affect both the end consumer and the security alarm industry itself. Since the 1970's a smoke alarm has been required in all residential and commercial buildings. Since then the regulations have only gotten stricter. As of 2003, a smoke alarm is required in the vicinity outside of every bedroom. When this law was enacted, as expected, demand for smoke alarms increased significantly, like many times it had in the past with new regulation.

Enacted in 2011, the Carbon Monoxide Poisoning Prevention Act which requires all single-family homes and multi-family dwellings to have a carbon monoxide alarm in the house. Again, this caused an increased demand. Security alarm systems must always be aware of what legislation may be taking place. There are some city ordinances that require theft alarms and many more counties are looking to follow in those footsteps to reduce crime.

For Intellecty, this means that in the near future it is not unreasonable that regulations and legislation may be put in place that affects water consumption or protection. As recently as 2016 California had placed regulations on water to fight drought conditions, many of those restrictions have been lifted but some still remain. Legislation can affect both Intellecty's demand and product requirements.



TECHNOLOGY

With the advent of smartphones came the advent of the smart house. As technology increases and the world becomes more wireless it is easier for consumers to monitor the different aspects of their lives. Banking has become almost entirely mobile, exercise and diet are tracked by phone, there are even websites dedicated to keeping track of what TV shows you've watched and what books you've read.

A logical next step is to turn the home into an extension of your smartphone. Cameras and motion sensors are not uncommon in many homes, along with light and temperature control, and even locking systems. Although the technology for consumers to track everything from electricity to water usage exists and is in many homes, it is not in every home. Currently, the cost of these technologies may be too high for the average consumer, but as technology increases, price will decrease, and the smart home will be more status quo.

Again, this serves as a positive for Intellecty considering their advanced technology and the need for consumers to have the very newest and best available tech.

ECONOMIC

In the late 2000's as the economy hit a massive recession security alarm systems were relegated to luxury items. Unfortunately, this hurt the industry very badly and many small companies were forced to close or sell to larger corporations. In recent years, as the economy has grown stronger (as evidenced by the Fed indicating they will continue to raise rates) and once again gained a foothold, consumers find themselves with more disposable income than years prior. Security itself is no longer seen as luxury item and may in fact be a smart investment. Insurance companies offer incentives for homeowners with certain security services ranging from theft to fire protection. The security alarm system industry has been growing with the economy and appears will continue to do so.

SOCIO-ECONOMIC

Recent reports have indicated that there has been a change in the way consumers view home security. In the early days of home security, the technology available was not very impressive yet the cost was still very high. Better technology came later, only to have a recession affect the entire world.

With the recession, consumers collectively viewed security alarms and home security as a luxury item. This has changed. A new study from IMS research indicates that home security is now viewed alongside service providers such as cable and internet. Users are looking for ways to integrate all of their home services into one bundled service, most efficiently turning their house into a smart home.

ENVIRONMENTAL

As discussed briefly under the legal section, the United States and the rest of modern world is moving towards a more environmentally friendly corporate attitude. Regulations and tax incentives have caused many businesses to “go green”. In California, the drought forced regulations on water consumptions and even offered tax incentives to those willing to get rid of their grass lawn or yards. As the population becomes more environmentally conscious the need for home monitoring and alarm system will increase. Both energy and water can be equipped to alarm systems that allow for better usage and better overall control.



MARKET SHARE

Market share in the security alarm industry has a low concentration. The industry is characterized by a large number of small players each representing a small percentage of the market share. Companies with less than 20 employees make up 91% of the industry. However large players, such as ADT account for approximately 17% of all industry revenue. No other player is close in terms of market share or profitability.

MAJOR COMPETITORS

Current competitors in industry economic structure;

- Flo
- Fluid
- Buoy Labs



GEOGRAPHIC FACTORS

The current geographical industry analysis reveals an equal amount of distribution, correlating with the population. The distribution patterns are attributed to industry activities;

- Revenue
- Employment
- Production
- Establishments
- Other relevant statistics

In viewing the industry chart, provided by IBISWorld Home Security in the US 2017 report, the key indicates the darker the shade, the higher the industry concentration.

As a result, the regions that have the highest populations, Southeast, West and Mid-Atlantic, also have the most activity.



Figure 1: 2017 IBISWorld Home Security in the U.S Industry Concentration Map

Therefore, the focus will be on those top three regions in order of priority for Intellecty.

WEST

An estimated 16.1% of the total industry establishments are located in the West. More importantly, most of the revenue that is generated in the West, is largely due to its large population centers and high property values. Based on the familiarity and location base of Intellecty with the West, specifically in the Southwest region of California, Intellecty should concentrate on developing their small-scale advertising campaign and key target audience.

Being a small startup, and focusing on the launch of a 1-2-year short-term promotional campaign, California offers the best market attractiveness out of all the industry regions. Focusing on a specific geographic region would allow for the goals set by Intellecty.

Results in the concentration of the collection of data and analysis could assist in justifying what type of campaign is successful and further develop into a larger national advertising campaign.

Focusing on Southern California Region will also be key to limiting campaign expenses, a goal desired by Intellecty.

Intellecty can analyze the data, examine which promotional tools are effective and where to search for the segmented markets in other regions based on the market attractiveness.

SOUTHEAST

One-quarter of industry revenue is generated in the Southeast and an estimated 28.6% of industry establishments. Florida dominates the region, possessing 9.8% of the industrial establishments. With a major concentration of establishments in Florida and population, could be a possible region for Intellecty to consider despite the distance. Also, more in-depth analysis of the area could amount to the allocation of resources for their larger scale promotional campaign.

MID-ATLANTIC

The Mid-Atlantic is also an attractive region due to the industry revenue eclipsing the population. It also ranks second with the highest portion in the industrial establishment with an estimated 18.0%. New York is one of the most attractive states as offering a high density of the population. This too can be an appealing market for Intellecty, despite the fact of the location.

A thorough evaluation of market segments leads to identifying two market segments that align with Intellecty's innovation and "connected home" technology. Using Claritas MyBestSegments, the "High-Tech Society" and "Technovators" are ideal segments for Intellecty's BluView smart water meter. Technovators are educated, tech-savvy, and likely to integrate new technology into their lives. High-Tech Society are older affluent members of society. Many of them travel for work and pleasure and are among the most technologically enabled group in the nation.

An ideal geographical region will have both of these segments as a majority of the population.

Across the nation, there are many areas that have a heavy population of these segments. Intellecty is still in a startup phase of its product offering so it is recommended that, if possible, it focuses its marketing efforts as locally as possible. This will allow Intellecty to closely monitor and react to its activities. Initially, Orange County was thought to be an ideal market. The desired segments are present all over Orange County but the segments were separated and diluted with other segments that were not optimal for Intellecty's product. This would make marketing to a specific segment in that area difficult to target and results would be hard to measure. A test portion in San Diego was selected because it contained a large proportion of chosen segments and, of these persons, the majority are under 55 years of age.

San Diego- 92127

Population: 48,714

Median Age: 36.6

Median Income: \$141,100

San Diego (Rancho Penasquitos)- 92129

Population: 55,589

Median Age: 39

Median Income: \$125,800

San Diego (Carmel Valley)- 92130

Population: 60,297

Median Age: 38.1

Median Income: \$146,300

These individuals own more than 5 TV's, have wireless internet and backup cameras in their vehicles, they favor home solar panels, have wireless internet cards and many of them use their home internet for business purposes. This group lives online and integrates technology into their lifestyles.

These areas provide a high population density for Technovators and High-Tech Society and therefore are an ideal geographical area to test product marketing in preparation for a national campaign.



LEAKS HAPPEN!

WHAT IS BLUVIEW?

BluView is a smart water meter with leak detection. Not just for detecting leaks, users can monitor usage and be more aware of their water footprint via phone app.

SOLVE THIS

Communicate the value Intellec's BluView meter can provide to home owners.

THE FACTS

Intellec is preparing for product launch but needs to establish its voice, identify, target audience and organic following.

THE COMPETITION

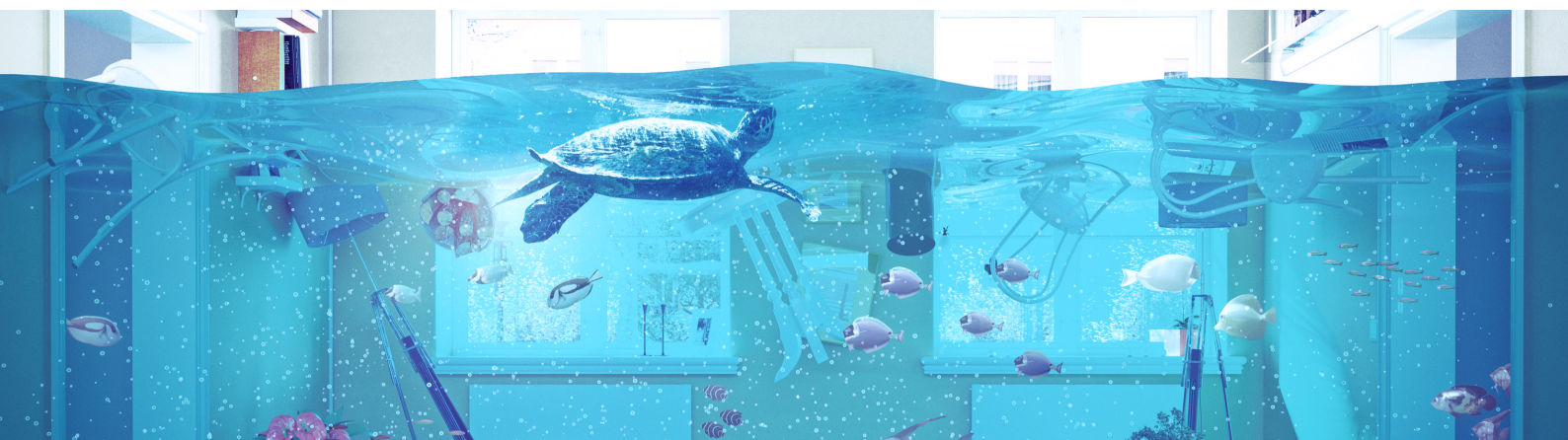
- Flo
- FLUID
- Buoy
- Contact Sensors

WHATS THE BIG OBJECTIVE!

Desired Effect: Advertising should leave customers feeling surprised and informed. Through creative and ad copy, convey the potential cost of in-home leaks. Creatively express those household items are significantly more likely to be lost to water damage than to burglary. Immediately following communication problem, present BluView as the solution.

Goal: Identify campaign and medium that best achieves desired effect on market segment.

Results: Increase Facebook page likes 20% and engagement by 10% monthly. Obtain 1,000 unique website visits per month.



LEAKS HAPPEN!

THE TARGET

Greg: He is a homeowner, married with two children. As a 35 year old educated professional, he makes roughly \$125,000/year. He grew up on technology and uses it in his daily life. Constantly connected, Greg uses his smart phone to manage many aspects of his life. His phone automatically connects to his car. He uses Siri regularly but has been meaning to purchase an Amazon Echo.

THE PROMISE

Help customers become more conscious of their water usage and avoid costly losses due to water damage. Catch every leak, every time.

THE CALL TO ACTION

Primary: Follow/Subscribe
Optimistic: Pre-Order

THE GUARANTEE

The BluView water meter provides the tools to not only protect homes from devastating water damage but will empower users to take charge of their households water consumption.

THE MUST HAVE'S

01



PHOTO OF
BLUVIEW
METER

02



CALL TO
ACTION

03



PHONE
NUMBER

04



LINK TO
WEBSITE



OBJECTIVE

Continuous Objective: Identify and engage with a customer base, through a combination of discovery and re-targeting campaigns.

Rationale: By combining data collected through discovery campaigns with re-targeting, Intellecyr can identify potential customers who are actively searching for keywords that relate to the problem BluView can solve. Through the use of cookies, these "warm leads" can be re-targeted through various forms of advertising.

MEDIA PLATFORMS

Google Search: Discovery campaigns through Google search ads seek to find those who are searching for keywords related to BluView. Through cookies and Facebook Pixels, customers who click these ads can be tracked and re-marketed to. Search ad data includes geographic information based on ad impressions. This geographic information can be utilized to direct other advertising campaigns including social media and direct mail.

Social Media: Social media advertising (not organic posting) will use Pixel data to re-target those warm leads who have previously landed on the Intellecyr website. These ads target warm leads. Therefore, the message of these ads conveys features and benefits with a call to action.

Mail: Using the discovery campaign data, Intellecyr can identify specific geographic regions that have higher search volume for specified keywords. This higher search volume indicates a greater need for the solution that Intellecyr's BluView provides.



Mailers are sent to these areas to inform residents of the benefits of a leak detection system.

Geographic search data along with housing statistics can combine to create specific messages for each neighborhood such as home age and increase the risk of leaks. Evaluation of an areas technological fluency can determine whether or not QR codes should be incorporated in the mailer.

Flyers/Door hangers: In partnership with local plumbers who can install BluView, adding to their billed services, co-branded flyers can be distributed to neighbors of homes who have experienced leak damage.

BUDGET \$10,000

PERCENT ALLOCATION

DISCOVERY

20%

SEARCH



RETARGETING

40%

SOCIAL MEDIA



GEOGRAPHIC

40%

MAIL/HANGER



SEARCH

Offering a flexible budget, search ads costs are determined by setting daily and overall budgets. As with all campaigns, the amount or percentage of budget allocation should be regularly evaluated and adjusted based on effectiveness.



SOCIAL MEDIA

Similar to search ads, social media advertising allows users to set daily, and overall campaign budgets. A re-targeting campaign should utilize lead generating or conversion ads.

According to Facebook's Ad Manager, a local lead-based campaign can reach up to 1,500 people per day with a daily budget of \$20.

Lead-based social media ads are recommended as the product is currently in pre-launch.

**Facebook ads manager includes Instagram. All social ads should run continuously until optimal times are identified through data collection.*



GEOGRAPHIC

US Postal Service allows for specific selection of routes for delivery. According to the USPS website, delivery to 2,000 residence costs approximately \$400. Depending on volume the print costs can be as low as \$20 per 500 ads printed.

Flyer printing costs are similar to direct mail. No other costs, as these are distributed by partners.

**Door hanger campaigns are continuous. Direct Mail should be conducted when relevant data presents itself in discovery campaigns.*



SCHEDULE

"The **ultimate goal** of this campaign is to **increase brand awareness**, drive traffic to **Intellecty's** website, and to educate potential customers to an understanding of **BluView's product value**, thus leading to better than average returns."

We propose the following marketing tactics and figures, specifically designed to maximize Intellecty's return on investment (ROI);

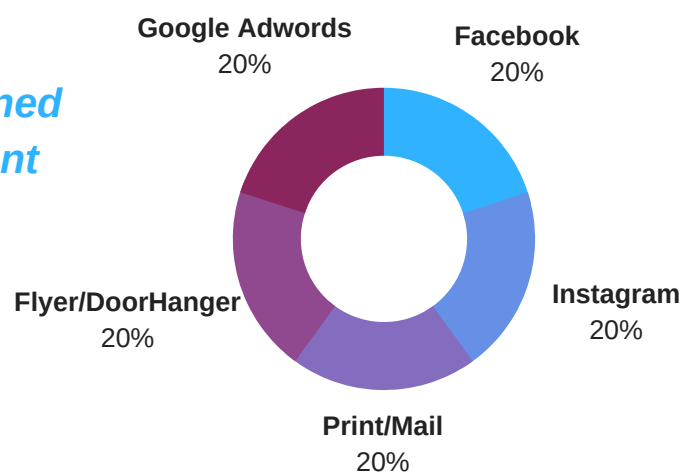
Facebook Average Cost Per Click is roughly \$2.39, per Facebook Ad Benchmarks for Your Industry. $\$2.39 (1,500/1000) = 837$ clicks on Facebook, equating to the \$2,000 budget.

According to Instagram Benchmark Reports, Instagram paid CPM is \$13.92. We are allocating \$2,000, which will result in 143,678 impressions.

Our print advertisement will be distributed on an as need basis according to the frequency of jobs attained in geographic location.

Using Google AdWords for a CPM at \$8.81 cost per thousand daily, we anticipate a reach of 227,015 impressions, with the planned budget of \$2,000.

Intellecty's Planned Media Investment



With all of this in mind, Intellecty should remain vigilant and use data collected from the proposed campaign to shift budget allocations with decisions being made at monthly intervals. The proposed campaign is not final nor is the only strategy that Intellecty should consider. This proposal simply covers a strategy for Intellecty to uncover and convert new customers based on geographies.



NEBULA DIGITAL

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