



Master of Science in
International Business

Touchland's Internationalization Plan to the US

AUTHORS:

De Sola, Lía
Doenyas, Jojo Yoel
Robles, M^a Victoria
Thamm, Yvonne

ACADEMIC YEAR:

2014-2015

SUPERVISOR:

Tomislav Rimac

KEYWORDS:

Design driven, Hand-sanitizers, Start-up, Innovation, New Market Entry Business Plan.

DATE:

June 17th 2015



Abstract

Touchland is a Spanish enterprise with the ambition to revolutionize the global hand-sanitizer category. The objective of the company is to achieve sustainable growth by positioning Touchland as lifestyle reference for the industry. Its two main products: KUB and KUB2Go are promoted through the brand's environmental friendliness and design image. Issues of imitability will be overcome by this unique value proposition. Previously, the start-up used a "come-to-me" approach to enter new markets. Numerous sales representatives and distributors cover already large parts of the globe. In its first pursue to actively open a market Touchland aims to expand to the US - the biggest, fastest growing, and most consciousness market for hand-sanitizers. A subsidiary in the US will increase Touchland's brand awareness in the important market. Through the innovation centered business structure Touchland differentiates itself from the large number of US competitors.

Keywords: *Design driven, Hand-sanitizers, Start-up, Innovation, Market Entry Business Plan*

Index

| | PAGE |
|--|-----------|
| 1. INTRODUCTION | 1 |
| 2. TOUCHLAND: COMPANY INTERNAL ANALYSIS | 1 |
| 2.1 Mission and Vision | 1 |
| 2.2 Value Proposition | 2 |
| 2.3 Value Creation | 3 |
| 2.4 Company Objective and Strategy | 4 |
| 3. EXTERNAL COUNTRY ANALYSIS UNITED STATES | 5 |
| 4. FOREIGN MARKET INDUSTRY ANALYSIS | 7 |
| 4.1 Hand-Sanitizers Industry | 8 |
| 4.2 Market Competition | 8 |
| 5. ANALYSIS SUMMARY: THREATS AND CHALLENGES | 9 |
| 6. ENTRY STRATEGY | 10 |
| 6.1 Entry Mode Selection | 10 |
| 6.2 Legal Considerations | 12 |
| 6.3 Subsidiary: Touchland US | 12 |
| 7. TOUCHLAND'S OPERATIONAL PLAN IN THE US | 13 |
| 7.1 Logistics | 13 |
| 7.1.1 Agreement with Parent Company..... | 14 |
| 7.1.2 Logistic Partner..... | 14 |
| 7.1.3 Key Performance Indicators..... | 15 |
| 7.2 Marketing plan | 16 |
| 7.2.1 Market Research..... | 16 |
| 7.2.2 Evolution of the 4 P's..... | 17 |
| 7.3 Human Resources | 19 |
| 7.3.1 Coordinator..... | 20 |
| 7.3.2 Sales Representatives..... | 20 |
| 7.4 Financial plan | 21 |
| 7.4.1 Cost Structure..... | 21 |
| 7.4.2 Sales Forecast and Financial Statements..... | 21 |
| 7.4.3 Taxation..... | 23 |
| 7.5 Touchland US's Operational Plan Timetable | 23 |
| 8. CONCLUSION | 24 |
| REFERENCES | 25 |
| APPENDIX | 27 |

| BODY GRAPH/TABLE INDEX | PAGE |
|---|-------------|
| Graph 1: Touchland's Value Curve | 2 |
| Graph 2: Touchland's Value Chain | 4 |
| Graph 3: Consumption, Investment, Import and Unemployment US..... | 6 |
| Graph 4: Category Positioning | 9 |
| Graph 5: SWOT Analysis | 10 |
| Table 1: Entry Mode Scorecard..... | 11 |
| Table 2: Scorecard Subsidiary location: Touchland US..... | 13 |
| Graph 6: Touchland US Supply Chain | 14 |
| Table 3: Logistic Partner Scorecard..... | 15 |
| Table 4: Key Performance Indicators..... | 16 |
| Graph 7: Evolution of the 4P's for the KUB2Go | 19 |
| Graph 8: Operational Structure Touchland US..... | 20 |
| Graph 9: Sales Forecast..... | 22 |
| Graph 10: Net Income Forecast..... | 23 |
| Graph 11: Touchland US' Operational Plan | 24 |

APPENDIX INDEX

| | |
|--|----|
| Exhibit 1: Touchland's Products | 27 |
| Exhibit 2: Health Awareness | 27 |
| Exhibit 3: VRIO Analysis..... | 28 |
| Exhibit 4: Innovational Organization's Value Chain..... | 29 |
| Exhibit 5: Strategy Diamond Tool..... | 30 |
| Exhibit 6: Exporting Regions of Touchland..... | 30 |
| Exhibit 7: Gross Metropolitan Product of US Metro Areas | 31 |
| Exhibit 8: Estimated Income per household per year US (2013)..... | 31 |
| Exhibit 9: Economic Outlook US..... | 32 |
| Exhibit 10: PESTLE Analysis..... | 33 |
| Exhibit 11: Five Forces Analysis..... | 34 |
| Exhibit 12: Touchland's Direct Competitors in the US..... | 35 |
| Exhibit 13: Substitutes to Hand Sanitizers, by sales in 2013..... | 37 |
| Exhibit 14: Stakeholder's Analysis..... | 37 |
| Exhibit 15: Global Startups in Hand Sanitization: Benchmark..... | 37 |
| Exhibit 16: Scorecard Entry Model: Touchland US..... | 38 |
| Exhibit 17: Trademark Registry US: Touchland..... | 39 |
| Exhibit 18: Logistics Calculations..... | 39 |
| Exhibit 19: Logistic Partner Service Contract..... | 39 |
| Exhibit 20: Focus Group..... | 43 |
| Exhibit 21: Online Survey..... | 44 |
| Exhibit 22: Evolution of the 4P's | 45 |
| Exhibit 23: Design and Innovation as Positioning Tools..... | 46 |
| Exhibit 24: Cost Structure/Compensation Method Coordinator..... | 46 |
| Exhibit 25: Hofstede's Cultural Distance Model Spain/USA..... | 47 |
| Exhibit 26: Cost Structure/Compensation Method Sales Representative..... | 47 |
| Exhibit 27: Historic Exchange Rate Level..... | 48 |
| Exhibit 28: Sales Forecast Variables and Premises..... | 49 |
| Exhibit 29: Input Sheet Variable for Realistic Scenario..... | 50 |
| Exhibit 30: Realistic Scenario Statements..... | 51 |
| Exhibit 31: Optimistic Scenario Statements..... | 55 |
| Exhibit 32: Pessimistic Scenario Statements..... | 59 |

1. Introduction

Touchland is a Spanish enterprise in the hand-sanitizer category, founded in 2011. Its two main products are the KUB and the carry-on KUB2Go (see appendix, exhibit 1). The aim of the company is to achieve sustainable, quality growth by positioning Touchland as a global lifestyle reference for the industry.

Main differentiators for the company are the environmental friendly brand image and the design-driven product. With this approach Touchland connects a conventional health care product to design and environmental responsibility. Thus, the company targets urban and professional individuals who have an affinity to aesthetics and to whom environmental issues are appealing. Touchland's main competitive advantage is the devices' design, which is innovative for the product category. However, this competitive advantage is only temporary as it is easily imitable. A more sustainable competitive advantage is coupled to Touchland's innovation based business model where most of the added value is created in marketing research. Through the design driven process Touchland will achieve a sustainable market position.

Moreover, the embedded social responsibility¹ at the core of the business is part of the added value Touchland offers. Responsibility begins in Touchland's pursuit of a local production that manufactures almost all product components in Barcelona. This translates into higher costs compared to sourcing from Asian suppliers. Parallel to this effort, the company created a program called Touchlives.² It aims to donate 5% of company profits, in form of hand-sanitizers, to countries with water scarcity where hand hygiene is critical to survive.

The US market has been selected due to the presently high awareness of the product, high health concerns (see appendix, exhibit 2) and the high potential growth of the market. Based on average households' income the focus is laid on selected urban areas. Consequently, Touchland's targeted customers within the US are white collar professionals for the KUB2Go as well as companies and hotels for the KUB. As it is the first attempt of the company to proactively pursue a market, presently only the KUB2Go will be promoted.

The hand-sanitizer industry in the US is composed by a large number of competitors and substitutes. High market entry barriers are the result. Nonetheless, the market is large and growing and the company offers highly innovative products with an environmentally friendly brand association. With a unique value proposition and unconventional marketing Touchland will exploit the opportunities given and create a niche market in the US in order to succeed.

2. Touchland: Company internal analysis

With its vision and mission Touchland sets the framework for their value proposal. The unusual design centered approach for hand-sanitizers leads to a unique selling proposition as well value chain. Value is added in a u-curved model which leads to a salient strategy that differentiates Touchland from its competitors.

2.1 Mission and Vision

Objectives and goals of Touchland are inscribed in the company's mission and vision that serve as guideline and roadmap for sustainable future growth.

- The company's *vision* "[...] is to position Touchland as a global reference on healthy environments. Being the pioneers to satisfy a global need." Further, the B2B business aspires to provide „a dispenser in every company*

¹ Value adding claim of water savings by the use of hand-sanitizers over hand washing
<http://www.touchland.es/img/watercounteren.jpg>

² Touchlives Program <http://www.touchland.es/es/touchlives.html>

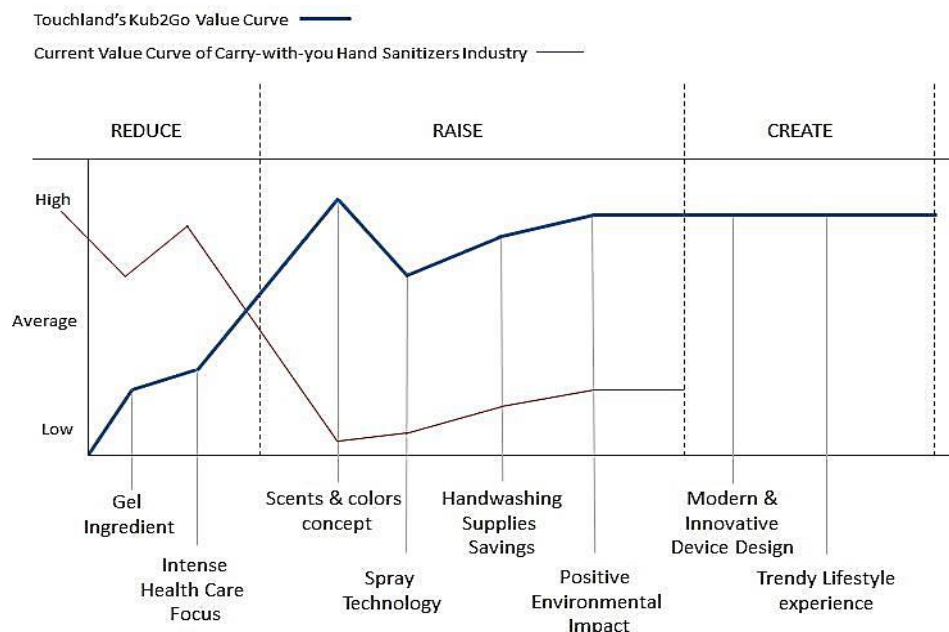
- Accordingly, the *mission* is to bring “the best sensory experience to companies and individuals around the world through its innovative & sustainable solutions to hand-wash:
 - o Provide healthy and protected environments through hand hygiene.
 - o Promote a hygiene habit in the daily lives of people.
 - o To create value and make a difference for those companies that trusts us.”³

The mission and vision of Touchland directly translate into values that intent to guide the behavior of employees and partners directly: “1.) *Passion*: Love what we do; being committed with our mind and heart. 2.) *Innovation*: Find cutting-edge solutions that improve the daily life of people, companies and society. 3.) *Commitment*: To offer an eco-friendly solution that improves everyone’s life by creating a healthier and wealthier tomorrow. 4.) *Quality*: Continuous search for excellence. And 5.) *Leadership*: Striving to be a pioneer in creating a better future.”⁴

2.2 Value Proposition

Derived from the mission and vision, the unique value proposition is central to the company's business. Most of the value is created in an initial phase of design thinking, which is an ideation process focused on solving problems through innovative and groundbreaking solutions.⁵ Market demands that Touchland has examined in marketing research are translated into an innovative design. Inspired by consumer insights, Touchland managed to pinpoint a global need which was yet unattended: modern and innovative design for hand-sanitizer products. Next to the utilitarian value proposition an additional emotional value proposition is formulated: *Touchland enables you to create the most incredible memories of your life without the fear of touching.*

Graph 1: Touchland's Value Curve



Source: created by the authors

³ Touchland Documents

⁴ Touchland Documents

⁵ Design Thinking theory, retrieved online under: http://www.ideo.com/images/uploads/thoughts/IDEO_HBR_Design_Thinking.pdf

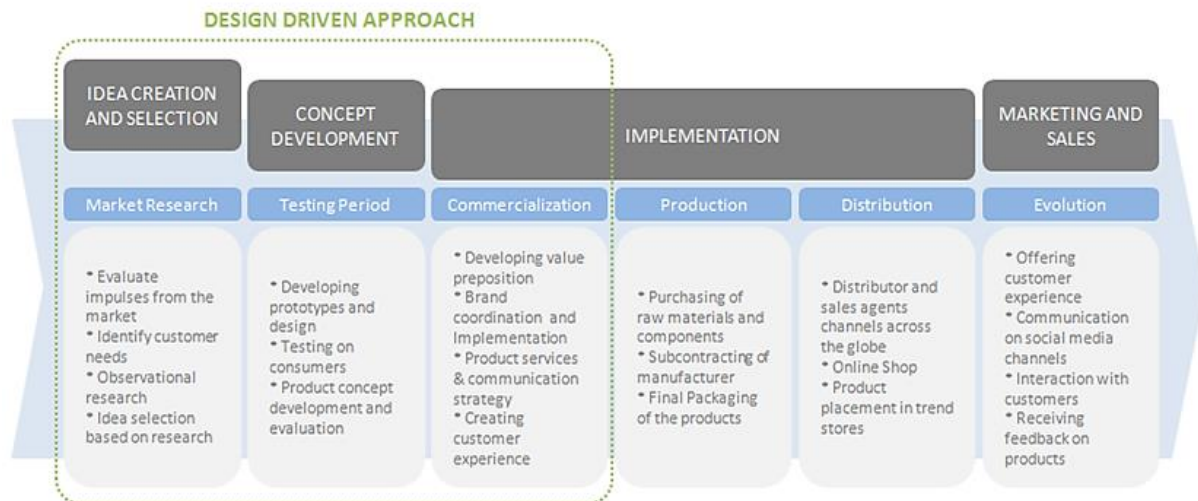
The value proposition is based on appealing aesthetics. First of all, the liquid formula was improved due to market research results that emphasized the consumers' dislike of hand-sanitizers leaving their hands „sticky“. As a result of this finding, Touchland removed the gel factor from the formula. Instead, it developed an alcohol based sanitizing liquid with powerful hydrating ingredients such as aloe vera. Formula innovation could be assessed as a major source of competitiveness but Touchland is by no means the only competitor focusing on formula. Despite Touchland's hygienic effects being the same as that of other alcohol based hand-sanitizers, the communication to consumers about this attribute was significantly reduced. On the other hand, features as scents and colors have been raised as they are visually appealing and fashionably relevant to consumers. The products offer an improved spray technique as well, especially the automatic touchless KUB. Another important value that has been raised is the awareness on water savings due to the usage of hand-sanitizers. Approximately two liters are saved per usage of the KUB or KUB2Go over regular hand washing under the tap.⁶ Essentially, the products are positioned as environmentally friendly due to its responsibility towards the scarce resource water. However, a look at the value curve (see graph 1) determines that the main sources of competitiveness are modern and innovative design (device and packaging) as well as a trendy lifestyle experience. Both values are currently not being satisfied in the market by any other competitor (as a benchmark in chapter 4.2 will demonstrate). Touchland is not the only company in the hand-sanitizer industry that is applying its individual knowledge of consumer preferences. Nonetheless, with the unique emphasis on fashionable design and an environmental friendly lifestyle brand image Touchland is pushing the boundaries of an innovation-stagnated category. By tackling a need unattended by competitors, Touchland aspires to open a new customer segment for hand-sanitizer with its unique value proposition.

2.3 Value Creation

Touchland's main capabilities in creating the proposed value are intangible and hard to copy: innovation, flexibility and idealism. Further, three resources could lead into a competitive advantage as well: the devices' design, customization possibilities and the innovative formula. Through a VRIO analysis (see appendix, exhibit 3) it is evident that especially the design and the customization offer the opportunity to establish a competitive advantage. However, Touchland is aware that the advantage is not necessarily durable. Although the replication of the resources would take some considerable time, imitation of the products poses a possible threat. To confront itself with the merely *temporary competitive advantage* and to remain ahead of competitors, Touchland will focus on maintaining the innovative design-driven approach. This allows the company to continuously act with a first mover advantage. Moreover, Touchland's strongly communicated brand image aims to overcome the obstacle of imitation. Placing the company as an environmentally friendly and fashionable brand in contrast to its competitors, ensures long-term success and a *sustainable competitive advantage*. This includes continuously innovating products through a robust launching calendar. As Touchland is still a young start-up, strong investment into resources is required to create the needed research and development capabilities. Only if those are established, the expectations on the innovation calendar can be fulfilled.

⁶ For reference see <http://www.touchland.es/img/watercounteren.jpg> and <http://www.touchland.es/en/savings.html>

Graph 2: Touchland’s Value Chain



Source: created by the authors

A further look at the value chain (see graph 2) demonstrates the unique design-driven, innovation approach of the start-up. Touchland’s value chain is exemplary for an innovation centered organization (for concept reference see appendix, exhibit 4). The first step of *idea creation and selection* is focused around marketing research and the identification of customer needs and preferences. In the next step of *concept development* the products’ formula, packaging and device design are prototyped, tested and finally created. Thereafter, the *implementation* of the company’s products takes place. A value proposition and a brand image are conceptualized in the commercialization period of the product. Developed products then go into manufacturing. Suppliers deliver raw materials for production of the liquid, the devices and the packaging to a production plant near Barcelona to which Touchland currently outsources its production. The production begins with the approved formula and the approved device and packaging designs. When liquid, devices and packaging are ready, the assembly process begins and every device is filled with liquid and then packed properly. In the final stage, after the finished product is stored in Touchland’s warehouse, the distribution starts. The products are delivered to distributors and to customers that have placed direct orders through sales representatives or the online shop. Finally, through *marketing and sales* a customer experience is created to attract and interact with end-users. Results from the generated feedback in this part of the value chain will flow directly into a new step of *idea creation and selection*. Therefore, the u-curved value chain, where most of the value is added in *idea creation and selection* as well as *marketing and sales*, becomes a circle of constant innovation and changing design. Through the implementation of the value chain structure Touchland aims to continuously repeat the innovation process for future products and thus creates a *sustainable competitive advantage*.

However, under everyday operations the stages under the design driven approach (see graph 2) are replaced by a simple market research stage, as products are not innovated on a steady, daily basis. The value chain then works as a regular u-curve.

2.4 Company Objective and Strategy

Touchland’s objective, as indicated in its vision, is to operate as a major global player. Its strategy entails this ambition throughout the entire business. Within the strategy the company will exploit its sustainable competitive advantages in order to achieve sustainable growth. In order to achieve congruence across operations an emphasis is laid on quick internationalization and innovation (see appendix, exhibit 5).

Following the *economic logic* of value pricing, that offers a large gross margin, the product prices are set according to the created value for customers and not product cost structures. As Touchland offers a strong emotional value proposition, prices are within the top range of the category. Hence, coherence is achieved between pricing and intended customer perception as premium brand. Touchland's products can be considered luxury goods in the category. Thus, they compete in an *arena* of high priced products, distributed in urban metropolitan areas across the globe. Innovation and research on consumer preferences for design represents the core operational area. The company will have to establish itself as innovational organization in order to maintain the targeted customer segment. Within the market, the elevated design provokes the premium status that *differentiates* Touchland from the innovation stagnated competition in the category. A strong brand image reinforces the superiority of the products as a reference for a sophisticated and adventurous lifestyle. Brand ambassadors from some of the currently trendiest sports are fostering this image through viral attention. Eventually, this will encourage customer loyalty that introduces high switching costs.

The current internationalization strategy is based on direct exporting to several countries and customers. As Touchland is still a small start-up the main *vehicles* so far have been purchase orders placed by a global network of sales representatives and distributors. Touchland has naturally evolved into a "come to me" internationalization strategy. Essentially, all their current foreign (non-Spanish) customers and distributors approached Touchland and initiated the sales relationship on their behalf. Therefore, Touchland has never actively pursued contacts to sales representatives in any region (see appendix, exhibit 6). The US is the first market Touchland is pursuing proactively. Due to the size of the market different potential entry modes are possible and will be discussed later on. Strategic reasoning for the change is to improve Touchland's product sales within the US. First a few selected urban cities will be targeted, and then reaching scale by successively broadening the market across the US. Thus, Touchland is going through different *stages* of fast pace internationalization and quick global product penetration.

3. External Country Analysis: United States

As one of the largest markets for hand-sanitizers and the primary driver for the category's future growth worldwide⁷, the US offers the best growth opportunities for Touchland. A further in-depth analysis of macro environmental factors illustrates the reliability of these opportunities. Since the US was chosen as target market also based on average earnings in urban cities, the analysis focuses on the cities with highest income per household as New York, Chicago and Washington (see appendix, exhibit 7 and exhibit 8).

Considering the *political environment* in the US, risks are minimal. Currently, the US is a stable Federal Republic, according to the Worldwide Governance Indicators of 2014. The government has an effectiveness of 90,91% which indicates high independence from political pressure, quality of policy formulation and commitment to policies. Furthermore, rule of law represent a 90,52% and the level of corruption is considerably low with 85,17%. Those results are much better than for Spain, which suffers from several corruption scandals. Thus, on aspects of stability, the US offers no threats to the Spanish company but conditions better than at home. Moreover, benefits could be drawn from trade agreements as the North American Free Trade Agreement (NAFTA) or potential agreements as the Transatlantic Trade and Investment Partnership (TTIP), which is still in progress. Especially the later one facilitates inter-country trade and improves investment possibilities between Spain and the

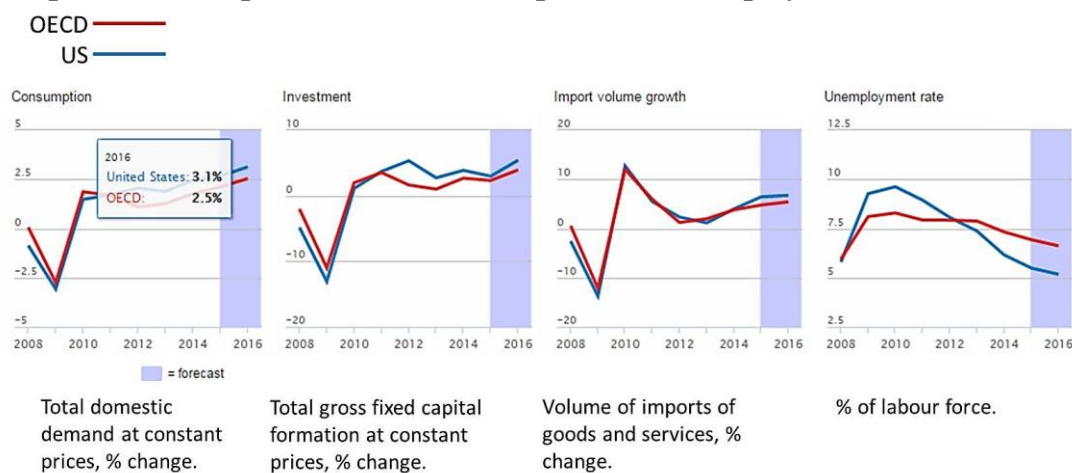
⁷ Retrieved online under: <http://globenewswire.com/news-release/2015/04/17/725574/10129440/en/Alcohol-Based-Disinfectants-Market-is-estimated-to-reach-a-total-value-of-US-2-18-billion-by-end-of-2020-Transparency-Market-Research.html>

US.

On a more specific industry level, the US Food and Drug Administration (FDA) controls hand-sanitizer formula and labeling. In terms of consumer safety, the FDA agency tightly oversees the market in order ensure that products do not pose a threat to consumers. Those regulations have to be taken into account when entering the US.

On an *economic level*, the situation again poses little risk but many opportunities. Despite the aftermaths of the financial crisis, an overall continuous growth in the US market indicates a positive development (see appendix, exhibit 9). Additionally, consumption in the US has recovered and even surpasses the average level of OECD countries (high-income economies). Positive figures for investment and import volume, which are rising over OECD levels, can be interpreted as positive for Touchland. Unemployment levels have dropped even below the level of unemployment before the crisis began in 2008 (see also graph 3).

Graph 3: Consumption, Investment, Import and Unemployment US



Source: <https://www.compareyourcountry.org/oecd-economic-outlook>

Exchange rate variations between the two currencies USD and EUR have been fluctuating, over the last five years. Since 2014 a sharp trend for a dollar appreciation⁸ is recorded that could benefit US revenue reporting to Touchland headquarters in Barcelona (Spain). If the appreciation continues, partnering with a US producer becomes even less relevant for European companies as Touchland.

Furthermore, the specific industry develops well. According to a new report from Global Industry Analysts Inc.⁹, the demand for hand-sanitizers is expected to grow from \$230 million in 2013 to more than \$400 million USD in 2015. From an economical point this can be evaluated as opportunity for Touchland.

Under *social aspects*, the prevailing cautiousness about health concerns should be mentioned as it creates further opportunities. The usage of hand-sanitizers is increasing in various sectors, e.g. in health care usage of hand-sanitizers is mandatory. As well, the military is increasing its usage due to the lack of access to hand washing supplies in remote areas. Finally, sales of hand-sanitizers are highly influenced by the outbreak of infectious diseases

⁸ Retrieved online under: <http://www.xe.com/currencycharts/?from=USD&to=EUR&view=5Y>

⁹ Retrieved online under: http://www.strategyr.com/Hand_Sanitizers_Market_Report.asp, the information was also included in Touchland's official documents.

although hand-sanitizer providers are forbidden to make claims on virus extinction.¹⁰

The *technological environment*¹¹ in the United States offers a strong innovation system with strong intellectual protection. An overall low expenditure on R&D, as a percentage of GDP, induces a high dependency on the private sector and strong competition from other countries. Nevertheless, the pharmaceutical market is rising and innovative technologies are being developed.

In *legal aspects*, hand-sanitizers are considered drugs and are regulated by the FDA under the 1994 Tentative Final Monograph (TFM) which determines their safety and efficacy. Here, hand-sanitizers are classified in the “Antiseptic Hand Washes” or “Healthcare Personnel Hand Washes” product category. According to this panel, alcohol is identified as the only active ingredient recognized as “Generally Recognized as Safe and Effective (GRASE)”¹² for hand-sanitizers containing between 60% to 95% alcohol. Product labeling for hand-sanitizers is regulated as well. Controlled are the veracity of label claims and specifications on ingredients, especially active ingredients and their antibacterial effectiveness.

Under *environmental considerations*, hand-sanitizers are currently not regulated by the US Environmental Protection Agency. However, FDA and Environmental Protection Agency are currently researching on a Triclosan threat¹³; a component of some antiseptic products that could raise the resistance to antibiotic bacteria, disrupt hormone levels and contaminate sewage. Furthermore, there is an inappropriate use of antimicrobial drugs as well as poor infection prevention and control practices. According to the “Centers for Disease Control and Prevention” 80% of infections are transmitted through the hands. This could be palliated by the coordinated action of the World Health Organization (WHO) together with policy makers and the worldwide health industry.¹⁴ An enhanced awareness would in return increase the demand for hand-sanitizers.

Another environmental concern is the low recycling rate among small thicker plastic bottles used for hand-sanitizers. Multi-use dispensers eliminate this harmful environmental effect.

Resulting from the PESTLE analysis of the United States it can be emphasized that external threats are very limited for Touchland’s expansion. At times conditions in the US seem more beneficial for Touchland than at home. In conclusion, the US is a promising market for the internationalization plan (see appendix, exhibit 10).

4. Foreign Market Industry Analysis

Despite the focus on design, Touchland's products clearly belong to the hand-sanitizers category. Conventionally, the hand-sanitizers’ health benefits through cleanliness are communicated within the industry. As Touchland offers a different value proposition its potential can be assessed through an analysis of the competitors and industry forces.

¹⁰Retrieved online under: <http://adage.com/article/cmo-strategy/disinfectants-hand-sanitizers-surge-ebola-fears/295427/>

¹¹Retrieved online under: www.kpmg.com/US/en/IssuesAndInsights/ArticlesPublications/Documents/invest-in-the-us-international.pdf

¹² Retrieved online under: <http://www.cosmeticsandtoiletries.com/regulatory/region/northamerica/60657047.html>

¹³ Retrieved online under: [//www.fda.gov/ForConsumers/ConsumerUpdates/ucm205999.htm](http://www.fda.gov/ForConsumers/ConsumerUpdates/ucm205999.htm)

¹⁴ Retrieved online under: <http://www.who.int/patientsafety/solutions/patientsafety/PS-Solution9.pdf>

4.1 The Hand-Sanitizers Industry

A five forces analysis demonstrates the medium/high barrier for market entry in the US (see appendix, exhibit 11), driven by the high level of rivalry among competitors (see appendix, exhibit 12) and a high threat-level of replacement by substitutes (see appendix, exhibit 13).

In general, the US hand-sanitizer industry is consolidated and experiences high rates of growth.¹⁵ Competition is tough, foremost due to the lack of differentiation among the numerous hand-sanitizers. Low-cost substitutes like soap and a high attachment to traditional hand washing methods are another threat that the industry faces. As many companies offer the same undifferentiated product, the power of buyers is large. Although trends strongly affect customer purchasing behavior, this is not sufficiently captured by hand-sanitizer producers in the market. Suppliers' power is substantial as well but to a lower extent as raw materials are easy to source. However, limited transportation and logistics possibilities could prevent any company from global sourcing and the usage of certain suppliers. In addition, some of the supplying industries are hard to enter due to high specifications and regulations, e.g. alcohol production. The threat of new entrants is rather limited, primarily due to industry requirements as intense capital and knowledge that is time consuming to acquire. Beside the industry specific stakeholders no other parties influence or compromise the market entry (see appendix, exhibit 14).

Although high barriers to entry make the industry somewhat unattractive Touchland has a good chance of succeeding. The value proposition of design differentiation and lifestyle orientation significantly set the start-up apart from other competitors.

4.2 Market Competition¹⁶

The large amount of competitors within the category over saturates the market in the US. More than fifty companies are selling hand-sanitizers around the world and the majority is present in the US.¹⁷ A benchmark analysis, taking into consideration the top 10 preferred brands of hand-sanitizers, demonstrates the category trends for the US. Only carry-on hand-sanitizers are considered as Touchland will primarily focus in the KUB2Go in its entry strategy. Overall, the strongest communicated attributes by hand-sanitizer brands are hygiene effectiveness and a large variety of scents. Only two out of the ten brands ("Gold Bond Ultimate" and "Kirei Kirei") focus their value proposition on the moisturizing attribute. In addition, one out of the ten ("Kirei Kirei") has an emphasis in its environmental impact regarding the waterless hand cleaning solution their product offers. Prices for a single bottle of around 50 ml vary around \$1,5 to \$15 USD. The lower part of the pricing range is occupied by "Purell" and "GermX" which are the leading and third largest brand in the market, respectively. In the pricing mid-range the main brands are "PocketBac" from Bath & Body Works, second according to consumer preferences, "Clorox" and "Gold Bond". Finally, "Kirei Kirei", "Dettol" and "Nexcare" represent the top-pricing range. Most brands target consumers directly through traditional distribution channels and not industries (food, medical, dental, cruise ships, etc.). Major distribution channels are convenience stores and supermarkets as well as pharmacies and online stores. Gel is the most frequently used application solution for hand-sanitizer devices. However, except for "Kerej Kerej" all of the top ten brands base their formulas on alcohol as a main ingredient for killing bacteria (see appendix, exhibit 12).

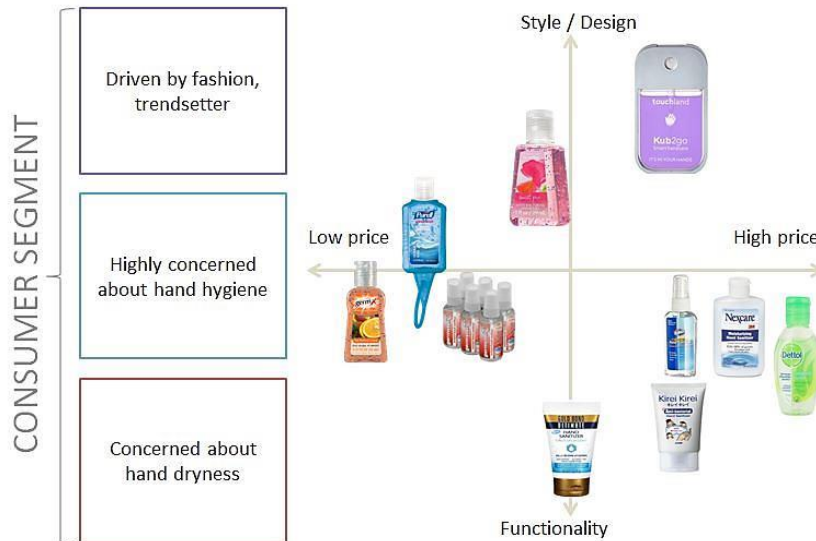
¹⁵ Retrieved online under: http://www.strategy.com/Hand_Sanitizers_Market_Report.asp, the information was given through Touchland official documents

¹⁶ Competitors analysis has been made only for the KUB2Go as is the product chosen for entering the market in a first stage. Further explanation in the entry model section of the document.

¹⁷ Retrieved online under: http://www.strategy.com/Hand_Sanitizers_Market_Report.asp, the information was also included in Touchland's official documents.

In comparison to competitor products two attributes separate Touchland's KUB2Go from the rest: modern and innovative design and a lifestyle oriented customer experience. Thus, a new niche to be satisfied was created. The design of the KUB2Go turns the otherwise mere functionally perceived product into a beautiful accessory. Accompanied by the design feature, a lifestyle based brand image is created. Thus, a customer experience is offered that differentiates the KUB2Go from other hand-sanitizers in the market (see graph 4).

Graph 4: Category Positioning



Source: created by the authors

Touchland's unique innovation strategy offers the possibility to explore untapped niches. Most likely, only another start-up with similar intentions could challenge the company in its endeavor. However, an online research on active, worldwide operating start-ups and young enterprises in the market has shown that no other direct competition exists (see appendix, exhibit 15). None of them shares all the attributes of Touchland's KUB2Go and only one has a design aspect to it. However, as the company has a strong focus on kids as customers it cannot be considered a direct competitor. Most other start-ups focus on hospital clinics and health care workers as customer segment. No immediate threat exists for Touchland to position itself as a reference for design innovation in the category. If success comes as rapidly as expected, there is a possibility of being targeted for acquisition by big competitors.

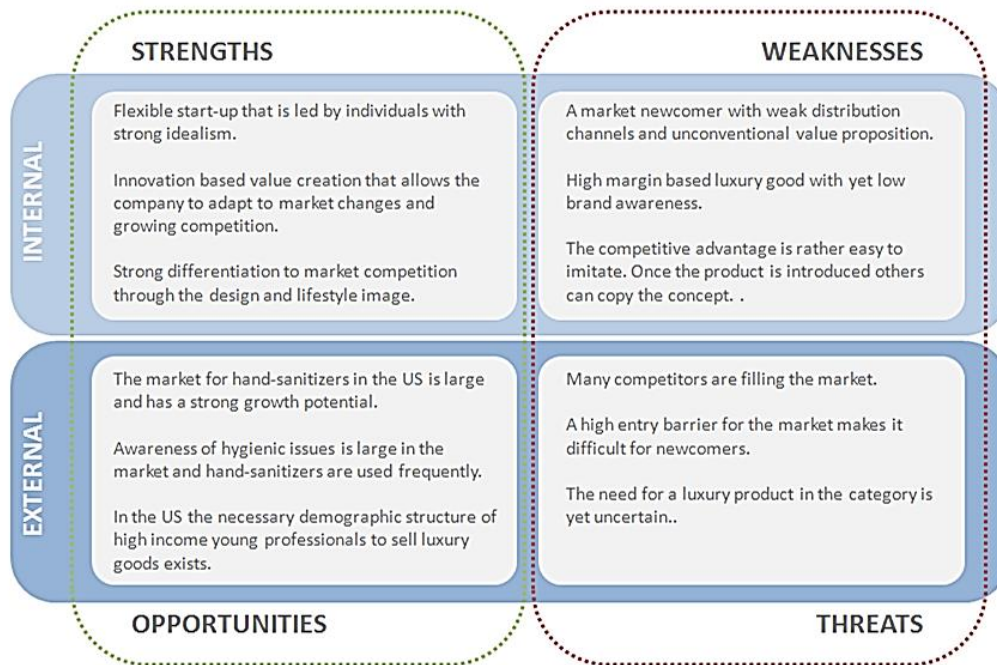
5. Analysis Summary: Challenges & Threats

Recapturing the internal analysis of the company, the macro analysis of the US, and the specific industry analysis the fundamental strengths and weakness as well as opportunities and threats can be identified (see graph 5).

Weaknesses of a more general kind, that are shared with many other new businesses, are the position of a market newcomer, not yet established distribution channels and low brand awareness. More particular, the ease of design imitation poses a weakness. Once other companies are able to copy the product any advantage connected to the design or other tangible features gets lost. Additionally, the high price connected to a yet not established premium brand image could be considered a weakness as customers might not intuitively understand the product's value proposition. Touchland's KUB2Go is the first luxury hand-sanitizer and needs to open that segment for the category. The company's strengths build upon its intangible capabilities: innovation, flexibility and idealism. Being a category pioneer

in innovative design has given the company the first mover's advantage and a strong position in consumers' aspirational mind. Innovation is entailed in the organizational structure through the unique value creation and the start-up's characteristics of innovation, flexibility and idealism. Being prepared to innovate on a constant basis facilitates the company to overcome the obstacle of imitation and to create a sustainable advantage.

Graph 5: SWOT Analysis



Source: created by the authors

Threats, endangering the operations of Touchland in the US, are foremost related to the industry. The large amount of competitors makes it difficult to enter the market. Further, a lot of substitutes to the products of Touchland are available. Following, there might be no need for the product in the market as it is not a commodity. However, the market is large and growing which gives Touchland the opportunity to tap those growing markets and especially new markets. By addressing the new yet uncaptured premium market the closed markets with high entry barriers can be circumvented.

6. Entry Strategy

As a pioneer in the venture of reinventing the hand-sanitizers category, Touchland's main motivation for entering in the US is to seize the first mover advantage in the biggest market worldwide. The strategy is to first establish a consumer base with the KUB2Go and afterwards introduce other Touchland products as the KUB. Given the importance of this market, Touchland has decided to fully commit to the success of the brand in the country and not just rely on independent sales agents.

6.1 Entry Mode Selection

In order to decide on an appropriate entry mode for current business expectations the different options are evaluated in a scorecard model (see table 1). First of all, the initial investment sum needed is examined. Due to the start-up's limited funds available the entry mode should not require intensive investment. Another criteria is the expected sales to be achieved with the entry mode. It takes into account the speed of entry and the distribution

network that will be used under the entry mode. Further, the percentage of total revenues that has to be shared with a partner or external entity needs to be taken into consideration. As Touchland wants to maximize its profits the chosen entry mode should minimize the need for sharing revenues. Fourthly, the time span in which a positive return on investment can be achieved is taken into consideration. This point depends on the amount of investment needed versus the potential sales of the venture. Moreover, the ease of entering the market through each entry mode is evaluated. Easiness is measured in terms of administrative issues that have to be sorted and the potential customers reached through the mode. The necessity of sharing critical information is considered as well. Since Touchland’s business model is built on innovation the company aspires to share as little critical information on innovation etc. as possible. Furthermore, remaining autonomy will be taken into account, as less autonomy translates into less influencing power for Touchland. Finally, ongoing operating costs are considered as increased fixed costs should stay in relation to total turnover made (for further details see appendix, exhibit 16).

Entry modes considered are direct exports through independent sales agents, sales through a US distributor or logistic partner, direct sales through US warehouses fully-owned by Touchland, an alliance with a US producer connected to the industry, the creation of a joint venture with a local company and the possibility of opening a wholly-owned subsidiary with production in the US.

Table 1: Entry Mode Scorecard

| WEIGHT % | CRITERIA | FORM | EXPORT | LOGISTIC PARTNER | DISTRIBUTOR | ALLIANCE | JOINT VENTURE | MANUFACTURING SUBSIDIARY |
|----------|-----------------------|------|--------|------------------|-------------|----------|---------------|--------------------------|
| 15 | INVESTMENT SUM | | 5 | 4 | 3 | 2 | 2 | 1 |
| 10 | EXPECTED SALES | | 1 | 3 | 3 | 4 | 4 | 4 |
| 10 | % ON REVENUE | | 5 | 4 | 5 | 3 | 3 | 5 |
| 15 | TIME ON ROI | | 3 | 5 | 3 | 2 | 2 | 1 |
| 15 | EASE OF MARKET ENTRY | | 1 | 3 | 3 | 5 | 5 | 3 |
| 25 | SHARING CRITICAL INFO | | 5 | 5 | 5 | 1 | 1 | 5 |
| 10 | AUTONOMY | | 5 | 4 | 5 | 3 | 2 | 5 |
| 10 | TOTAL COST | | 4 | 4 | 3 | 2 | 2 | 1 |
| 100 | SCORECARD | | 4.1 | 4.55 | 4.2 | 2.8 | 2.7 | 3.5 |



Source: created by the authors

After analyzing the possibilities against the criteria it is evident that entering the US market through a *logistic partner* is the optimal option for the company, considering the situation at hand.

A relatively low investment is needed, given that the facilities are owned and maintained by the local logistic partner, who is compensated for distribution and warehousing services by Touchland. The time needed to obtain the expected return on investment is relatively short. Investment is low and the easiness of entering the market is relatively high, due to the sales representatives’ expertise and the logistic partner’s connections. Moreover, there is no immediate need to share critical product information with the logistic partner. This is a great advantage for maintaining market competitiveness over a longer period of time. Touchland’s autonomy is kept since the responsibility for the marketing strategy and sales levels remains with Touchland’s personnel. Touchland does not target typical distribution channels for hand-sanitizers but high standard and exclusive channels what makes autonomy important. Finally, agreeing on a non exclusive contract with the logistic partner allows the company to expand its network and increase its growth capacity.

Main challenges are the expected sales numbers and the ease of market entry, both of which

have better indicators in other entry modes. In order to compensate for these shortcomings a minimum time of return on investment has to be ensured. Therefore, Touchland's salaried sales agents will right away work on key accounts, beside regular customers. Touchland's sales representatives will have the task to build a customer network and exclusively support the logistic partner's distribution activities for Touchland products. A coordinator or sales manager will coordinate and plan the sales agents' activities, including organizing, evaluating and implementing the US sales and marketing strategy for Touchland. In order to guarantee the functionality a legal entity in the US will be founded.

6.2 Legal Considerations

Options of creating a legal entity would be to either create a company branch or to create a subsidiary¹⁸. The company branch would not be a separate legal entity but would count as part of the legal parent company. Thus, for all activities of that branch in the US the parent company in Spain would remain liable. This would pose a limited threat to the parent company as lawsuits in the US can become very expensive. Moreover, as the branch is part of the Spanish company, the US income statement would have to be filled for the entire corporation as the income is considered as part of the full legal entity. Under certain circumstances this can lead to increased taxation beyond income in the US. Such taxation claims can arise for instance when the brand name in the US becomes strong and intangible assets increase. Therefore creating a independent legal subsidiary (from here on called 'Touchland US') is the best alternative. Legal accountability remains within the US and corporate income would be taxed for the subsidiary alone.¹⁹

Registering the subsidiary requires a certificate of incorporation which has to be filed with the secretary of state's office in the state where the subsidiary will be settled. Usually, there is no limitation on shareholders or minimum capitalization requirements. However, in most states subscribed capital has to be fully paid before authorized shares are issued.²⁰

Other legal aspects of selling through the US subsidiary would be trademarks and patents. As Touchland will build on brand image especially the trademark for the name 'Touchland' is important and has been registered by the CEO of Touchland in 2012 (see appendix, exhibit 17) as the company is already having direct sales in the US.

6.3 Subsidiary: Touchland US

Five metropolitan areas which are start-up friendly²¹ have been taken into account in assessing the subsidiary's location in both coasts of the country (see table 2).

Several variables have been considered such as exclusiveness of location, income level in the city as the company is targeting a population with medium-high purchasing power and possible tax benefits that Touchland could receive. Further, the distance to the logistic partner was considered to ensure a minimum lead time and an excellent customer service. In order to ensure fast and effective growth, the proximity to the majority of targeted customers was

¹⁸ The subsidiary would only be a legal entity and without production unlike the consideration of a production subsidiary in the scorecard model under 6.1.

¹⁹ Ernst & Young LLP (2014): "Step by step, helping you succeed in the US. The inbound guide to US corporate tax." Retrieved online under: [http://www.ey.com/Publication/vwLUAssets/EY_US_Inbound_brochure_en/\\$FILE/EY-US-Inbound-brochure-en.pdf](http://www.ey.com/Publication/vwLUAssets/EY_US_Inbound_brochure_en/$FILE/EY-US-Inbound-brochure-en.pdf)

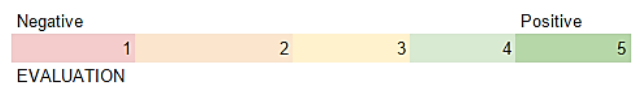
²⁰ Ernst & Young LLP (2014): "Step by step, helping you succeed in the US. The inbound guide to US corporate tax." Retrieved online under: [http://www.ey.com/Publication/vwLUAssets/EY_US_Inbound_brochure_en/\\$FILE/EY-US-Inbound-brochure-en.pdf](http://www.ey.com/Publication/vwLUAssets/EY_US_Inbound_brochure_en/$FILE/EY-US-Inbound-brochure-en.pdf)

²¹ Retrieved online under: <http://venturebeat.com/2012/08/08/top-5-american-cities-for-start-ups/>

evaluated as well. Finally, other factors relevant for the business segment as unemployment and education level were analyzed.

Table 2: Scorecard Subsidiary Location

| WEIGHT % | CRITERIA | CITY | | | | |
|----------|-----------------------------------|---------------|-------------|-----------------|-------------|--------|
| | | SAN FRANCISCO | LOS ANGELES | WASHINGTON D.C. | NEW YORK | DENVER |
| 15 | LOCATION | 3 | 2 | 4 | 5 | 1 |
| 15 | INCOME LEVEL | 2 | 4 | 3 | 5 | 1 |
| 20 | TAX REVENUES | 4 | 3 | 2 | 1 | 5 |
| 15 | DISTANCE TO LOGISTIC PARTNER | 4 | 5 | 4 | 5 | 3 |
| 10 | UNEMPLOYMENT RATE | 5 | 1 | 3 | 2 | 4 |
| 5 | EDUCATION LEVEL | 4 | 1 | 5 | 2 | 3 |
| 20 | DISTANCE TO MAJORITY OF CUSTOMERS | 3 | 3 | 4 | 5 | 2 |
| 100 | SCORECARD | 3.45 | 3 | 3.4 | 3.75 | 2.7 |



Source: created by the authors

As a result of the scorecard, New York City was selected as site for Touchland US. The location is very attractive for innovative businesses and most of Touchland's potential customers are on the East Coast. High income levels speak for the potential of the market in the city. In addition, many logistic partners are close to the location (as the one selected, see chapter 7.1.2). On the downside, unemployment is high and education levels comparatively low. However, this does not inflict the potential market in New York. Only the high tax rates on businesses are alerting and could crucially reduce revenues.

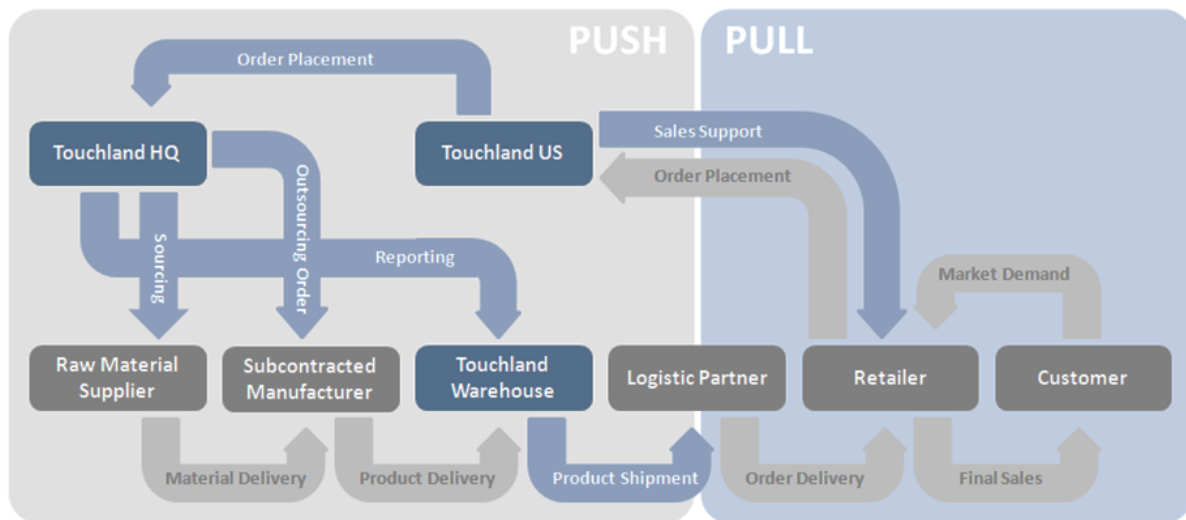
7. Touchland Operating Plan in the US

For Touchland US to be settled a logistics, marketing, human resources and financial plan have to be developed. According to the company's strategy those four aspects need to be integrated into Touchland US's business activities over the time period from July 2015 to June 2016.

7.1 Logistics

As Touchland US will operate the marketing in the US the distribution of the products will be handled through a logistic partner. Since Touchland US is yet unfamiliar with US distribution channels a logistic partner will improve performance through lead time and customer satisfaction. Product shipments from Spain will be stored in the logistic partner's warehouses according to sales forecasts made by Touchland US. Production for the US in Spain will be scheduled depending on the forecast. Up till the logistic partner a push strategy will be applied as products will be shipped in containers according to forecasts. Thus, stock keeping units (SKUs) will not be constant but fluctuate according to shipments. From the logistic partner onwards a pull strategy is applied according to demand by customers and retailers (see graph 6). In order to guarantee a constant service quality to end customers through the logistic partner, Touchland US has to implement special service mechanisms as key performance indicators.

Graph 6: Touchland US Supply Chain



Source: created by the authors

The logistics provider will be included in the supply chain as a substitute for a warehouse as Touchland US will not be having a warehouse in the chosen entry strategy. Products will be delivered by the subcontracted manufacturer in Barcelona, Spain, to Touchland’s warehouse close to Barcelona. From there the products will be shipped from Port of Barcelona to Port of Wilmington (North Carolina/United States). Each 40 foot container can hold approximately 560.000 units (for calculation see appendix, exhibit 18). The transportation of each container costs around \$4.500USD. Using our 2016 sales forecast (388.056 units) which is explained in depth in the financial section, one container of (388.056 units) will be shipped to the US . The products will be sold on DDP (Delivery Duty Paid) incoterms by Touchland HQ to Touchland US and the products should directly be shipped to the logistic partner’s warehouse. Taxes, duties and transportation until the US will be paid by Touchland HQ and truck shipment within the US will be dealt by Touchland HQ as well. A fixed fee for the usage of the warehouse and distribution should be agreed upon depending on the possible product shipment each year. An exclusivity contract will not be offered to the logistic partner and the duration of the contract would be limited to one year with automatic extension if not suspended by any party (for further details refer to the contract draft in appendix, exhibit 19). The time limitation on the contract is given for Touchland to be able to change partners easily. Future sales development can require changes in the company’s logistic structure that could eventually not be handled by the chosen logistic partner. After the establishment of Touchland US has led to stable and sustainable growth, Touchland US might consider selling without a partner or selling through other channels. Thus, at this stage a long-term contract with a logistic partner should be avoided.

7.1.1 Agreement with Parent Company

As the products are bought from the parent company in Spain and resold in the US purchasing conditions have to be set. Touchland US will buy at a price of \$3,6 USD per unit from Spain. This includes DDP delivery to the warehouse of the logistic partner in US. Invoices will be issued in USD\$ in order to eliminates exchange rate risks for the subsidiary.

7.1.2 Logistic Partner

An in depth online research on logistic companies’ offered services, business structure and logistics network has shown that Hopkins, Barrett and ATC International could be potential

logistic partners. All three companies offer services necessary to satisfy Touchland US’s demands on logistics within the US. However, in the end much of the success depends on Key Performance Indicators (KPIs). A further scorecard evaluating the most relevant aspects of each of these companies was made to choose the best alternative (see table 3).

Table 3: Logistic Partner Scorecard

| WEIGHT % | CRITERIA | HOPKINS | BARRETT | ATC INTERNATIONAL |
|----------|------------------------|---------|---------|-------------------|
| 10% | LOCATION | 4 | 5 | 3 |
| 35% | LEAD TIME | 4 | 5 | 3 |
| 10% | PRODUCT SPECIALIZATION | 2 | 3 | 2 |
| 25% | SERVICES AVAILABLE | 4 | 5 | 3 |
| 20% | TRUSTABILITY | 5 | 5 | 3 |
| 100% | | 4 | 4.8 | 2.9 |

| | | | | |
|------------|---|----------|---|---|
| Negative | | Positive | | |
| 1 | 2 | 3 | 4 | 5 |
| EVALUATION | | | | |

Source: created by the authors²²

The analysis determined that Barrett distribution is the best option for the internationalization plan as they have several locations within the country. Barrett’s headquarter is in Massachusetts and the warehouses are located in Massachusetts, New Jersey, California, Virginia, Maryland and Tennessee. Through the warehouse network easy and fast access to the target markets could be ensured, considering its vast size of the US. Guaranteeing on time product delivery to retailers is an important factor in establishing sales relationships. Further, Barrett already handles product similar to the ones Touchland offers. Chances of appropriate handling are higher as well as chances for pre-existing channels to retailers. Although all three logistic companies provide the necessary services, Barrett’s additional services could be beneficial for Touchland. These additional services include KPI’s analysis and customer satisfaction initiatives, related to logistics process. Finally, the trustworthiness assessed through references is amongst the highest for Barrett. Outsourcing logistics to Barrett will help to decrease warehouse and distribution costs for Touchland. As Touchland US’s office will be located in New York, due to customer potential in that region, the New Jersey warehouse could be used as main warehouse and lead time would be kept low for a large target market. Lead time for the customers in the west coast will not be affected either due to the warehouses located in the other regions.

7.1.3 Key Performance Indicators

The main reason for Touchland US to work with a logistic partner is to improve the service level and speed of entry. Customer satisfaction is important and the customer should receive the products on time with short lead times and in excellent conditions. Beside several warehouses Barrett has the service capacity to fulfil KPI requirements. Offers as the KPI analysis allow Touchland US’s coordinator to monitor the partner better. The actual KPIs would be design conjointly with Barrett (for a draft see table 4). They should serve as a guideline included in the contract to measure the logistic partner’s performance and settle complaint number, product damages, etc.

²² Costs are unspecified as inquiries by the authors to the companies have not been answered.

Table 4: Key Performance Indicators

| KPI | Evaluation |
|--|---|
| Lead time (days) | Short lead time is important for customer satisfaction |
| Number of complaints regarding delivery | Customers complaints reflect the quality of delivery |
| Transportation costs minimization | The lower the transportation costs, the lower Touchland's expenses |
| Facilities site selection, warehousing and storage | Allocation of products in the right warehouse according to order placement |
| Material handling and package | Products should be delivered in good conditions |
| Inventory Management | Logistic partner should update Touchland regarding the inventory level |
| Return goods handling and reverse logistics | Return of damaged goods should be under the logistic partner's responsibility |

Source: created by the authors

7.2 Marketing plan

Touchland's KUB2Go, which will be primarily offered in the US, targets consumers highly aware and attracted by product aesthetics and environmental impact. Main targeted segment are urban and white collar professionals who are able to connect the everyday-products to a premium design and are responsive to the message of water savings. Market research outlines the possibilities of the premium segment. Ultimately, Touchland wants to reach households with the emotional value proposition: *Touchland enables you to create the most incredible memories of your life without the fear of touching*. In order to transfer the emotional message a new marketing mix is applied.

7.2.1 Marketing Research

Previous marketing research by Touchland in Barcelona has shown that there is an existing segment for the product. To transfer the product strategy upon the US market some efforts have been made to assess information on the targeted customers and their preferences regarding hand-sanitizers. The conducted results from a focus group (see appendix, exhibit 20) and an online survey (see appendix, exhibit 21) overlapped as expected. Overall, citizens of large cities are more inclined to follow trends and to use hand-sanitizers with higher frequency. Still, they do not consider hand-sanitizers as a substitute for traditional hand washing because they only partially rely on the product's effectiveness. In terms of pricing, the willingness to pay an above category average price (1-3 \$US) could not be tracked even in participants caring about design. Within the marketing research tools used, the targeted segment could not be further specified.

It is important to take into consideration that the participants had no visualization of the design product. Features of the KUB2Go are new to the category segment (as shown in the benchmarking) and made the association difficult. For participants to imagine the new added value by the design hand-sanitizer was beyond the possibilities of the online survey. A connection between added value and premium value pricing could not be made. In order to overcome this problem and to examine consumers' motivation, actual preferences, and price points a conjoint analysis needs to be made. Through this statistical technique the participants' estimation of the proposed values by the KUB2Go could be determined. Although similar information is collected through surveys, in a conjoint analysis questions of preferences are placed through visual examples of products that show different product

features within a category. Due to the complexity and length of this process Touchland US's market research was subject to a limitation. Nevertheless, the basic interest in design and the higher trend orientation in large cities were confirmed.

7.2.2 Evolution of the 4P's

Touchland is a start-up that was born in a new market environment and whose brand has developed naturally under conditions that give consumers a higher power over purchasing decisions. New technology replaced strong TV campaigns and has given consumer increased access to information. Thus, consumers tend to be more demanding as they can choose products they use from a holistic point of view. Today, the experience a product brings is almost more important than the functionality. Prices according to value perceived are the rule in strategic pricing. Touchpoints between brand and consumer are shaped by the invention of social media and promotion is more about creating a community that follows and supports the brand than to give monetary benefit to buyers. Given the highly competitive environment and the aversion to high pricing as identified in the survey, a bold and innovative marketing strategy is needed (see graph 7). Yearly marketing expenses will be planned with a budget of 13% of revenues. For the unique value proposition the company needs to take an unconventional marketing approach using the 4E's model (see appendix, exhibit 22). In this way, Touchland US will compete with multinationals that dominate the hand-sanitizer market with low prices.

Product → Experience

Touchland products aim to provide an extraordinary experience. It targets a specific need of hand-sanitization in the specific target group of young urban professionals. Since competitive advantages are subject to frequent change, as it is the case for Touchland, constant innovation is only the first step of generating ever new experiences. Innovations from the Headquarters in Spain, funded by the premium pricing strategy, will maintain the KUB2Go's competitive advantage in the US market. However, the sense of belonging to the selected customer group is the unique experience customers receive. Social media makes it possible for consumer to interact with the brand and to present themselves with the product as innovative and stylish.

Place → Everyplace

For Touchland the digital landscape is the preferred marketing tool. Digital channels represent the company's most valuable asset to make their message heard. The webpage of the company has been design to specially convey the image of the brand. It helps the user to understand the company's value proposition and its differentiation from any other competitor. Additionally, the brand is present in several social media platforms such as Facebook, Instagram and Google+. Online shops will be a natural selling point. In terms of physical shops, Touchland aims to be where its target segment is. Thus, the company will avoid traditional channels of the category, such as supermarkets and drugstores. It will built on a strong presence in fashion retailers, fitness gyms and pet stores that relate to the brand's essence. Therefore, management of key accounts is essential for achieving the placement strategy.

Price → Exchange

Additional to the convenience the product offers to keep your hands clean it serves as a fashion accessory that represents a desirable lifestyle characterized by simplicity, friendliness, and modernity. The customer purchases the innovative and stylish aspects of the KUB2Go. In line with this positioning value pricing is induced, which is a strategy that focuses on setting the price according to the customers' perceived value of the product. This

high range pricing will be supported by the modern and innovative design of the device (see appendix, exhibit 23) and by the lifestyle branding established by the holistic marketing plan. Throughout time, the price will remain stable given that the initial entry price is going to be on the top range of the category. Further, prices of premium items should not be increased by small degrees. This speaks in favor of price stability. In order for this strategy to be successful, the lifestyle branding needs to be strong, given that the target group is price sensitive towards this category. As revealed in the survey price sensitivity exists, which is probably created through the lack of added value this type of products traditionally has.

Promotion → Evangelism

As premium products are new within the category, Touchland needs to create add value to its products in order to encourage purchases at a high price. Additionally, high switching costs for consumers should be induced through brand loyalty. The online survey revealed that the majority of the respondents are likely to purchase a product to follow a trend they perceive or even consider themselves trendsetters. Celebrity and influencer's endorsements can open the window for Touchland's entry strategy to consumers' minds. Touchland will reach out to celebrities and influencers that are coherent with the band's lifestyle and very active on social media in order for them to openly endorse the KUB2Go. The majority of celebrity and influencer endorsements can be achieved by sending out free product trials. If the product is well perceived by the respective person, they usually are glad to endorse it with pictures over their social media channels. Moreover, Touchland can emphasize the environmental aspects of its products as well as the Touchlives program which donates 5% of revenues. The social aspects should increase the willingness to endorse Touchland's products. Celebrities will be contacted through model agencies and media houses that have an active relationship with them (e.g. Taylor Swift, Kanye West, Kardashians sisters, Cesar Millán and Channing Tatum). Alongside its ambassadors, Touchland would use traditional promotion as billboards in key places of the targeted metropolitan areas as well constant communication through Google and Facebook ads. Within stores, Touchland plans to have large over the counter (OTC) spaces in order to produce appealing and disruptive OTC vehicles. Regular discounts for bulk-purchasing will be available.

Graph 7: Evolution of the 4P's for the KUB2Go



Source: created by the authors

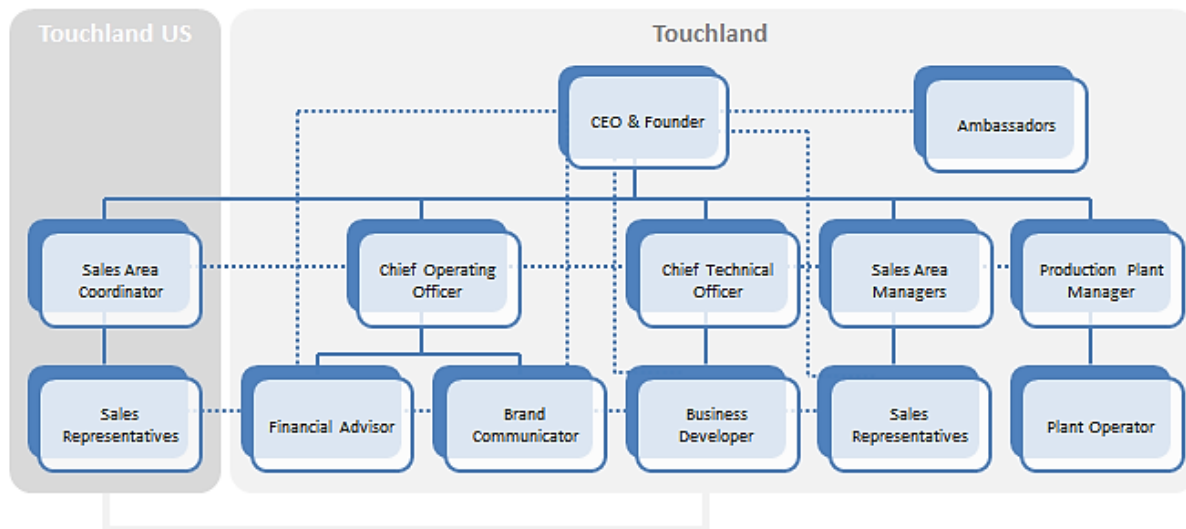
7.3 Human Resources

In order to establish the network of distributors a strategic human resources solution needs to be defined. For Touchland US to reach its desired sales goal human resources are crucial. The subsidiary will be registered under the name of the CEO of Touchland. An employer certification number (EIN) will be purchased to begin hiring people.²³ One person (from hereon called “coordinator”) will be send from Touchland headquarters to be in charge of handling the orders and deliveries in the US as well as developing a customer portfolio with especial attention to key accounts as well as designing and running the marketing activities. The coordinator will be placed in the US subsidiary. Two sales representatives in the US will work as salaried sales agents that will be engaged in developing the contacts to distributors and serve as a direct contact for the retailers (see graph 8). Beside the salaries, Touchland will have to pay for workers compensation insurance according to the regulament in the State of New York.²⁴

²³ Retrieved online under: <http://www.tax.ny.gov/bus/doingbus/hire.htm>

²⁴ Retrieved online under: <http://www.wcb.ny.gov/index.jsp>

Graph 8: Operational Structure Touchland US



Source: created by the authors based on information from Touchland

7.3.1 Coordinator

The position requiring the most business acumen is that of the sales area coordinator who is in charge of starting operations in the new market. Tasks would include the handling of orders at headquarters, keeping contact to the sales representatives and distributors, ensuring that the service guidelines are kept, and coordinating marketing activities for the US market. Eventually, the coordinator would be required to travel between Spain and the US. Main characteristics asked of the coordinator would be:

- Knowledgeable professional from within the company.
- High communication and leadership skills.
- Culture sensitive person, able to fast adaptation to different environments.
- Work well under pressure and uncertainty.
- Professional English level and experience abroad.

Creating this position would ease the operations Touchland US significantly. On time orders and service quality strongly increase the relationship to distributors and would increase sales in the long term. Costs arising from this created position would thus be nullified by the return on the investment (see appendix, exhibit 24).

7.3.2 Sales Representatives

The sales representatives will be locally recruited in the US and are responsible for supporting the third party distributor with the sales of Touchland's products to retailers and consumers. In the initial phase the main tasks for the one or two sales representatives will be the establishment of a distributor network, representation of Touchland US on trade fairs and similar events and reporting to the US coordinator. Main characteristics required from the sales representatives are:

- Experienced salesperson, with partial marketing skills.
- High communication and networking skills.
- US citizen willing to travel 50% of the time nationally.
- Easily adaptable and open to new business approaches.
- Work well under pressure and uncertainty.

Without locally present sales representatives the establishment of a distributor network would be tremendously more difficult and sales of Touchland US would be directly affected. The cultural distance between Spain and the US would make it essential to have culturally aware

people on those positions (see appendix, exhibit 25). Hiring at least one sales representative will be essential for Touchland's success in the US and costs arising should be covered by sales (see appendix, exhibit 26).

7.4 Financial plan

In order to assess the evolution and the financial needs of Touchland US the financial statements have been forecasted and analyzed. The forecasted financial plan includes three different scenarios: optimistic, realistic and pessimistic. A distinction between the scenarios was made according to the price at which Touchland US would be able to sell the product to the retailer.

The Financial Plan is elaborated in both, US Dollars and Euros, since the company would be based in US but the parent company is a Spanish enterprise. As mentioned in the PESTLE analysis, the exchange rate is not stable (see appendix, exhibit 27). Thus, Touchland HQ could consider hedging accounts receivable as Touchlands HQ invoices orders by Touchland US in US\$.

7.4.1 Cost structure

Touchland US's variable costs derive from product orders from the Spanish HQ. The products are sold for \$3,6 per Unit with DDP terms to Touchland US. Therefore, production and transportation costs are both covered which simplifies the calculations for Touchland US. Additional cost that have to be considered are fees in percentage of sales for the logistic partner, a percentage of sales revenue for marketing and fixed operations office expenses as well as salaries including a 10% commissions. Assets, such as a car to increase the team's mobility and working tools as two computers, have been acquired as well.

The low cost structure allows Touchland US to play with its margin in different scenarios as Touchland HQ's real US target price is \$9 USD. Marketing research results suggest that the high end-price could prevent the company from reaching a high turnover. Sales could be restrained due to high value pricing. Playing with differences in pricing can give insight into the different sales scenarios possible.

7.4.2 Sales Forecast and Financial Statements

In order disclose the possible market share and sales forecasts for Touchland US estimates on segment size were made. As a starting point, the value market size of \$400 million USD for 2015²⁵ was taken into consideration. According to a report from Transparency Market Research, the hand-sanitizers market will expand at a 9.0% CAGR (Compound Annual Growth Rate) during 2014 to 2020²⁶. With this information the market size in value was determined for the forecasting period. Following, the population size of the targeted segment and its hand-sanitizer consumption in units was calculated. Thus, the share of total market value, that represents the targeted segment, could be defined. After calculating the segments' market size in value over the five year period, the volume and value share that was going to be attained by Touchland each year from 2016 to 2021 was determined (for calculations see appendix, exhibit 28). After reaching the unit sales forecast, the numbers were used for the calculation of the financial statements (see appendix, exhibit 29 for details). Different margins were applied to the product to achieve variation over the three scenarios. In the pessimistic scenario Touchland US's margin is reduced from 30% to 27% and expected market share is reduced from 3% to 2,5%. Facing the risk that the product does not sell well

²⁵ Source: information given by Touchland

²⁶ Source: <http://globenewswire.com/news-release/2015/04/17/725574/10129440/en/Alcohol-Based-Disinfectants-Market-is-estimated-to-reach-a-total-value-of-US-2-18-billion-by-end-of-2020-Transparency-Market-Research.html#sthash.Zpa6l1KC.dpuf>

under the high pricing structure, Touchland will be forced to reduce its margin. In an optimistic scenario the margin is increased to 40% as there is less aversion to high pricing than expected and expected market share is upgraded from 3% to 3,5%. Refer to graph 9 for further detail.

Graph 9: Sales Forecast (\$USD)

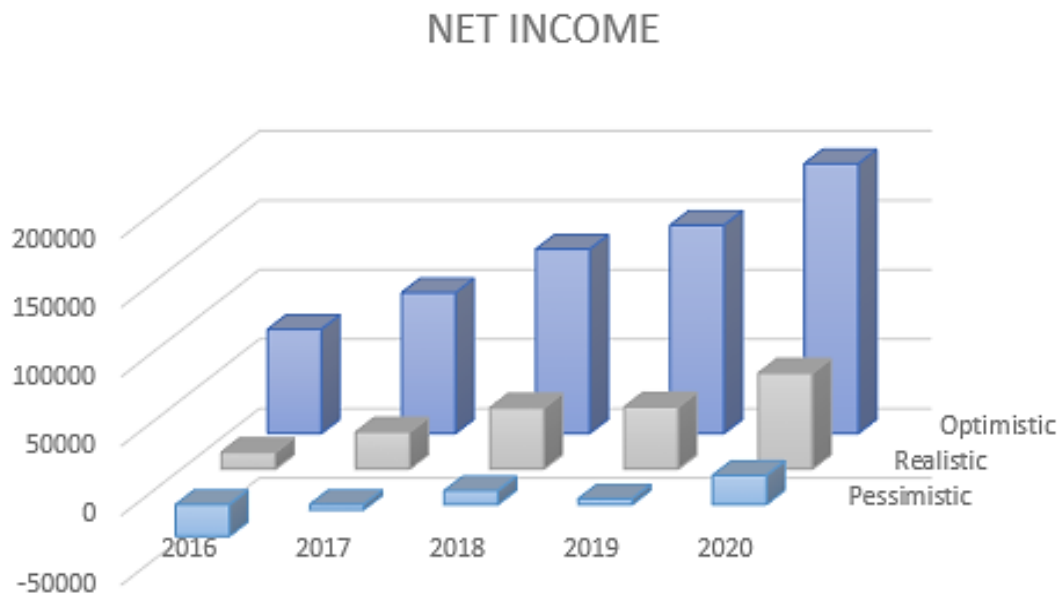


Source: created by the authors

An initial investment is needed in order to start the operation of Touchland US. The amount varies according to the scenario, but for the analysis a focus is laid on the realistic scenario (for further information on the scenarios see appendix, exhibits 30-32) that requires an initial investment of \$86.636,01 USD. As Touchland HQ is not equipped with the necessary funds to finance this business, Touchland US relies on investors (risk capital enterprises) to contribute to this project.

Examining the evolution of net income according to the respective scenarios, it is evident that differences in income are linked to expected sales and prices, as overall expenses and assets are the same for every scenario (see graph 10 below). Although, the net income for the realistic scenario is positive from the first year, the monthly income statement however shows that the first profits are made after July 2016.

Graph 10: Net Income Forecast (\$USD)



Source: created by the authors

As this project requires a low investment while sales are relatively high. In the realistic scenario overall profitability of the project (IRR) is 20% with a net present value of \$174708,65 USD over the five years.

7.4.3 Taxation

As Touchland US is a fully independent subsidiary it will be taxed in the US. Annual corporate tax has to be filed the 15th day of the third month after the company's fiscal year closing. Federal taxes are 40%. Additionally, income can be taxed on state and local levels with a rate from 0% to 12%, being the one for New York State a flat rate of 7,1%. The paid income tax on state level is deductible for federal income tax purposes. In the case that dividends are paid usually a withholding tax of 30% is charged.²⁷ But since Spain and the US hold a special tax treaty dividends are taxed with max 10% if the recipient holds min. 25% of the company's shares and otherwise a maximum of 15% is charged.²⁸ Double taxation on income transfers from the US to Spain are avoided by the double taxation treaty between both states.²⁹ Since corporate income taxes in Spain are below those in the US no additional taxes would have to be paid in Spain.

7.5 Touchland US's Operational Plan Timetable

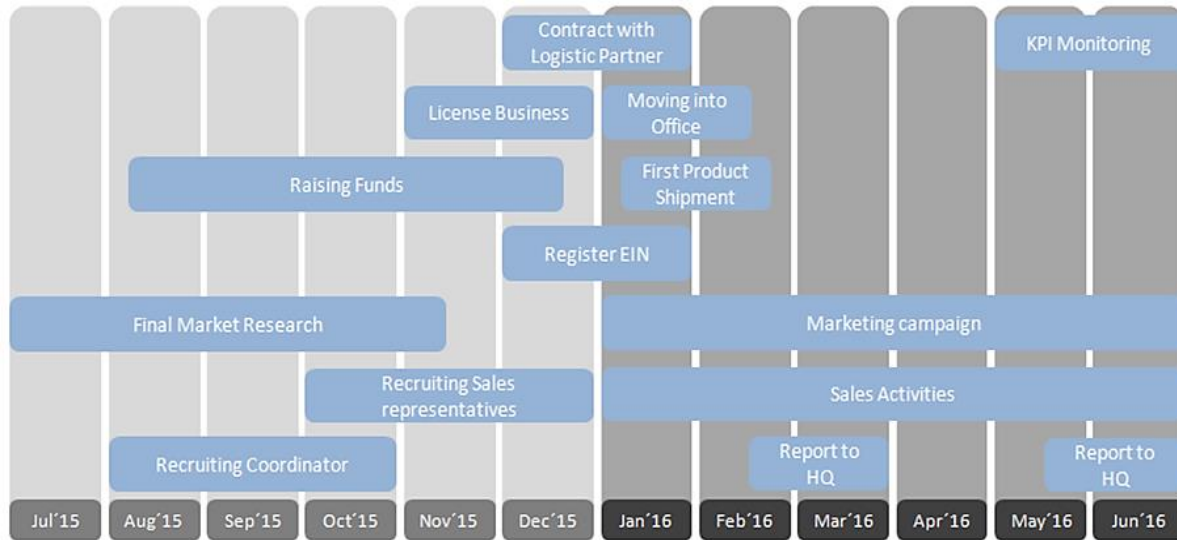
The operational guidelines that Touchland will follow over the course of the start of operations in the US are outlined in detail above. The timetable gives further information of the placement of each activity that needs to be done over the next year (see graph 11).

²⁷ Ernst & Young LLP (2014): "Step by step, helping you succeed in the US. The inbound guide to US corporate tax." Retrieved online under:
[http://www.ey.com/Publication/vwLUAssets/EY_US_Inbound_brochure_en/\\$FILE/EY-US-Inbound-brochure-en.pdf](http://www.ey.com/Publication/vwLUAssets/EY_US_Inbound_brochure_en/$FILE/EY-US-Inbound-brochure-en.pdf)

²⁸ Department of State (1991): "Income Tax Convention with Spain" Retrieved online under
<http://www.irs.gov/pub/irs-trty/spain.pdf>

²⁹ US Department of State (1990): "Convention between The United States of America and The Kingdom of Spain for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income." Retrieved online under:
http://photos.state.gov/libraries/spain/164311/tratados_bilaterales_2013/Taxation_TIAS_1591.pdf.

Graph 11: Touchland US Operating Timetable



Source: created by the authors

8. CONCLUSION

Touchland's internationalization through the subsidiary Touchland US is a promising investment. A stable US economy with a growing market for hand-sanitizers offers great potential. Results that can be achieved in the US are most likely to exceed Touchland's opportunity costs of investing an equal amount into the operations in Spain. The home market is by far not as flourishing. Even though the targeted US market segment is a niche, profitable turnover can be generated through the high margin. Despite strong competition in the market Touchland US will be able to differentiate itself strongly from other hand-sanitizer companies. Touchland's unique value proposition of an environmental friendly and trendy designer product creates an emotional selling proposition in a niche identified by marketing research. Marketing strategies according to the 4E's will transfer the product concept into a business operation. The unconventional approach on marketing will help Touchland US to revolutionize the otherwise stagnated category with its design driven approach on innovation. The relatively high value pricing was identified as a possible constraint to the business in the US. But the forecasted financial scenarios demonstrate, an internal rate of return of 20% can be achieved under the realistic scenario. Although, this number could be attributed to the rather academic approach of this business plan, the expected gains from investment in Touchland US are high. The investment sum needed is rather low compared to the revenue that can be made even in a niche market. Even under the pessimistic scenario the business will turn to positive income within the fifth and final year of the business plan presented here. It can be suggested that even the IRR will turn positive if applied over a longer period than the first five years. A positive scenario implies that potential revenues could exceed expectations, if the value pricing should not be as much of an obstacle as anticipated. In conclusion, it is likely that Touchland US will succeed in its endeavor to establish itself as a reference for lifestyle and innovation in the US market.

REFERENCES

Boundless (2014): "The Class Structure in the U.S.." In: Boundless Sociology. Boundless, 03 Jul. 2014. Retrieved from <https://www.boundless.com/sociology/textbooks/boundless-sociology-textbook/stratification-inequality-and-social-class-in-the-u-s-9/the-class-structure-in-the-u-s-75/the-class-structure-in-the-u-s-442-10206/>

Center for Disease Control (n.d.): "Workplace Health Promotion." Retrieved from <http://www.cdc.gov/workplacehealthpromotion/implementation/topics/immunization.html>

DeNavas, Carmen/Proctor, Bernadette D. (2014). "Income and Poverty in the US: 2013." Retrieved from <http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf>

Department of State (1991): "Income Tax Convention with Spain." Retrieved from <http://www.irs.gov/pub/irs-trty/spain.pdf>

FDA (1994): "Tentative Final Monograph." Retrieved from <http://www.fda.gov/OHRMS/DOCKETS/98fr/94-14503.pdf>

Hofstede, Geert (n.d.): "Cultural Dimensions US." Retrieved from <http://geert-hofstede.com/united-states.html>

Mallaby, Sebastian (2012): "US labour market doesn't work." Retrieved from <http://www.ft.com/intl/cms/s/0/08d1eeae-ead3-11e1-984b-00144feab49a.html#axzz3KfnppMOi>

KPMG (n.d.): "Taxes." Retrieved from: <http://www.kpmg.com/GLOBAL/EN/SERVICES/TAX/Pages/default.aspx>

KPMG (2011): "Investing in the USA." Retrieved from <http://www.kpmg.com/US/en/IssuesAndInsights/ArticlesPublications/Documents/invest-in-the-us-international.pdf>

Layton, Lyndsey (2010): "FDA says studies on triclosan ,used in sanitizers and soaps,raise concerns." Retrieved from <http://www.washingtonpost.com/wp-dyn/content/article/2010/04/07/AR2010040704621.html>

Oanda (n.d.): "Historical exchange rates." Retrieved from <http://www.oanda.com/lang/es/currency/historical-rates/>

OECD (2012): "Programme for International Student Assessment United States (2012)." Retrieved from <http://www.oecd.org/unitedstates/PISA-2012-results-US.pdf>

OECD (2015): "United States Economic Forecast Summary." Retrieved from <http://www.oecd.org/unitedstates/united-states-economic-forecast-summary.htm>

Ohsonline (2010): "Report: U.S. Hand Sanitizers Market to Exceed \$402M (2010, June)." Retrieved from <http://ohsonline.com/articles/2010/06/14/us-hand-sanitizers-market-will-grasp-millions.aspx>

PWC (2015): “Ease of Paying Taxes 2015.” Retrieved from:
<http://www.pwc.com/gx/en/paying-taxes/index.jhtml>

Statista (n.d.): “The Fastest growing U.S metro areas by their average annual GDP growth rate between 1998 and 2008.” Retrieved from
<http://www.statista.com/statistics/184609/average-annual-gdp-growth-rate-of-fastest-growing-us-metro-area-economies/>

The United States Conference of Mayors (2012): “US Metro Economies.” Retrieved from
<http://usmayors.org/metroeconomies/0712/FullReport.pdf>

US Government Availability Office (2009): “Sovereign Wealth Funds.” Retrieved from
<http://www.gao.gov/products/GAO-09-608>

WHO (2007): “Improved Hand Hygiene to Prevent Health Care Associated Infections.” Retrieved from <http://www.who.int/patientsafety/solutions/patientsafety/PS-Solution9.pdf>

World Bank (2014): “Worldwide Governance Indicators.” Retrieved from
<http://info.worldbank.org/governance/wgi/index.aspx#home>

World Bank (2014): “Worldwide Governance Indicators: USA Country Report.” Retrieved from
<http://info.worldbank.org/governance/wgi/c228.pdf>

Worldbank (2015): “Doing Business.” Retrieved from
<http://www.doingbusiness.org/~media/giawb/doing%20business/documents/profiles/country/USA.pdf>

World Freight Rates (n.d.): “Freight calculator.” Retrieved from
<http://worldfreightrates.com/en/freight>

APPENDIX

Exhibit 1: Touchland's Products

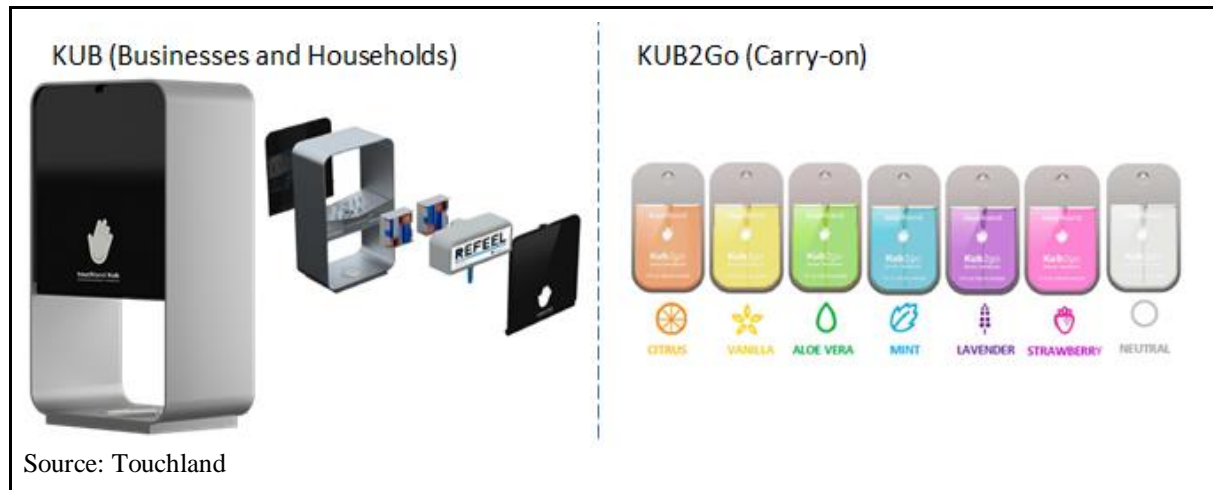


Exhibit 2: Health awareness

What does this mean?
Without urgent action we are heading for a post-antibiotic era, in which common infections and minor injuries can once again kill

How can infections be prevented in the first place to reduce the need for antibiotics?

- Better hygiene
- Access to clean water and sanitation
- Infection control in healthcare facilities
- Vaccination

Source: WHO's first global report on antimicrobial resistance 2014. Retrieved online from: <http://www.who.int/mediacentre/news/releases/2014/amr-report/en/>

Exhibit 3: VRIO Analysis

| Resource/ Capability | Packaging Design | Product Customization | Formula |
|-------------------------|--|--|--|
| Valuable | The design of the products adds a differentiation to the product in the industry and therefore is the best marketable aspect of the products. Touchland has spent a significant amount of time into this resource during R&D. X | The possibility to customize the stationary product, allows it to either promote the customers own brand (corporate identification, merchandise) or to attain extra income by renting that space for advertisement (i.e. in restaurants, hotels, etc.). X | Unlike other hand-sanitizers Touchland does not focus on gel hand-sanitizers but on a liquid based on alcohol. X |
| Rare | None of the other competitors in the industry has a focus on design in their packaging. Most focus on the health and hygiene aspect of their products. X | There is no product known with the same possibility to advertise the company and use the product as merchandise. X | Many other products offer a similar formula, based on alcohol, in order to improve hand hygiene. X |
| Imitable | The design is unique but could easily be imitated by competitors if Touchland does not build up a strong brand up till that point. It would take the competitors a certain amount of time to develop a new design, but it would be no major obstacle. X | It would require an adaptation of the competitors product to make an easy customization feasible for them. However, imitation is not impossible and could be done in a rather short period of time. X | The formula can easily be replicated, if it is available to the competitors (through the product or inside information). X |
| Organization | Touchland was created upon developing hand-sanitizers with a design advantage. The organization, i.e. marketing, brand, has been built around the product and the design approach. The resource should be easily exploitable. X | As an essential part of the product, the company's organization is about marketing the customization of this attribute. X | Touchland's focus does not ly in the formula of the product and the organization is not build around the further development of this aspect of the product. X |

Source: created by the authors

Exhibit 4: Innovational Organization's Value Chain

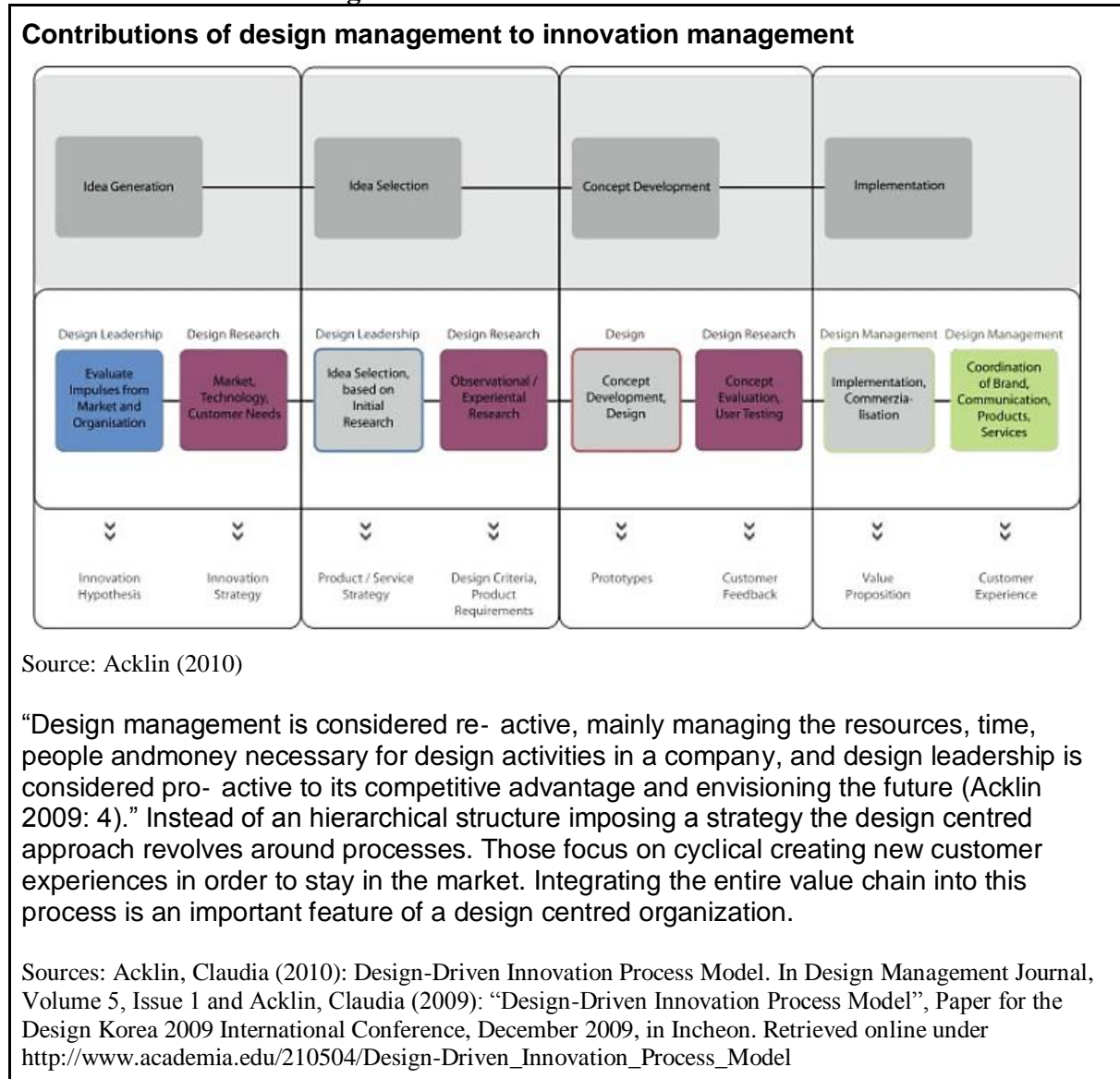


Exhibit 5: Strategy Diamond Tool

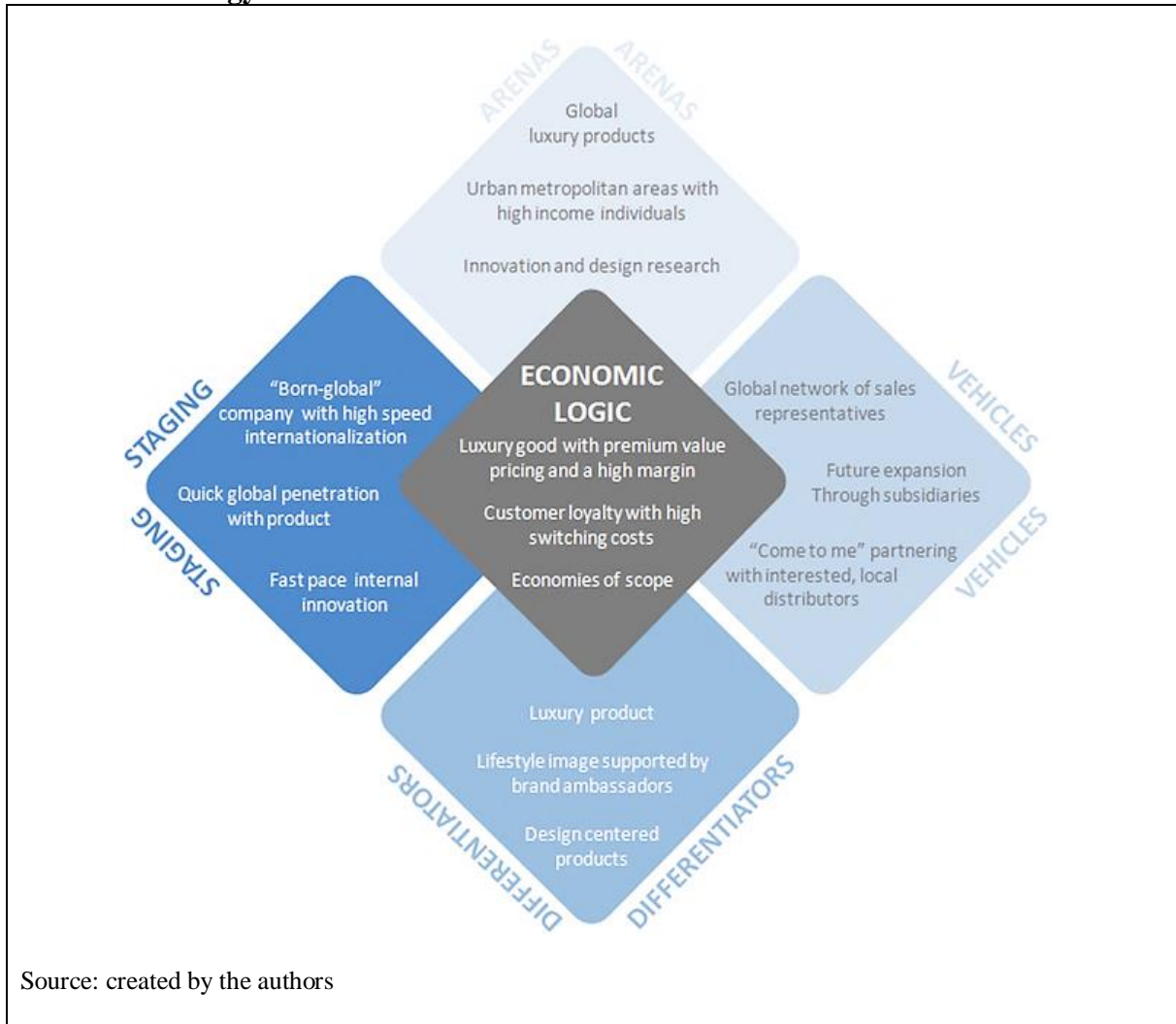


Exhibit 6: Exporting Regions of Touchland



Exhibit 7: Gross Metropolitan Product of US Metro Areas

Table 1: Gross Metropolitan Product of U.S. Metro Areas
(US\$, Billions)

| Rank 2011 | | 2008 | 2009 | 2010 | 2011 |
|-----------|---|--------|--------|--------|--------|
| 1 | New York-Northern New Jersey-Long Island, NY- | 1219.7 | 1197.3 | 1256.5 | 1287.7 |
| 2 | Los Angeles-Long Beach-Santa Ana, CA | 741.3 | 710.1 | 726.6 | 755.0 |
| 3 | Chicago-Joliet-Naperville, IL-IN-WI | 521.6 | 509.1 | 527.9 | 546.8 |
| 4 | Washington-Arlington-Alexandria, DC-VA-MD-WA | 398.6 | 405.3 | 422.2 | 433.9 |
| 5 | Houston-Sugar Land-Baytown, TX | 397.2 | 358.8 | 389.6 | 420.4 |
| 6 | Dallas-Fort Worth-Arlington, TX | 374.9 | 353.4 | 378.8 | 401.3 |
| 7 | Philadelphia-Camden-Wilmington, PA-NJ-DE-MC | 332.3 | 331.3 | 343.8 | 352.7 |
| 8 | San Francisco-Oakland-Fremont, CA | 334.1 | 315.5 | 321.9 | 335.3 |
| 9 | Boston-Cambridge-Quincy, MA-NH | 297.6 | 297.2 | 313.5 | 326.0 |
| 10 | Atlanta-Sandy Springs-Marietta, GA | 274.2 | 264.7 | 272.5 | 283.8 |
| 11 | Miami-Fort Lauderdale-Pompano Beach, FL | 261.0 | 251.0 | 253.5 | 260.0 |
| 12 | Seattle-Tacoma-Bellevue, WA | 227.2 | 225.6 | 230.8 | 242.0 |
| 13 | Minneapolis-St. Paul-Bloomington, MN-WI | 193.3 | 190.4 | 200.1 | 208.5 |
| 14 | Detroit-Warren-Livonia, MI | 193.8 | 181.1 | 189.6 | 198.8 |
| 15 | Phoenix-Mesa-Glendale, AZ | 196.8 | 185.1 | 187.8 | 194.4 |

Source: U.S. Metro Economies Outlook - Gross Metropolitan Product, and Critical Role of Transportation Infrastructure. Prepared by Global Insight and IHS for the United States Conference of Mayors and The Council on Metro Economies and the New American City. July 2013. From: <http://usmayors.org/metroeconomies/0712/FullReport.pdf>

Exhibit 8: Estimated Income per household per year US (2013)

| RESIDENCE | POPULATION (in thousands) | INCOME (Estimate in US\$) |
|---|------------------------------|------------------------------|
| Inside metropolitan statistical areas | 103,573 | 54,042 |
| Inside principal cities | 41,359 | 46,778 |
| Outside principal cities | 62,213 | 59,497 |
| Outside metropolitan statistical areas | 19,379 | 42,881 |

Source: U.S. Census Bureau 2013: Income and Poverty in the United States 2013. Current Population Reports from: <http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf>

Exhibit 9: Economic Outlook US

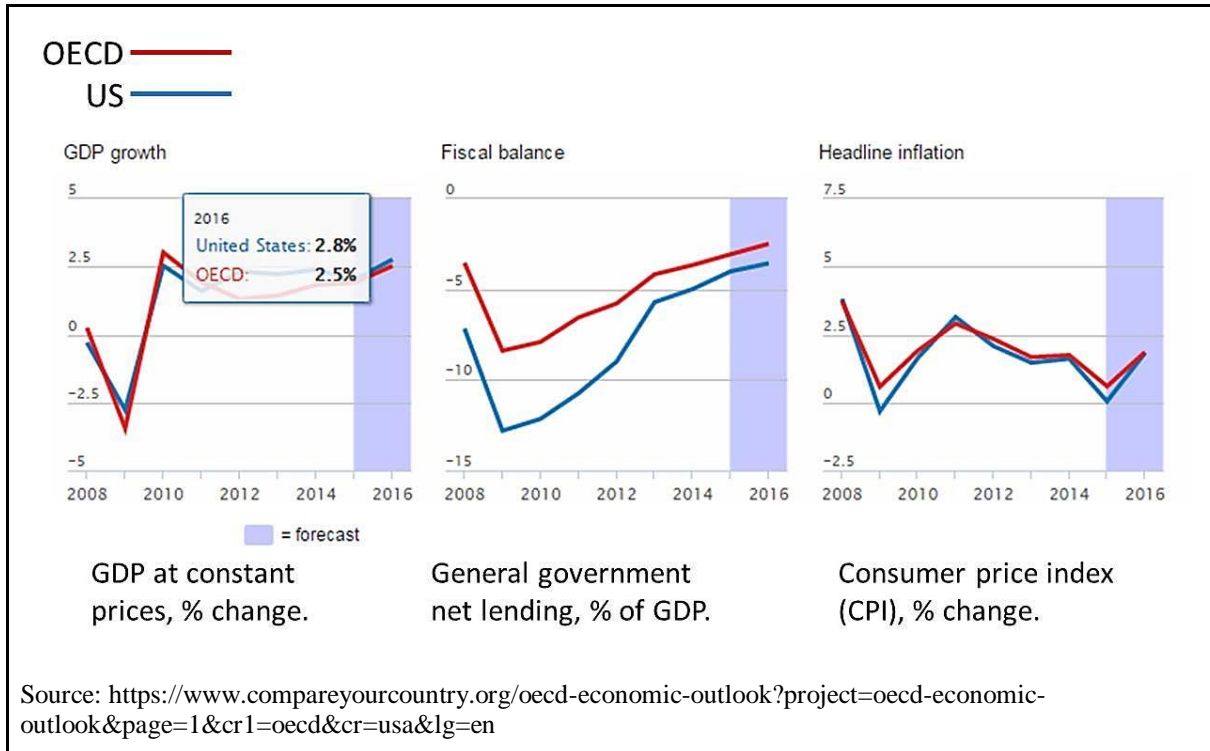


Exhibit 10: PESTLE analysis

| POLITICAL | ECONOMICAL | SOCIAL | TECHNOLOGICAL | LEGAL | ENVIRONMENTAL |
|---|--|--|--|---|--|
| -FEDERAL REPUBLIC | -CONTINUOUS HAND SANITIZERS MARKET GROWTH: 2013: 230MMUSD\$ 2015: 402MMUSD\$ | -POPULATION 319MM | -STRONG INNOVATION SYSTEM | -HAND SANITIZERS ARE CONSIDERED DRUGS AND REGULATED BY THE FDA UNDER THE 1994 TENTATIVE FINAL MONOGRAPH | -US ENVIRONMENTAL PROTECTION AGENCY DOES NOT REGULATE HAND SANITIZERS |
| -TRADE AGREEMENTS: NAFTA AND TTIP | -URBAN CITIES HAVE HIGHEST AVERAGE INCOME PER HOUSEHOLD: *TRADE IS THE 2ND BIGGEST INDUSTRY *MANUFACTURING IS THE 5TH BIGGEST INDUSTRY | -SOCIAL CLASS STRUCTURE: *UPPER CLASS (3%) *MIDDLE CLASS (40%) *WORKING CLASS (30%) *LOWER CLASS (27%) | -STRONG INTELLECTUAL PROPERTY PROTECTION | | -LOW RECYCLING RATE |
| -HAND SANITIZERS CONTROLLED BY US FOOD AND DRUG ADMS | -TOUCH AND FEASIBLE POSSIBILITIES: 3)EXPORT FROM SPAIN 2)PARTNER WITH LOCAL PRODUCER 3)OPEN A SUBSIDIARY | -INCREASE OF HAND SANITIZER USE: *HEALTH (MANDATORY) *MILITARY TROOPS *FOOD SECTOR *EDUCATION | -RISE OF PHARMACEUTICAL MARKET | | -80% OF INFECTIONS ARE TRANSMITTED THROUGH THE HANDS (CENTERS FOR DISEASE CONTROL AND PREVENTION) |
| -OPEN POLICY FOR FOREIGN INVESTORS | | -EXTRA CAUTIOUS ATMOSPHERE ABOUT HEALTH | -DEVELOPMENT IN EMERGING TECHNOLOGIES | | |
| -RESTRICTIONS ON SOME INDUSTRIES (HAND SANITIZERS NOT AFFECTED) | | | | | |
| - EASE OF PAYING TAXES RANK 47 | | | | | |
| - CORPORATE INCOME TAX: 40% | | | | | |

Source: created by the authors

Exhibit 11: Five Forces Analysis

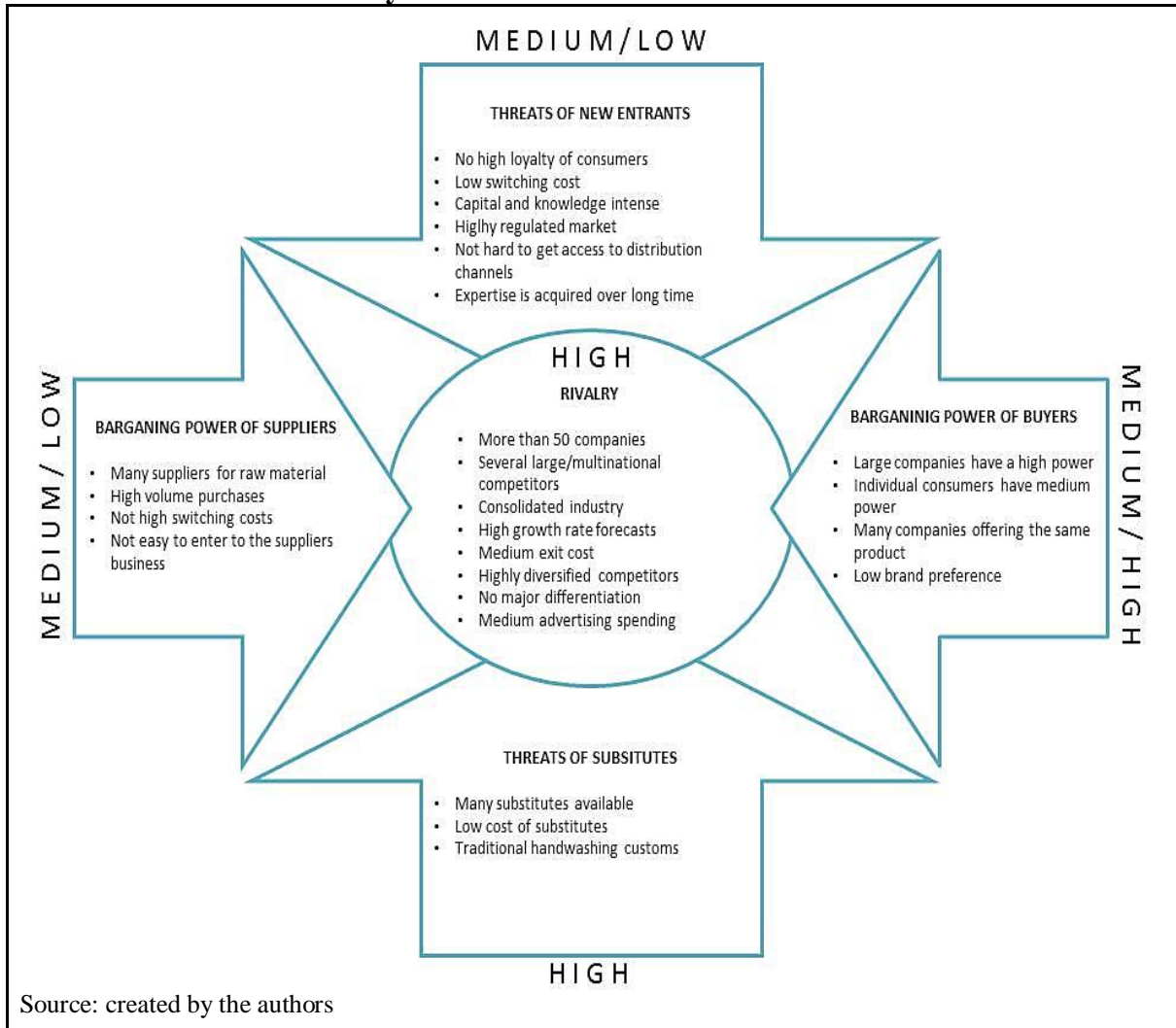













Exhibit 12: Touchland's Direct Competitors in the US

| COMPANY | touchland | GOJO Industries, Inc. | Chatterm, Inc. | Lion Corporation | 3M Company | Germ-X | Best Sanitizers, Inc. | Bath & Body Works | Reckitt Benckiser Plc | Clorox | Germstar |
|---------------------------|---|--|--|--|---|---|---|--|---|---|---|
| BASIC INFORMATION | | | | | | | | | | | |
| PRODUCT SAMPLE |  |  |  |  |  |  |  |  |  |  |  |
| BRAND NAME | KUB | PURELL | GOLD BOND ULTIMATE | KIREI KIREI | NEXCARE | GERM X | ALPET | POCKET BAC | Dettol Refresh Instant | CLOROX | NORO |
| PRICE/UNIT | 9 USD per item (70ml) | 16.5 USD (Pack of 8, 30ml gel) | 5.96 USD per item (76g, cream) | 8 USD per item (50ml, gel) | 10.2 USD per item (88ml, gel) | 1.45 USD per item (59ml, gel) | 25 USD (Pack of 4, 118ml, spray) | 5 USD per item (29ml, gel) | 14 USD per item (50ml) | 7.1 USD per item (59ml) | 13.25 USD (Pack of 6, 59ml) |
| CONSUMERS PREFERENCE RANK | - | 1 | 4 | 6 | 5 | 3 | 10 | 2 | 7 | 8 | 9 |
| TARGET GROUP | Men and women between 15-44 that want to keep their hands clean with good with style. | Men and women between 15-44 that want to keep their hands clean with a mainstream scent from a well-known brand. | Men and women between 15-44 that care about keeping their hands moisturized and clean. | Men and women between 15-44 and families that care about having a waterless hand hygiene solution. | Men and women between 15-44 that care about keeping their hands protected from germs effectively. | Men and women between 15-44 that want to keep their hands clean with a very low cost. | Food industry professionals | Girls girls between 15-44 that want to keep their hands clean with intense fragrances. | Families | Men and women between 15-44 that want to keep their hands clean effectively. | Medical and Dental professionals, cruise ships. |

| COMPANY | touchland | GOJO Industries, Inc. | Chattm, Inc. | Lion Corporation | 3M Company | Germ-X | Best Sanitizers, Inc. | Bath & Body Works | Reckitt Benckiser Plc | Clorox | Germstar |
|---|-------------------|-----------------------|----------------------------|---|-----------------------|----------------------------------|---|--|---------------------------------|---------------|---------------|
| DISTRIBUTION CHANNELS | | | | | | | | | | | |
| REGULAR CHANNELS: CONVENIENCE STORES, PHARMACIES/ SPECIAL CONTACT | NO | YES | YES | NO | YES | YES | NO | YES | YES | YES | NO |
| ONLINESHOPS OVER THE COUNTER / CROSS SELLING | YES | NO | NO | YES | YES | NO | YES | YES | YES | YES | NO |
| ATTRIBUTES | | | | | | | | | | | |
| MODERN & INNOVATIVE DESIGN | YES | NO | NO | NO | NO | NO | NO | NO | NO | NO | YES |
| ENVIRONMENT CONSCIOUSNESS | YES | NO | NO | YES | NO | NO | NO | NO | NO | NO | NO |
| FORMULA | ALCOHOL BASED | ALCOHOL BASED | NO ALCOHOL | ALCOHOL BASED | ALCOHOL BASED | ALCOHOL BASED | ALCOHOL BASED | ALCOHOL BASED | ALCOHOL BASED | ALCOHOL BASED | ALCOHOL BASED |
| LIFESTYLE | YES | NO | NO | NO | NO | NO | NO | NO | NO | NO | NO |
| APPLICATION SOLUTION | SPRAY | GEL | CREAM | GEL | GEL | GEL | SPRAY | GEL | GEL | SPRAY | SPRAY |
| SCENT | YES | YES | NO | NO | NO | YES | NO | YES | NO | NO | NO |
| KEY DIFFERENTIATOR | DESIGN, LIFESTYLE | SCENTS, CONVENIENCE | MOISTURIZING, ALCOHOL FREE | WATERLESS HAND CLEANSER, PROTECTION, MOISTURIZING | HYGIENE EFFECTIVENESS | HYGIENE EFFECTIVENESS, LOW PRICE | HYGIENE FOR FOOD INDUSTRY PROFESSIONALS | NATURAL INGREDIENTS, LARGE VARIETY OF INTENSE FRAGRANCES | HYGIENE, LONG LASTING FRESHNESS | HYGIENE | HYGIENE |

Source: created by the authors

Exhibit 13: Substitutes to Hand-Sanitizers, by sales in 2013

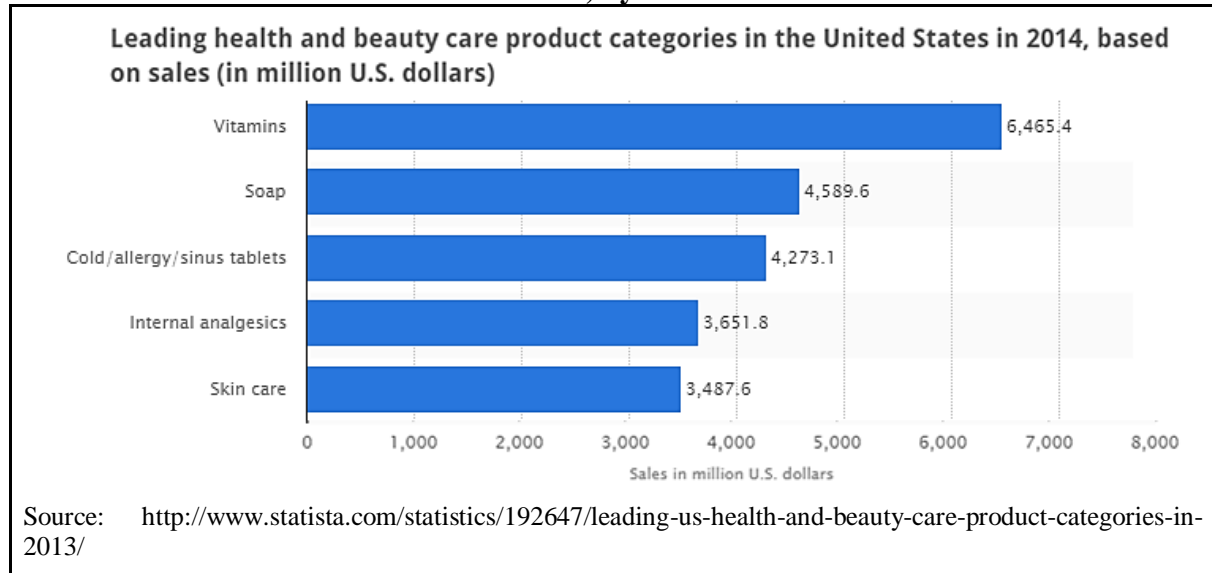


Exhibit 14: Stakeholder’s Analysis

| Influence of Stakeholder | Importance of Stakeholder | | | |
|--------------------------|---------------------------|-----------------------|---------------------|---------------------------------------|
| | Unknown | Little/ No importance | Moderate importance | Significant importance |
| Unknown | | | | |
| Little/ No importance | | Government | Suppliers | Ambassadors |
| Moderate importance | | | Employees | Prospective Customers Distributors |
| Significant importance | | | Competitors | Customers Owner, Investors |

Source: created by the authors

Exhibit 15: Global Start-ups in Hand Sanitization: Benchmark

| COMPANY | TOUCHLAND | Amorteria | Clean Smart | Germgo Media Group | Observe design Inc. | Swipe Sense |
|-----------------|--------------------------------|--------------------------|--------------|--------------------|------------------------------|------------------|
| BRAND NAME | Touchland KUB | AMORTERIA | CLEAN SMART | GERMGO | HANSURE | SWIPE SENSE |
| PRICE/UNIT | 9\$ | 3.99\$ | 3\$ | FREE | 2\$ | N/A |
| REVENUE STREAM | SALES REFILLS | SALES | SALES | ADVERTISEMENT | SALES TRACKING SYSTEM FEE | SALES |
| HOME MARKET | SPAIN | USA | USA | CANADA | INDIA | USA |
| US PRE SENCE | YES | YES | YES | NO | N/A | YES |
| ACTIVITY | VERY HIGH | MEDIUM | HIGH | HIGH | VERY HIGH | LOW |
| TARGET GROUP | CONSUMER | CONSUMER KIDS/PARENTS | CONSUMER | HOSPITAL CLINICS | HOSPITAL CLINICS CONSUMER | HOSPITAL CLINICS |
| DISTRIBUTION | ONLINE SALES IN-STORE SALES | ONLINE SALES | ONLINE SALES | DIRECT SALES | ONLINE SALES | DIRECT SALES |
| DIFFERENTIATOR | DESIGN | CARRY-ON DEVICE | ENVIRONMENT | ADVERTISEMENT | DATA TRACKING | DATA TRACKING |
| ATTRIBUTES | | | | | | |
| ENVIRONMENTAL | X | | X | | | |
| DESIGN | X | X | | | | |
| SCENT | X | | | | | |
| LIFESTYLE | X | | | | | |
| HYGIENE | X | X | X | X | X | X |
| CARRY-ON DEVICE | (X) | X | (X) | | X | X |
| GLOBAL BRAND | X | | | | X | X |
| SPRAY | X | x | X | X | | |

Source: created by the authors

Exhibit 16: Scorecard Entry Model Touchland US

| FORM CRITERIA | EXPORT | LOGISTIC PARTNER | DISTRIBUTOR | ALLIANCE | JOINT VENTURE | MANUFACTURING SUBSIDIARY |
|-----------------------|---|--|---|---|---|---|
| INVESTMENT SUM | 5 Low given that would imply only an increase in transport cost that would be paid partially by the customer. | 4 Medium-low given that the investment would be represented by the fee agreed with the logistic partner chosen for the distribution of the product to customers. | 3 Medium given the larger fee that would entitle an agreement due to the fact that the selling process is done by the distributor. | 2 Medium-high investment in order to jointly with the partner create a new product to introduce to the market. | 2 Medium-high investment required to open a new joint entity that will operate in the new market. | 1 High investment given the expenses in production capabilities that would need to be done. |
| EXPECTED SALES | 1 Low given the fact that the cost for customers will be higher and the reach of the company is limited. | 3 Medium given that sales are responsibility of Touchland's Us sales representatives plus the connects the logistic partner could have. | 3 Medium given that the distributor has already a network of customers established. | 4 High given that the alliance would sum the reaching power to customers of both companies. | 4 High given that the joint venture would sum the reaching power to customers of both companies. | 4 High given that owning a subsidiary would imply creating a strong network of customers. |
| % ON REVENUE | 5 No percentage of revenues needs to be shared with anyone given that the venture is taken alone by Touchland. | 4 Medium-low given that the fee would probably depend on a percentage of revenue given the variability of the costs of the service. | 5 No percentage of revenues needs to be shared with anyone given that the venture is taken alone by Touchland. | 3 Medium given that it depends on the conditions of the alliance and what each company will be contributing with. | 3 Medium given that it depends on the conditions of the alliance and what each company will be contributing with. | 5 No percentage of revenues needs to be shared with anyone given that the venture is taken alone by Touchland. |
| TIME ON ROI | 3 Medium given the low investment that could imply an increase in transport costs will be cover easily shifting a part to the price of the customer. | 5 Rapidly given that the sales efforts are performed by Touchland sales representatives which will be highly motivated to exceed expectations given the compensation structure. | 3 Medium given that the sales efforts are performed by the distributor only and probably revenues would come at a slower pace. | 2 Medium-slow given the fact that creating an alliance implies a long implementation timeline. | 2 Medium-slow given the fact that creating an alliance implies a long implementation timeline. | 1 Slow given the fact that intensive investment is required at the beginning and sales would come much later. |
| EASE OF MARKET ENTRY | 1 Low as Touchland would have limited reach to customers in the US. | 3 Medium given that the logistic partner would enable Touchland distribute their sales through a robust and extensive network of customers. | 3 Medium given that the distributor would enable Touchland distribute their sales through a robust and extensive network of customers. | 5 High given the fact that the company with which Touchland would ally would be already settled in the market. | 5 High given the fact that the company with which Touchland would create the joint venture would be already settled in the market. | 3 Medium given that establishing a subsidiary would enable Touchland to create a strong network of customers. |
| SHARING CRITICAL INFO | 5 No critical info needs to be shared with anyone. | 5 No critical info needs to be shared with anyone. | 5 No critical info needs to be shared with anyone. | 1 High given that skill transfer would be needed and the innovation advantage would be left vulnerable. | 1 High given that skill transfer would be needed and the innovation advantage would be left vulnerable. | 5 No critical info needs to be shared with anyone. |
| AUTONOMY | 5 High given that the US business is totally owned by Touchland. | 4 Medium-high given that only the process of distribution and warehousing would be outsourced. | 5 High given that the US business is totally owned by Touchland. | 3 Medium given the fact that company is partially owned by parent. | 2 Medium-low given that the new entity would have an inherent independence. | 5 High given that the US business is totally owned by Touchland. |
| TOTAL COST | 4 Medium-low given that the cost would only refer to the increase transport fee. | 4 Medium-low given that the fee to logistic partner would depend on the level of sales and the only additional cost for Touchland would be to create a legal entity so sales representatives could be hired by Touchland to sell. | 3 Medium given that distributor would include in their constant fee the expense of the selling process. | 2 Medium-high given the fact that all producing, selling and distributing efforts would be made jointly by the companies allied. | 2 Medium-high given the fact that all producing, selling and distributing efforts would be made jointly by the companies allied. | 1 High given that costs for building production capabilities would be only burden by Touchland. |

Source: created by the authors

Exhibit 17: Trademark Registry US: Touchland

TOUCLAND

Word Mark TOUCHLAND

Goods and Services IC 021. US 002 013 023 029 030 033 040 050. G & S: Countertop automatic hand gel dispensers, wall-mounted automatic hand gel dispensers, automatic hand gel dispensers as stands, hand-operated countertop hand gel dispensers, empty spray bottles

IC 035. US 100 101 102. G & S: Retail store services in the field of countertop automatic hand gel dispensers, wall-mounted automatic hand gel dispensers, automatic hand gel dispensers as stands, hand-operated countertop hand gel dispensers, hand gel, sanitizing liquid, pocket sprays; On-line retail store services in the field of countertop automatic hand gel dispensers, wall-mounted automatic hand gel dispensers, automatic hand gel dispensers as stands, pocket sprays; organization of exhibitions for advertising or commercial purposes; Goods import-export agencies

Standard Characters Claimed

Mark Drawing Code (4) STANDARD CHARACTER MARK

Serial Number 79112119

Filing Date March 20, 2012

Current Basis 66A

Original Filing Basis 66A

Published for Opposition February 26, 2013

Registration Number 4333291

International Registration Number 1113970

Registration Date May 14, 2013

Owner (REGISTRANT) LISBONA VIVES, ANDREA INDIVIDUAL SPAIN Av. Torre Blanca, 57 E-08173 Sant Cugat del Vallés SPAIN

Attorney of Record Lawrence E. Abelman

Type of Mark TRADEMARK, SERVICE MARK

Register PRINCIPAL

Live/Dead Indicator LIVE

Source: <http://tmsearch.uspto.gov/bin/gate.exe?f=searchss&state=4803:4h8rr.1.1>

Exhibit 18: Logistics calculation

Hand-sanitizer package size = $10 \times 6 \times 2 = 120 \text{ cm}^3$
Packages with 8 hand-sanitizers = $8 \times 120 = 960 \text{ cm}^3 = 0.00096 \text{ m}^3$
Standard container size (40 feet) = 67.7 m^3
Each container approximately - 70000 packages with 8 hand-sanitizers (560,000 units)
Each container costs approximately - 4500\$

Sources: <http://www.atmgloballogistics.com/docsjsg/Documents/containerinfo.pdf>,
<http://worldfreightrates.com/en/freight>

Exhibit 19: Logistic Partner Service Contract

Between **Touchland US** (hereinafter referred to as "the Seller") whose registered office is at duly represented by Mr./Ms. **Andrea Lisbona** in its condition of **Chief Executive Officer** and **Barrett Distribution centers** (hereinafter referred to as "the Logistic Partner") whose registered office is at **15 Freedom Way Franklin, MA 02038** duly represented by Mr. **Mark Gionfriddo**, in its condition of **Chief Executive Officer**. It is agreed as follows:

ARTICLE 1: APPOINTMENT, EXCLUSIVITY, TERRITORY AND PRODUCTS

The Seller hereby appoints the Logistic Partner to logistic partnership of the Products listed in Annex N° 1 (hereinafter "the Products") in the territory of **United States of America except Puerto Rico** (hereinafter "the Territory") and the Logistic Partner accepts such appointment and agrees to respect the terms and conditions

hereinafter set out.

The Seller shall be entitled at any time to add, replace, or delete any item of the Products, provided that it so advises the logistic partner at least **30** days in advance.

ARTICLE 2: DURATION

This agreement shall be effective from the date of its signature and shall remain in force until **31st December 2016**. It shall be automatically renewed for successive periods of one year, unless terminated by either party by notice given in writing ensuring evidence and date or receipt.

The period of notice shall be one month for the first year following commencement of the logistic partnership, two months for the second year, three months for the third year, and so on for the fourth and fifth year. If the agreement has been in force for more than five years, the period of notice shall be six months.

ARTICLE 3: SELLER'S OBLIGATIONS

The Seller shall supply the Logistic Partner the Products according to its General Conditions of Distribution (Annex N° 2 to this Agreement)

The Seller shall supply the Logistic Partner free of charge with catalogues and technical information necessary for the maintenance of the Products.

ARTICLE 4: LOGISTIC PARTNER'S FUNCTIONS AND OBLIGATIONS

The Logistic Partner shall distribute the Products in its own name and on its own behalf.

The Logistic Partner shall devote its best efforts for the adequate exploitation and distribution of sales of the Products within the Territory in accordance with the Seller's image. In particular the Logistic Partner shall:

- (1) Set up and maintain an adequate organization for distribution
- (2) Maintain at its own expense a stock of Products and spare parts, sufficient for the normal needs of the Territory

ARTICLE 6: GUARANTEED MINIMUM TARGET

The parties have agreed that the logistic partner shall distribute from the Seller Products for a minimum guaranteed amount of **350.000\$** during the first year of this Agreement.

This amount shall be revised annually by the parties. If such amount is not decided upon, or if the amount that was decided upon for the preceding year was not purchased from the Seller by the Logistic Partner, the Seller shall be entitled by giving one month written notice, to terminate this Agreement, or to reduce the extension of the Territory. This right must however be exercised not later than two months after the end of the preceding annual period.

ARTICLE 7: USE OF SELLER'S TRADEMARKS AND SYMBOLS

The Logistic Partner shall distribute the Products under the Seller's trademark.

The use by the Logistic Partner of the Seller's trademarks, trade names or any other symbols of the Seller:

- (1) shall be made only for the purpose of identifying the Products.

(2) shall not attribute any property rights to the Logistic Partner.

(3) shall not authorize the logistic partner to register such trademarks, trade names and symbols.

The Logistic Partner shall notify the Seller of any infringement of the Seller's trademarks, trade names or symbols or other industrial property rights, that comes to the logistic partner's knowledge.

ARTICLE 8: CONFIDENTIALITY

Each party shall not divulge to any third party any information of confidential nature that has come to its knowledge by reason of this Agreement. This clause shall remain in force even after expiry or cancellation of said Agreement.

ARTICLE 10: EARLIER TERMINATION

Each party may terminate the present Agreement with immediate effect by written notice in the following cases:

(1) substantial breach or repeated violation by the other party case of its contractual obligations

(2) bankruptcy, liquidation or any kind of composition between debtor and creditors, that may affect any of the parties

(3) change of control, ownership and/or management of the Logistic Partner **Barrett**. In particular it is understood that the Seller may immediately terminate the Agreement from the moment when Mr. **Mark Gionfriddo** shall ceases to be **Chief Executive Officer** of the logistic partner company

The violation of the provisions concerning non competition (article 4), guaranteed minimum target (art.6) and confidentiality (art.9) shall be considered in principle a substantial breach of this Agreement.

ARTICLE 11: PROHIBITION OF ASSIGNMENT

The present Agreement cannot be assigned without the prior written consent of the parties.

ARTICLE 12: RETURN OF DOCUMENTS AND SAMPLES / PURCHASE OF STOCK

On the expiration or cancellation of this Agreement, the Logistic Partner shall return to the Seller any samples and any other documents (catalogues, pamphlets, etc) supplied by the Seller which are in the Logistic Partner's possession.

The Seller shall be entitled to repurchase the Products that the logistic partner has in stock at the cost price of the logistic partner.

ARTICLE 13: ARBITRATION AND APPLICABLE LAW

Any dispute arising out or in connection with the present Agreement shall be finally settled in accordance with the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules.

This Agreement as well as all related purchases and sales shall be governed by the laws of the Seller, provided they do not conflict with mandatory rules of the law of the country where the Logistic Partner is established.

ADDENDUM TO LOGISTIC PARTNER CONTRACT

GENERAL CONDITIONS OF DISTRIBUTION

FEE & DISTRIBUTION LIST

DDP - Port of Wilmington
KUB2Go- \$7,02

The above price is DDP Seller's price and should be the final price.

Fee for warehousing: **500 \$/month**

Fee for logistics: Calculated depending on the distance

GENERAL CONDITIONS OF DISTRIBUTION

The distribution of the Seller's products is governed by these General Conditions of distribution and by the United Nations Convention on contracts for the international distribution of goods (CISG- Vienna Convention 1980).

1. ACCEPTANCE AND EXECUTION OF ORDERS

All orders are collected by the Seller Sales Representatives, who should notify the Logistic Partner at least 7 days in advance.

The Seller shall use its best efforts to execute any orders within the periods mentioned on such orders.

However the Seller shall not be liable for any delay in their execution, the dates given for DDP availability being only an indication.

2. PAYMENT TERMS

Unless otherwise agreed, payment of the logistics of Products supplied by the Seller shall be made by electronic transfer of funds (swift transfer) to designated bank account of Seller prior to consignment.

3. RETENTION OF TITLE

The Products delivered remains the property of the Seller until arrival to the final customer.

4. GUARANTEE OF PRODUCTS

The Products are guaranteed for a period of one year, from the date of shipment.

Source: created by the authors

Exhibit 20: Focus Group

The focus group meeting was organized at the UPF Barcelona School of Management with US citizens currently studying in Barcelona. It lasted around forty minutes and was moderated by one of the authors. As a conversation starter a general discussion on hygiene and its importance was initiated. Overall dynamics between participants were smooth and everyone had an opportunity to speak and express their opinion.

Summary of results:

- Americans are highly concerned with hygiene (laundry, brushing teeths, deodorant, etc.) and would consider their own hygiene need level higher than on European average.
- Several products are being used for hand hygiene (lotion, wipes, soap, traveling hand-sanitizers).
- Hand-sanitizers are a quick way to wash your hands when no soap and water are available. Availability of washrooms in the US was perceived as widely covered unlike in Spain.
- Partially, the participants were not confident about hand-sanitizer effectiveness.
- Usage of hand-sanitizers was perceived highest by one participant among moms who are highly concerned about their kids safety. Hand-sanitizers are considered a very convenient tool for them.
- For man the alcohol within the hand-sanitizer helps breaking out the wax/hair spray after application.

After playing the lifestyle video of Touchland (https://youtu.be/se8_N-Oexqc: GoPro camera that follows people's hands, experiencing exciting situations that require hygiene protection).

- Common agreement under the participants, that they would not use hand-sanitizers while sporting (which was the major activity in the video)..
- Maximum price they would be willing to pay was 5\$USD for five hand-sanitizers.
- The design aspect was not as important to them.
- Hand-sanitizers were considered an Impulse purchase rather than a on purpose purchase.
- Additional features of hand-sanitizers were brought up by the participants: lanyard, multi tool incl. hair gel, promotion together with other products.

Source: created and executed by the authors

Exhibit 21: Online Survey

The online survey (<http://goo.gl/forms/PpMpa8Cg5P>) was done through a Google Drive tool that allows anyone to create a survey for free without a limit on the number of questions. The questions were derived from the focus group's results and insights. Touchland's survey was divided in five parts:

1. *Personal information* → Segmentation questions: Gender, age, time living in the US etc.
2. *Hygiene* → Importance of hygiene and specifically hand hygiene was investigated, as well as knowledge on the existence of hand-sanitizers in general.
3. *Hand-sanitizers* → Questions on information about hand-sanitizers preferences, frequency of use, effectiveness, occasions for using it, perception as substitute for traditional water and soap hand washing.
4. *Pricing* → Average price willing to pay for a hand-sanitizer, and questions about preferred or desired attributes and their importance. Connection of the attributes with premium price increase.
5. *Lifestyle* → Relevance of trends and design was inquired.

The online survey was online for three weeks at the end of April/beginning of May 2015. In total 51 persons answered, of which four indicated that they had never lived in the US and were therefore excluded from the analysis. From the remaining sample 29 people were between 20-30 years old and 11 over 50 years old, 30 were female and 19 male. 29 people lived in large cities with a population above 1.000.000, 12 in small cities with a population above 100.000 people and 8 in rural areas. As the survey does not give a representative sample of the population the results can only be counted as indicators for trends.

Summary of results:

- 58% of respondents were from large cities (1-5M people) and 93% of them said personal hygiene was very important for them.
- Out of the 93% of large city inhabitants that care very much about personal hygiene a 100% said they wash their hands every time after the touch a dirty item.
- 75% of respondents don't believe that hand-sanitizers can be a substitute for traditional handwashing.
- 42% of respondents partially rely on antibacterial effectiveness of hand-sanitizers and 36% do rely on its effectiveness.
- 7% of respondents said they will be willing to pay between 3-6\$USD per bottle (50ml) because design is important and 63% will be willing to pay between 1-3\$USD per bottle (50ml) even if for 70% of those 63% design is important.
- 56% of respondents said they would not pay more for special attributes such as design and scents and 23% said they only would if it was really special.
- 58% of respondents like to follow trends or be trend-setters.
- 19% of respondents considered design is really important and 63% believe is important but not essential.

Source: created and executed by the authors

Exhibit 22: Evolution of the 4P's

The 4P's of marketing, also known as the producers-oriented model, have been used by marketers since they were first created by Jerome McCarthy since 1960, specially after their debut on the Philip Kotler book called "Marketing Principles" in 1967 which became the sacred guidelines marketing professionals should live by. The focus of this structure is based on the marketing mix essentials which are: Product, Price, Placement and Promotion. Throughout the decades this line of thought has worked wonderfully for any type product or services company that cared about investing in marketing to drive sales growth in a very straightforward way. However, since a few years ago global leading influencers of the field, such as Ogilvy & Mather and several Harvard Business Review collaborators, have outlined that the 4P's are outdated in today's world. Although they were the perfect guidance for product managers of the past, today they lack impact. This has been mainly brought by the fact of the dramatic shift in power from the companies to the people. Today with all the technological advances and innovations, audiences are able to know everything within the range of their hand with a smartphone or any internet-connected device, this means consumers get to see all a company or brand is and not just what they want them to perceive.

In consequence of such consumer empowerment, brands have rethought their marketing strategies and through this changes Ogilvy & Mather was provided with the needed information to define the new-ruling marketing mix framework called 4E's.

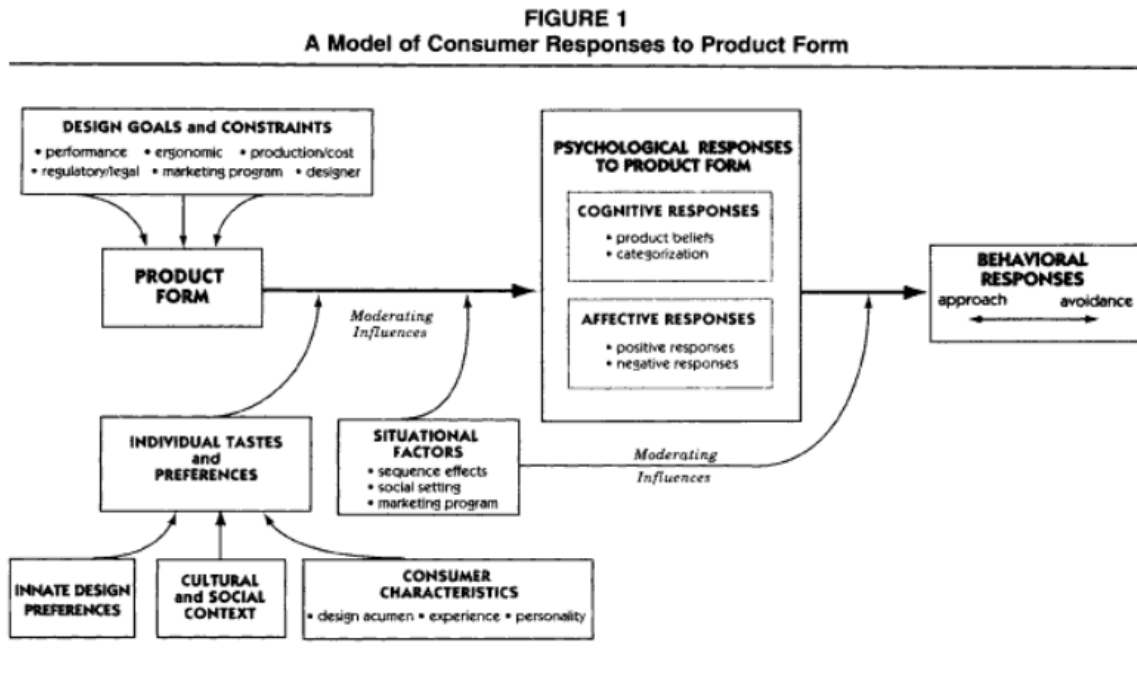
Essentially what the 4E's try to tackle is the issue of intense competition which makes product's differentiation last little, the almost limitless access to information which makes consumers highly demanding and the overwhelming segmentation media has suffered with the digital landscape opening which makes audiences spread among a high number of outlets. Following a concise explanation on how this 4E's emerge from the 4P's and why this would fit best for Touchland's B2C marketing approach in the US for the KUB2Go.

1. **From Product to Experience** this states that potential consumers are not only looking for a practical and functional solution for satisfying a need, they are looking for a holistic experience throughout their whole purchasing journey. This means having a friendly and relevant website, being in every social media that your target uses with top of the line content and continuing the excellence in stores and after purchasing.
2. **From Place to Everyplace** meaning that today brands should not be looking to interrupt consumers while watching TV, reading a magazine or visiting a retail store. Today brands need to intercept the consumer where they are more willing to engage and this could be anyplace or everyplace. Social media and e-commerce have marked a great deal where consumers buy.
3. **From Price to Exchange** enhancing the importance of the value the good or service represents instead of costs, enables consumers to pay attention on what the brand is saying, engage with the purpose and permit themselves the purchase.
4. **From Promotion to Evangelism** this refers to the fact that emphasizing on an attribute or benefit to promote a product is not longer enough, today consumers will engage in the way that makes a company successful only if they relate with the purpose of the brand. It is the theory of the "Golden Circle" by Simon Sinek, a brand's message needs to be built from the inside out: first state brand's purpose, then explain how the brand will achieve this and finally say with what product or service it will happen. This simple structure will create a base of brand advocates that will spread the word throughout the community they are in.

Source: http://www.ogilvy.com/On-Our-Minds/Articles/the_4E_-are_in.aspx

Exhibit 23: Design and Innovation as Positioning tools

Consumer Response to Product Design



Product design influences cognitive behaviours of consumers towards the final product including its recognitions and associations. Further, the design helps to categorize the Product according to its first hand impression on similarity to other products of the category. By changing the hand-sanitizers appearance Touchland could disconnect the product from the mere healthcare oriented category into a more lifestyle oriented direction. This approach has worked well in other categories for Nespresso and Apple.

Source: Bloch, Peter H.: Seeking the Ideal Form: Product Design and Consumer Response. In: Journal of Marketing, Vol. 59, No. 3 (Jul., 1995), pp. 16-29

Exhibit 24: Cost Structure/Compensation Method Coordinator

Labour market comparison: Marketing Manager US

Annual Average: 30.000\$- 36.000\$; Median: 33.000€

| SALARY | INCENTIVES | BENEFITS |
|--|--|-------------------------------------|
| YEAR 1: 35.000\$ | Objective based variable pay | According to Spanish law: |
| FOLLOWING YEARS. increase of base pay according to merit | Gain Sharing over total US profits (2%). | health insurance retirement fund |

Source: created by the authors with information from http://www.payscale.com/research/US/Job=Marketing_Manager/Salary

Exhibit 25: Hofstede’s Cultural Distance Model Spain/USA

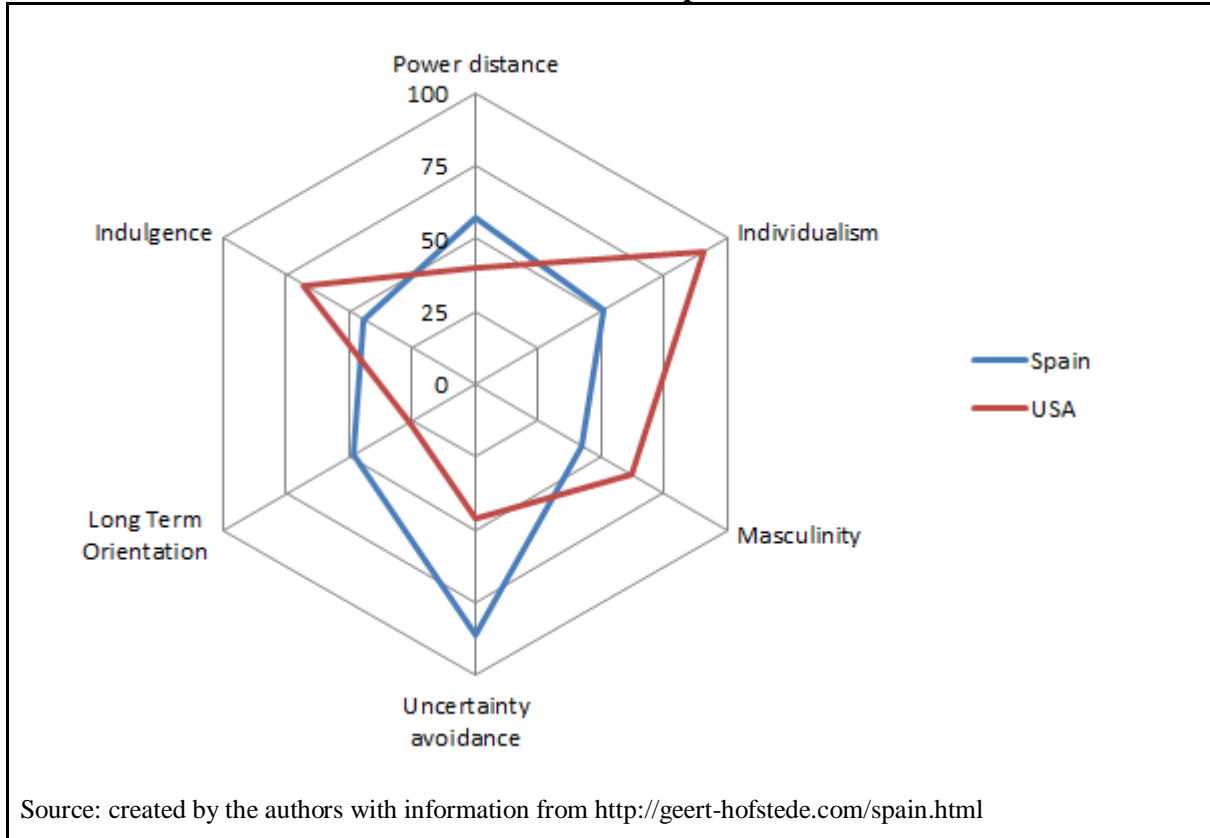


Exhibit 26: Cost Structure/Compensation Sales Representative

| Labour market comparison: Outside Sales Representative | | |
|---|--|---------------------|
| Annual Average Spain: \$30,204 - \$87,329; Median: \$45.750 | | |
| SALARY | INCENTIVES | BENEFITS |
| YEAR 1: \$30.000 | Incentive pay for individual sales/ new customers | According to US law |
| FOLLOWING YEARS. promotion possibilities, if the market share grows | Gain Sharing quarterly over total US profits (2%). | |

Source: created by the authors with information from http://www.payscale.com/research/US/Job=Inside_Sales_Representative/Salary

Exhibit 27: Historic Exchange Rate Level

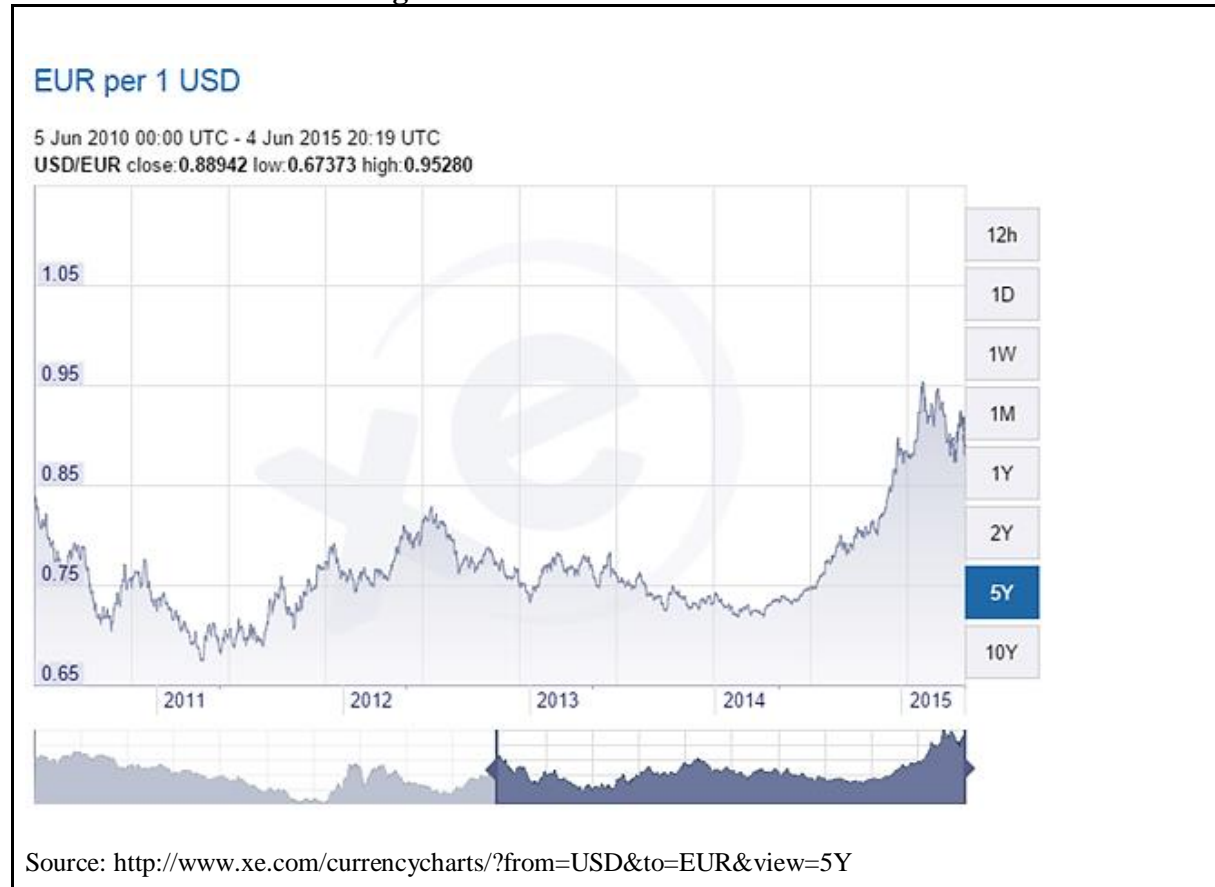


Exhibit 28: Sales Forecast Variables and Premises

| PREMISES TAKEN CONSTANT OVER THE FIVE YEAR PERIOD | | SOURCES | |
|---|----------------|--|--|
| Metro area population US | 258,317,763,00 | Metropolitan Statistical Areas--Population by Age: 2010 http://www.census.gov/compendia/statab/cats/population/estimates_and_projections--states_metropolitan_areas_cities.html | |
| Between 18-44 | 96,288,340,00 | | |
| From top 15 cities (96%) | 92,349,137,00 | | |
| Only 20% of households buys Hand-Sanitizers (2,63 persons per household) | 7,022,748,06 | http://www.marketwatch.com/story/hand-sanitizer-spread-faster-than-the-flu-2013-01-15 http://quickfacts.census.gov/qfd/states/00000.html | |
| Potential average of Carry-with-you hand sanitizers purchased per person per year | 2,53 | Small bottles of hand sanitizers range from 15ml to 100ml and on average 144 uses http://www.purell.com/customer-support/faq.aspx Average use per day assumption: 1 application, 365 applications per year per person Result of = (7,022,748,06 / 2,53) | |
| MARKET SIZE (UNITS) | 17,800,715,57 | Result of = (17,800,715,57 / 4) | |
| MARKET SIZE (VALUE Avg. price 4USD) | 71,202,862,28 | Touchland market research information | |
| US MARKET SIZE VALUE 2015 | 400,000,000,00 | Result of = (71,202,862,28 / 400,000,000,00) * 100 | |
| Percentage of Touchland's population target value market size from the total value market | 17,80% | | |

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | SOURCES |
|---|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---|
| Market growth rate (Global) | (type of average rate that smoothes the changes of the growth rate through the years) | | | | | | | | |
| Market Value US | 364,000,000 | 400,000,000 | 436,000,000 | 475,240,000 | 518,011,600 | 564,632,644 | 615,449,582 | 670,840,044 | http://globenewswire.com/news-release/2015/04/17/725574/10129440/en/Alcohol-Based-Disinfectants-Market-is-estimated-to-reach-a-total-value-of-Market-value-growth-9%-%20every-year-according-to-Transparency-Market-report. |
| Market Value US (Touchland's Targeted Population Segment) | - | 71,202,862 | 77,611,120 | 84,596,121 | 92,209,772 | 100,508,651 | 109,554,430 | 119,414,328 | Result of = market value total size * 17,8% |
| Touchland's value market share | - | - | 2,50% | 2,73% | 2,97% | 3,24% | 3,53% | 3,85% | Touchland's market share increases in 9% each year to grow along with market growth |
| Touchland's market value (USD\$) | - | - | 1,940,278 | 2,305,244 | 2,738,861 | 3,254,040 | 3,866,125 | 4,593,344 | Result of = Market Value US (Touchland's Targeted Population Segment) * Market Share Touchland |
| Touchland's volume sales target (Units) | - | - | 323,380 | 384,207 | 456,477 | 542,340 | 644,354 | 765,557 | Result of = Touchland's Market Value Share / Retail Price of KUB2Go |
| Average Retail price Touchland's Kub2Go = \$6 USD | | | | | | | | | |

Source: created by the authors

Exhibit 29: Input Sheet Variable for Realistic Scenario

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|-----------|-------------|-------------|------------|------------|-------------|
| Growth Rate % | 2,50% | 2,73% | 2,97% | 3,24% | 3,53% | 3,85% |
| Sales in Units | 323.380 | 384207,3814 | 456476,7899 | 542340,074 | 644354,242 | 765557,2749 |
| Mark up | 0,60 | 0,60 | 0,60 | 0,60 | 0,60 | 0,60 |
| Purchasing Costs/Unit (production- | 3,6 | 3,6 | 3,6 | 3,6 | 3,6 | 3,6 |
| Product Retail Price (Final Price) | 6 | 6 | 6 | 6 | 6 | 6 |
| Product Price to Retailer | 4,68 | 4,68 | 4,68 | 4,68 | 4,68 | 4,68 |
| | | | | | | |
| Taxes US | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% |
| Interest Rate | | | | | | |
| Gross Margin | 30,00% | 30,00% | 30,00% | 30,00% | 30,00% | 30,00% |
| | | | | | | |
| Salaries | 105000,00 | 105000,00 | 105000,00 | 135000,00 | 135000,00 | |
| Commission Salespeople | 10% | 10% | 10% | 10% | 10% | |
| | | | | | | |
| Exchange Rate \$ | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| | | | | | | |
| Dividends | 0 | 0 | 0 | 0 | 0 | |
| Issued Shares | 0 | 0 | 0 | 0 | 0 | |
| Price of Shares | 1 | 1 | 1 | 1 | 1 | |
| | | | | | | |
| Days Sales Outstanding | 30 | 30 | 30 | 30 | 30 | |

*margin for retailer

Source: created by the authors

Exhibit 30: REALISTIC SCENARIO STATEMENTS

Balance Sheet

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|------|
| ASSETS | | | | | | | |
| <i>Current assets</i> | 72050,01 | 211995 | 272296,07 | 356498,34 | 431295,26 | 557628,88 | |
| Cash and equivalents | 2200 | 94560 | 132771,10 | 190728,72 | 234344,39 | 323631,54 | |
| Accounts receivable | | 34446,58 | 40925,98 | 48624,16 | 57770,36 | 68636,97 | |
| Inventories | 69850,01 | 82988,79 | 98598,99 | 117145,46 | 139180,52 | 165360,37 | |
| <i>Non-Current assets</i> | 14586 | 13400,53 | 12215,07 | 11029,6 | 9844,13 | 8658,67 | |
| Other assets | 11988 | 11988 | 11988 | 11988 | 11988 | 11988 | |
| Property, plant and equipment | 2598 | 2598 | 2598 | 2598 | 2598 | 2598 | |
| Acc Depreciation | | -1185,47 | -2370,93 | -3556,40 | -4741,87 | -5927,33 | |
| Total assets | 86636,01 | 225395,93 | 284511,14 | 367527,94 | 441139,40 | 566287,54 | USD |
| LIABILITIES AND EQUITY | | | | | | | |
| <i>Current liabilities</i> | 0 | 129065,59 | 163875,63 | 205230,92 | 236558,84 | 292532,13 | |
| Short-term notes payable | | 2397,6 | 2397,6 | 2397,6 | 2397,6 | 0 | |
| Accounts payable | | 115901,83 | 137702,97 | 163604,89 | 194378,97 | 230941,66 | |
| Income tax payable | | 10766,16 | 23775,06 | 39228,43 | 39782,26 | 61590,47 | |
| <i>Long term liabilities</i> | 9590,4 | 7192,8 | 4795,2 | 2397,6 | 0 | 0 | |
| Long term debt | 9590,4 | 7192,8 | 4795,2 | 2397,6 | 0 | | |
| Deferred income taxes | | | | | | | |
| Other liabilities | | | | | | | |
| <i>Shareholders' equity</i> | 77045,61 | 89137,54042 | 115840,315 | 159899,4185 | 204580,5611 | 273755,4184 | |
| Share capital | 77045,61 | 77045,61 | 77045,61 | 77045,61 | 77045,61 | 77045,61 | |
| Retained earnings | 0 | 12091,93 | 38794,71 | 82853,81 | 127534,95 | 196709,81 | |
| Total liabilities and equity | 86636,01 | 225395,93 | 284511,14 | 367527,94 | 441139,40 | 566287,55 | USD |
| Assets vs Liabilities and Equity | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | USD |
| Exchange Rate \$ | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| Assets | 77972,41 | 202856,34 | 256060,02 | 330775,14 | 397025,46 | 509658,79 | EURO |
| Liabilities & Equity | 77972,41 | 202856,34 | 256060,03 | 330775,14 | 397025,46 | 509658,79 | |

Income Statement

| | 2016 | 2017 | 2018 | 2019 | 2020 | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------|
| Sales | 1816100,21 | 2157708,65 | 2563573,65 | 3045781,86 | 3618693,42 | |
| Cost of Goods sold | 1397000,16 | 1659775,89 | 1971979,73 | 2342909,12 | 2783610,33 | |
| Gross Margin | 419100,05 | 497932,77 | 591593,92 | 702872,74 | 835083,10 | USD |
| Depreciation expense | 1185,47 | 1185,47 | 1185,47 | 1185,47 | 1185,47 | |
| Personnel expenses | 104500,00 | 104500,00 | 104500,00 | 137500,00 | 137500,00 | |
| Rent and royalties | 18000 | 18000 | 18000 | 22800 | 22800 | |
| Marketing expenses | 236093,03 | 280502,13 | 333264,57 | 395951,64 | 470430,14 | |
| Logistic Partner expenses | 36322,00 | 43154,17 | 51271,47 | 60915,64 | 72373,87 | |
| Interest expense | 141,4584 | 113,16672 | 84,87504 | 56,58336 | 28,29168 | |
| Operating income | 22858,09 | 50477,83 | 83287,53 | 84463,41 | 130765,33 | USD |
| Other income | 0 | 0 | 0 | 0 | 0 | |
| EBT | 22858,09 | 50477,83 | 83287,53 | 84463,41 | 130765,33 | USD |
| Income Taxes | 10766,16 | 23775,06 | 39228,43 | 39782,26 | 61590,47 | |
| Net Income | 12091,93 | 26702,77 | 44059,10 | 44681,14 | 69174,86 | USD |
| Tax rate | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | |
| Dividends | 0 | 0 | 0 | 0 | 0 | |
| Opening retained earnings | | 12091,93 | 38794,71 | 82853,81 | 127534,95 | |
| Retained earnings for the year | 12091,93 | 26702,77 | 44059,10 | 44681,14 | 69174,86 | |
| Ending retained earnings | 12091,93 | 38794,71 | 82853,81 | 127534,95 | 196709,81 | USD |
| Exchange Rate | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| Earning in EURO | 10882,74 | 34915,23 | 74568,43 | 114781,46 | 177038,83 | EURO |

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Sales | 32760,00 | 45864,00 | 51459,41 | 58921,02 | 70705,23 | 86967,43 | 107839,61 | 138034,70 | 179445,11 | 240456,45 | 327982,60 | 475574,77 |
| Cost of Goods sold | 25200,00 | 35280,00 | 39584,16 | 45323,86 | 54388,64 | 66898,02 | 82953,55 | 106180,54 | 138034,70 | 184966,50 | 252294,31 | 365826,75 |
| Gross Margin | 7560 | 10584,00 | 11875,25 | 13597,16 | 16316,59 | 20069,41 | 24886,06 | 31854,16 | 41410,41 | 55489,95 | 75688,29 | 109748,02 |
| Depreciation expense | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 |
| Personnel expenses | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33333 |
| Rent and royalties | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 |
| Marketing Expenses | 4258,80 | 5962,32 | 6689,72 | 7659,73 | 9191,68 | 11305,77 | 14019,15 | 17944,51 | 23327,86 | 31259,34 | 42637,74 | 61824,72 |
| Logistic Partner Expenses | 655,20 | 917,28 | 1029,19 | 1178,42 | 1414,10 | 1739,35 | 2156,79 | 2760,69 | 3588,90 | 4809,13 | 6559,65 | 9511,50 |
| Interest expense | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 |
| Operating income | -7672,91 | -6614,51 | -6162,57 | -5559,90 | -4608,10 | -3294,62 | -1608,79 | 830,05 | 4174,73 | 9102,57 | 16171,99 | 28092,90 |
| Other income | | | | | | | | | | | | |
| EBT | -7672,91 | -6614,51 | -6162,57 | -5559,90 | -4608,10 | -3294,62 | -1608,79 | 830,05 | 4174,73 | 9102,57 | 16171,99 | 28092,90 |
| Income Taxes | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 13231,75 |
| Net Income | -7672,91 | -6614,51 | -6162,57 | -5559,90 | -4608,10 | -3294,62 | -1608,79 | 830,05 | 4174,73 | 9102,57 | 8554,98 | 14861,14 |
| Tax rate | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Opening retained earnings | | -7672,91 | -14287,42 | -20449,99 | -26009,90 | -30618,00 | -33912,62 | -35521,41 | -34691,36 | -30516,63 | -21414,06 | -12859,07 |
| Retained earnings for the year | -7672,91 | -6614,51 | -6162,57 | -5559,90 | -4608,10 | -3294,62 | -1608,79 | 830,05 | 4174,73 | 9102,57 | 8554,98 | 14861,14 |
| Ending retained earnings | -7672,91 | -14287,42 | -20449,99 | -26009,90 | -30618,00 | -33912,62 | -35521,41 | -34691,36 | -30516,63 | -21414,06 | -12859,07 | 2002,07 |
| Exchange Rate | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 |
| Earning in EURO | -6905,62 | -12858,68 | -18405,00 | -23408,91 | -27556,20 | -30521,36 | -31969,27 | -31222,23 | -27464,97 | -19272,65 | -11573,17 | 1801,86 |

Cash Flow Statement

| | 2016 | 2017 | 2018 | 2019 | 2020 | |
|---|-----------------|-----------------|-----------------|-----------------|------------------|-----|
| Cash flows from operating activities | | | | | | |
| Net income (loss) after taxes | 12091,93 | 26702,77 | 44059,10 | 44681,14 | 69174,86 | |
| <i>Adjustments for:</i> | | | | | | |
| Depreciation of property, plant and equipment | 1185,47 | 1185,47 | 1185,47 | 1185,47 | 1185,47 | |
| | 13277,40 | 27888,24 | 45244,57 | 45866,61 | 70360,32 | USD |
| Changes in: | | | | | | |
| Accounts receivable | -34446,58 | -6479,40 | -7698,18 | -9146,20 | -10866,61 | |
| Inventories | -13138,79 | -15610,19 | -18546,47 | -22035,06 | -26179,86 | |
| Accounts payable | 115901,83 | 21801,13 | 25901,93 | 30774,08 | 36562,68 | |
| Corporate income taxes payable | 10766,16 | 13008,90 | 15453,37 | 553,84 | 21808,20 | |
| Deferred corporate income taxes | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Net cash from (used in) operating activities: | 79082,63 | 12720,44 | 15110,65 | 146,65 | 21324,43 | USD |
| Cash flows from investing activities | | | | | | |
| (Increase) or decrease in property, plant and equipment | -1185,47 | -1185,47 | -1185,47 | -1185,47 | -1185,47 | |
| Proceeds from sale of (acquisition of) other assets | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Net cash from (used in) investing activities | -1185,47 | -1185,47 | -1185,47 | -1185,47 | -1185,47 | USD |
| Cash flows from financing activities | | | | | | |
| Proceeds from (repayment of) notes payable | 2397,60 | 0,00 | 0,00 | 0,00 | -2397,60 | |
| Proceeds from (repayment of) long-term debt | -2397,60 | -2397,60 | -2397,60 | -2397,60 | 0,00 | |
| Proceeds from (repayment of) other liabilities | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Proceeds from issuing (repurchase of) share capital | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Dividends paid | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Net cash from (used in) financing activities: | 0,00 | -2397,60 | -2397,60 | -2397,60 | -2397,60 | USD |
| Net increase (decrease) in cash and equivalents | 77897,16 | 9137,37 | 11527,58 | -3436,41 | 17741,36 | USD |
| Opening balance cash & equivalents | | 77897,16 | 87034,53 | 98562,11 | 95125,70 | USD |
| Closing balance cash & equivalents | 77897,16 | 87034,53 | 98562,11 | 95125,70 | 112867,06 | USD |
| Exchange Rate \$ | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| Cash Flow Balance | 70107,44 | 78331,08 | 88705,90 | 85613,13 | 101580,36 | EUR |

Exhibit 31: OPTIMISTIC SCENARIO STATEMENTS

Balance Sheet

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
|---|-----------------|------------------|------------------|------------------|------------------|-------------------|------|
| ASSETS | | | | | | | |
| <i>Current assets</i> | 72050,01 | 330740 | 476193,13 | 661564,55 | 856560,54 | 1125702,67 | |
| Cash and equivalents | 2200 | 201823 | 323026,17 | 479586,88 | 640352,88 | 868826,34 | |
| Accounts receivable | | 45928,77 | 54567,97 | 64832,21 | 77027,15 | 91515,96 | |
| Inventories | 69850,01 | 82988,79 | 98598,99 | 117145,46 | 139180,52 | 165360,37 | |
| <i>Non-Current assets</i> | 14586 | 13400,53 | 12215,07 | 11029,6 | 9844,13 | 8658,67 | |
| Other assets | 11988 | 11988 | 11988 | 11988 | 11988 | 11988 | |
| Property, plant and equipment | 2598 | 2598 | 2598 | 2598 | 2598 | 2598 | |
| Acc Depreciation | | -1185,47 | -2370,93 | -3556,40 | -4741,87 | -5927,33 | |
| Total assets | 86636,01 | 344140,94 | 488408,20 | 672594,15 | 866404,68 | 1134361,33 | USD |
| LIABILITIES AND EQUITY | | | | | | | |
| <i>Current liabilities</i> | 0 | 184994,4935 | 230324,7533 | 284179,1286 | 330357,2053 | 403973,9665 | |
| Short-term notes payable | | 2397,6 | 2397,6 | 2397,6 | 2397,6 | 0 | |
| Accounts payable | | 115901,83 | 137702,97 | 163604,89 | 194378,97 | 230941,66 | |
| Income tax payable | | 66695,06 | 90224,19 | 118176,64 | 133580,63 | 173032,31 | |
| <i>Long term liabilities</i> | 9590,4 | 7192,8 | 4795,2 | 2397,6 | 0 | 0 | |
| Long term debt | 9590,4 | 7192,8 | 4795,2 | 2397,6 | 0 | | |
| Deferred income taxes | | | | | | | |
| Other liabilities | | | | | | | |
| <i>Shareholders' equity</i> | 77045,61 | 151953,6525 | 253288,2499 | 386017,4221 | 536047,4732 | 730387,3689 | |
| Share capital | 77045,61 | 77045,61 | 77045,61 | 77045,61 | 77045,61 | 77045,61 | |
| Retained earnings | 0 | 74908,04 | 176242,64 | 308971,81 | 459001,86 | 653341,76 | |
| Total liabilities and equity | 86636,01 | 344140,95 | 488408,20 | 672594,15 | 866404,68 | 1134361,34 | USD |
| Assets vs Liabilities and Equity | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | USD |
| Exchange Rate \$ | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| Assets | 77972,41 | 309726,85 | 439567,38 | 605334,73 | 779764,21 | 1020925,20 | EURO |
| Liabilities & Equity | 77972,41 | 309726,85 | 439567,38 | 605334,74 | 779764,21 | 1020925,20 | |

Income Statement

| | 2016 | 2017 | 2018 | 2019 | 2020 | |
|---------------------------------|------------------|------------------|------------------|------------------|-------------------|------|
| Sales | 1955800 | 2323686,24 | 2760771,63 | 3280072,77 | 3897054,46 | |
| Cost of Goods sold | 1397000,16 | 1659775,89 | 1971979,73 | 2342909,12 | 2783610,33 | |
| Gross Margin | 558800,06 | 663910,36 | 788791,89 | 937163,65 | 1113444,13 | USD |
| Depreciation expense | 1185,47 | 1185,47 | 1185,47 | 1185,47 | 1185,47 | |
| Personnel expenses | 104500,00 | 104500,00 | 104500,00 | 137500,00 | 137500,00 | |
| Rent and royalties | 18000 | 18000 | 18000 | 22800 | 22800 | |
| Marketing expenses | 254254,03 | 302079,21 | 358900,31 | 426409,46 | 506617,08 | |
| Logistic Partner expenses | 39116,00 | 46473,72 | 55215,43 | 65601,46 | 77941,09 | |
| Interest expense | 141,4584 | 113,16672 | 84,87504 | 56,58336 | 28,29168 | |
| Operating income | 141603,10 | 191558,79 | 250905,81 | 283610,68 | 367372,20 | USD |
| Other income | 0 | 0 | 0 | 0 | 0 | |
| EBT | 141603,10 | 191558,79 | 250905,81 | 283610,68 | 367372,20 | USD |
| Income Taxes | 66695,06 | 90224,19 | 118176,64 | 133580,63 | 173032,31 | |
| Net Income | 74908,04 | 101334,60 | 132729,17 | 150030,05 | 194339,90 | USD |
| Tax rate | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | |
| Dividends | 0 | 0 | 0 | 0 | 0 | |
| Opening retained earnings | | 74908,04 | 176242,64 | 308971,81 | 459001,86 | |
| Retained earnings for the year | 74908,04 | 101334,60 | 132729,17 | 150030,05 | 194339,90 | |
| Ending retained earnings | 74908,04 | 176242,64 | 308971,81 | 459001,86 | 653341,76 | USD |
| Exchange Rate | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| Earning in EURO | 67417,24 | 158618,38 | 278074,63 | 413101,68 | 588007,58 | EURO |

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---------------------------------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Sales | 37800,00 | 52320,00 | 59799,60 | 69367,54 | 83241,04 | 102386,48 | 126959,24 | 158699,05 | 199960,80 | 255949,83 | 34181,12 | 46748,13 |
| Cost of Goods sold | 27000,00 | 37800,00 | 42714,00 | 49548,24 | 59457,89 | 73133,20 | 90685,17 | 113356,46 | 142829,14 | 182821,30 | 243700,80 | 333870,09 |
| Gross Margin | 10800,00 | 15120,00 | 17085,60 | 19819,30 | 23783,16 | 29253,28 | 36274,07 | 45342,59 | 57131,66 | 73128,52 | 97480,32 | 133548,04 |
| Depreciation expense | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 |
| Personnel expenses | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 |
| Rent and royalties | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 |
| Marketing Expenses | 4914,00 | 6879,60 | 7773,95 | 9017,78 | 10821,34 | 13310,24 | 16504,70 | 20630,88 | 25994,90 | 33273,48 | 44353,55 | 60764,36 |
| Logistic Partner Expenses | 756,00 | 1058,40 | 1195,99 | 1387,35 | 1664,82 | 2047,73 | 2539,18 | 3173,98 | 3999,22 | 5119,00 | 6823,62 | 9348,36 |
| Interest expense | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 |
| Operating income | -5188,91 | -3136,91 | -2203,25 | -904,74 | 978,09 | 3576,40 | 6911,27 | 11218,82 | 16818,63 | 24417,14 | 35984,24 | 53116,41 |
| Other income | | | | | | | | | | | | |
| EBT | -5188,91 | -3136,91 | -2203,25 | -904,74 | 978,09 | 3576,40 | 6911,27 | 11218,82 | 16818,63 | 24417,14 | 35984,24 | 53116,41 |
| Income Taxes | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Net Income | -5188,91 | -3136,91 | -2203,25 | -904,74 | 978,09 | 3576,40 | 6911,27 | 11218,82 | 16818,63 | 24417,14 | 35984,24 | 53116,41 |
| Tax rate | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Opening retained earnings | | -5188,91 | -8325,82 | -10529,07 | -11433,82 | -10455,73 | -6879,33 | 31,94 | 11250,76 | 28069,39 | 52486,52 | 71522,19 |
| Retained earnings for the year | -5188,91 | -3136,91 | -2203,25 | -904,74 | 978,09 | 3576,40 | 6911,27 | 11218,82 | 16818,63 | 24417,14 | 35984,24 | 53116,41 |
| Ending retained earnings | -5188,91 | -8325,82 | -10529,07 | -11433,82 | -10455,73 | -6879,33 | 31,94 | 11250,76 | 28069,39 | 52486,52 | 71522,19 | 99620,77 |
| Exchange Rate | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 |
| Earning in EURO | -4670,02 | -7493,24 | -9476,16 | -10290,43 | -9410,16 | -6191,40 | 28,75 | 10125,68 | 25262,45 | 47237,87 | 64369,97 | 89658,69 |

Cash Flow Statement

| | 2016 | 2017 | 2018 | 2019 | 2020 | |
|---|------------------|------------------|------------------|------------------|------------------|------|
| Cash flows from operating activities | | | | | | |
| Net income (loss) after taxes | 74908,04 | 101334,60 | 132729,17 | 150030,05 | 194339,90 | |
| <i>Adjustments for:</i> | | | | | | |
| Depreciation of property, plant and equipment | 1185,47 | 1185,47 | 1185,47 | 1185,47 | 1185,47 | |
| | 76093,51 | 102520,06 | 133914,64 | 151215,52 | 195525,36 | USD |
| Changes in: | | | | | | |
| Accounts receivable | -45928,77 | -8639,20 | -10264,24 | -12194,94 | -14488,81 | |
| Inventories | -13138,79 | -15610,19 | -18546,47 | -22035,06 | -26179,86 | |
| Accounts payable | 115301,83 | 21801,13 | 25301,33 | 30774,08 | 36562,68 | |
| Corporate income taxes payable | 66695,06 | 23529,13 | 27952,45 | 15404,00 | 39451,68 | |
| Deferred corporate income taxes | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Net cash from (used in) operating activities | 123529,33 | 21080,87 | 25043,67 | 11948,08 | 35345,70 | USD |
| Cash flows from investing activities | | | | | | |
| (Increase) or decrease in property, plant and equipment | -1185,47 | -1185,47 | -1185,47 | -1185,47 | -1185,47 | |
| Proceeds from sale of (acquisition of) other assets | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Net cash from (used in) investing activities: | -1185,47 | -1185,47 | -1185,47 | -1185,47 | -1185,47 | USD |
| Cash flows from financing activities | | | | | | |
| Proceeds from (repayment of) notes payable | 2397,60 | 0,00 | 0,00 | 0,00 | -2397,60 | |
| Proceeds from (repayment of) long-term debt | -2397,60 | -2397,60 | -2397,60 | -2397,60 | 0,00 | |
| Proceeds from (repayment of) other liabilities | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Proceeds from issuing (repurchase of) share capital | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Dividends paid | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Net cash from (used in) financing activities: | 0,00 | -2397,60 | -2397,60 | -2397,60 | -2397,60 | USD |
| Net increase (decrease) in cash and equiv: | 122343,87 | 17497,80 | 21460,60 | 8365,01 | 31762,63 | USD |
| Opening balance cash & equivalents | | 122343,87 | 139841,67 | 161302,27 | 169667,28 | USD |
| Closing balance cash & equivalents | 122343,87 | 139841,67 | 161302,27 | 169667,28 | 201429,91 | USD |
| Exchange Rate \$ | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| Cash Flow Balance | 110109,48 | 125857,50 | 145172,04 | 152700,55 | 181286,92 | EURO |

Exhibit 32: PESSIMISTIC SCENARIO

Balance Sheet

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|------|
| ASSETS | | | | | | | |
| <i>Current assets</i> | 65700,01 | 149389 | 164153,84 | 205238,92 | 230958,35 | 298982,99 | |
| Cash and equivalents | 2200 | 45761 | 41033,50 | 58959,65 | 57163,95 | 92497,86 | |
| Accounts receivable | | 28183,56 | 33484,89 | 39783,40 | 47266,66 | 56157,52 | |
| Inventories | 63500,01 | 75444,36 | 89635,44 | 106495,87 | 126527,74 | 150327,61 | |
| <i>Non-Current assets</i> | 14586 | 13400,53 | 12215,07 | 11029,6 | 9844,13 | 8658,67 | |
| Other assets | 11988 | 11988 | 11988 | 11988 | 11988 | 11988 | |
| Property, plant and equipment | 2598 | 2598 | 2598 | 2598 | 2598 | 2598 | |
| Acc Depreciation | | -1185,47 | -2370,93 | -3556,40 | -4741,87 | -5927,33 | |
| Total assets | 80286,01 | 162789,39 | 176368,90 | 216268,52 | 240802,49 | 307641,66 | USD |
| LIABILITIES AND EQUITY | | | | | | | |
| <i>Current liabilities</i> | 0 | 107762,901 | 127582,1141 | 159960,5767 | 182773,1438 | 228629,343 | |
| Short-term notes payable | | 2397,6 | 2397,6 | 2397,6 | 2397,6 | 0 | |
| Accounts payable | | 105365,30 | 125184,51 | 148731,72 | 176708,16 | 209946,96 | |
| Income tax payable | | 0,00 | 0,00 | 8831,26 | 3667,39 | 18682,38 | |
| <i>Long term liabilities</i> | 9590,4 | 7192,8 | 4795,2 | 2397,6 | 0 | 0 | |
| Long term debt | 9590,4 | 7192,8 | 4795,2 | 2397,6 | 0 | | |
| Deferred income taxes | | | | | | | |
| Other liabilities | | | | | | | |
| <i>Shareholders' equity</i> | 70695,61 | 47833,69635 | 43991,59303 | 53910,3492 | 58029,34518 | 79012,31614 | |
| Share capital | 70695,61 | 70695,61 | 70695,61 | 70695,61 | 70695,61 | 70695,61 | |
| Retained earnings | 0 | -22861,91 | -26704,02 | -16785,26 | -12666,26 | 8316,71 | |
| Total liabilities and equity | 80286,01 | 162789,40 | 176368,91 | 216268,53 | 240802,49 | 307641,66 | USD |
| Assets vs Liabilities and Equity | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | USD |
| Exchange Rate \$ | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| Assets | 72257,41 | 146510,46 | 158732,01 | 194641,67 | 216722,24 | 276877,49 | EURO |
| Liabilities & Equity | 72257,41 | 146510,46 | 158732,02 | 194641,67 | 216722,24 | 276877,49 | |

Income Statement

| | 2016 | 2017 | 2018 | 2019 | 2020 | |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------|
| Sales | 1612900 | 1916286,71 | 2276740,24 | 2704995,07 | 3213804,65 | |
| Cost of Goods sold | 1270000,14 | 1508887,17 | 1792708,85 | 2129917,38 | 2530554,84 | |
| Gross Margin | 342900,04 | 407399,54 | 484031,39 | 575077,69 | 683249,81 | USD |
| Depreciation expense | 1185,47 | 1185,47 | 1185,47 | 1185,47 | 1185,47 | |
| Personnel expenses | 104500,00 | 104500,00 | 104500,00 | 137500,00 | 137500,00 | |
| Rent and royalties | 18000 | 18000 | 18000 | 22800 | 22800 | |
| Marketing expenses | 209677,02 | 249117,27 | 295976,23 | 351649,36 | 417794,60 | |
| Logistic Partner expenses | 32258,00 | 38325,73 | 45534,80 | 54099,90 | 64276,09 | |
| Interest expense | 141,4584 | 113,16672 | 84,87504 | 56,58336 | 28,29168 | |
| Operating income | -22861,91 | -3842,10 | 18750,01 | 7786,38 | 39665,35 | USD |
| Other income | 0 | 0 | 0 | 0 | 0 | |
| EBT | -22861,91 | -3842,10 | 18750,01 | 7786,38 | 39665,35 | USD |
| Income Taxes | 0,00 | 0,00 | 8831,26 | 3667,39 | 18682,38 | |
| Net Income | -22861,91 | -3842,10 | 9918,76 | 4119,00 | 20982,97 | USD |
| Tax rate | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | |
| Dividends | 0 | 0 | 0 | 0 | 0 | |
| Opening retained earnings | | -22861,91 | -26704,02 | -16785,26 | -12666,26 | |
| Retained earnings for the year | -22861,91 | -3842,10 | 9918,76 | 4119,00 | 20982,97 | |
| Ending retained earnings | -22861,91 | -26704,02 | -16785,26 | -12666,26 | 8316,71 | USD |
| Exchange Rate | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| Earning in EURO | -20575,72 | -24033,62 | -15106,73 | -11399,64 | 7485,04 | EURO |

| | January | February | March | April | May | June | July | August | September | October | November | December |
|---------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Sales | 30632,40 | 42885,36 | 48460,46 | 55729,53 | 65203,54 | 78244,25 | 96457,99 | 119322,49 | 157147,71 | 212149,42 | 294887,69 | 412842,76 |
| Cost of Goods sold | 24120,00 | 33768,00 | 38167,84 | 43881,52 | 51341,37 | 61609,65 | 75163,77 | 93954,71 | 123739,36 | 167046,78 | 232195,03 | 325073,04 |
| Gross Margin | 6512,40 | 9117,36 | 10302,62 | 11848,01 | 13862,17 | 16634,61 | 20294,22 | 25367,77 | 33409,36 | 45102,63 | 62692,66 | 87769,72 |
| Depreciation expense | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 | 98,79 |
| Personnel expenses | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 | 8708,33 |
| Rent and royalties | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 |
| Marketing Expenses | 3982,21 | 5575,10 | 6299,86 | 7244,84 | 8476,46 | 10171,75 | 12409,54 | 15511,92 | 20429,20 | 27579,42 | 38335,40 | 53669,56 |
| Logistic Partner Expenses | 612,65 | 857,71 | 969,21 | 1114,59 | 1304,07 | 1564,89 | 1909,16 | 2386,45 | 3142,95 | 4242,99 | 5897,75 | 8256,86 |
| Interest expense | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 | 11,79 |
| Operating income | -8401,37 | -7634,35 | -7285,36 | -6830,33 | -6237,27 | -5420,94 | -4343,39 | -2849,51 | -481,71 | 2961,31 | 8140,59 | 15524,40 |
| Other income | | | | | | | | | | | | |
| EBT | -8401,37 | -7634,35 | -7285,36 | -6830,33 | -6237,27 | -5420,94 | -4343,39 | -2849,51 | -481,71 | 2961,31 | 8140,59 | 15524,40 |
| Income Taxes | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 3834,22 | 7311,99 |
| Net Income | -8401,37 | -7634,35 | -7285,36 | -6830,33 | -6237,27 | -5420,94 | -4343,39 | -2849,51 | -481,71 | 2961,31 | 4306,37 | 8212,41 |
| Tax rate | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% | 47,10% |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Opening retained earnings | -8401,37 | -8401,37 | -16035,72 | -23321,09 | -30151,42 | -36388,69 | -41809,63 | -46153,02 | -49002,53 | -49484,24 | -46522,93 | -42216,56 |
| Retained earnings for the year | -8401,37 | -7634,35 | -7285,36 | -6830,33 | -6237,27 | -5420,94 | -4343,39 | -2849,51 | -481,71 | 2961,31 | 4306,37 | 8212,41 |
| Ending retained earnings | -8401,37 | -16035,72 | -23321,09 | -30151,42 | -36388,69 | -41809,63 | -46153,02 | -49002,53 | -49484,24 | -46522,93 | -42216,56 | -34004,15 |
| Exchange Rate | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 |
| Earning in EURO | -7561,23 | -14432,15 | -20988,98 | -27136,28 | -32749,82 | -37628,67 | -41537,72 | -44102,28 | -44535,82 | -41870,64 | -37994,90 | -30603,74 |

Cash Flow Statement

| | 2016 | 2017 | 2018 | 2019 | 2020 | |
|---|------------------|-----------------|-----------------|-----------------|-----------------|------|
| Cash flows from operating activities | | | | | | |
| Net income (loss) after taxes | -22861,91 | -3842,10 | 9918,76 | 4119,00 | 20982,97 | |
| <i>Adjustments for:</i> | | | | | | |
| Depreciation of property, plant and equipment | 1185,47 | 1185,47 | 1185,47 | 1185,47 | 1185,47 | |
| | -21676,45 | -2656,64 | 11104,22 | 5304,46 | 22168,44 | USD |
| Changes in: | | | | | | |
| Accounts receivable | -28183,56 | -5301,33 | -6298,51 | -7483,26 | -8890,86 | |
| Inventories | -11944,35 | -14191,08 | -16860,43 | -20031,87 | -23799,87 | |
| Accounts payable | 105365,30 | 19819,21 | 23547,21 | 27976,44 | 33238,80 | |
| Corporate income taxes payable | 0,00 | 0,00 | 8831,26 | -5163,87 | 15014,99 | |
| Deferred corporate income taxes | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Net cash from (used in) operating activities | 65237,38 | 326,80 | 9219,53 | -4702,56 | 15563,07 | USD |
| Cash flows from investing activities | | | | | | |
| (Increase) or decrease in property, plant and equipment | -1185,47 | -1185,47 | -1185,47 | -1185,47 | -1185,47 | |
| Proceeds from sale of (acquisition of) other assets | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Net cash from (used in) investing activities: | -1185,47 | -1185,47 | -1185,47 | -1185,47 | -1185,47 | USD |
| Cash flows from financing activities | | | | | | |
| Proceeds from (repayment of) notes payable | 2397,60 | 0,00 | 0,00 | 0,00 | -2397,60 | |
| Proceeds from (repayment of) long-term debt | -2397,60 | -2397,60 | -2397,60 | -2397,60 | 0,00 | |
| Proceeds from (repayment of) other liabilities | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Proceeds from issuing (repurchase of) share capital | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Dividends paid | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | |
| Net cash from (used in) financing activities: | 0,00 | -2397,60 | -2397,60 | -2397,60 | -2397,60 | USD |
| Net increase (decrease) in cash and equiv: | 64051,92 | -3256,27 | 5636,46 | -8285,63 | 11980,01 | USD |
| Opening balance cash & equivalents | | 64051,92 | 60795,65 | 66432,11 | 58146,48 | USD |
| Closing balance cash & equivalents | 64051,92 | 60795,65 | 66432,11 | 58146,48 | 70126,49 | USD |
| Exchange Rate \$ | 0,9 | 0,9 | 0,9 | 0,9 | 0,9 | |
| Cash Flow Balance | 57646,73 | 54716,09 | 59788,90 | 52331,83 | 63113,84 | EURO |