



# ALAB, LLC

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## QuickPure™ Contact Lens Device Business Projections

### ASSUMPTIONS

1. 36 million users in North America and 60 million + worldwide.
2. North American annual wholesale sales of contact lens cleaning solutions is \$1.8 Billion and world wide is \$3 Billion (\$50 per customer)
3. **Annual unit sales will be one million in North America and two million worldwide (3.3% of market).**
4. Direct cost of manufacturing the device would be \$10, and the annual direct cost of manufacturing the solution would be \$5. The solution would essentially be a pH buffered dilute salt solution in a plastic bottle. Ten ML of solution are used per cleaning cycle, approx. 4 liters per year.

### MARKETING

**Direct to consumers through mass merchants, drug stores, grocery stores, TV shopping channels, catalogs, internet, etc. Market strategy would be similar to package goods where brand is established through initial heavy consumer advertising which is subsequently reduced for maximum profit.** Typical customers are young females concerned about their appearance.

#### Main Advertising Claims

- Superior disinfection effectiveness. Sterility of lenses and lens case.
- Freedom from allergic reactions (red eye, dry eye, etc.) caused by surfactants, enzymes, and antibacterial chemicals etc. contained in multipurpose solutions.
- Superior convenience (fast, automatic, no rinsing, no rubbing)
- Lower annual cost than multi-purpose solutions.
- Pocket size with battery power for portability.

### BUSINESS PLAN OPTIONS

- A. **The razor and blade strategy:** Sell the device at a minimal markup to maximize continuing sales of solution. For example, the device might be sold for \$25 wholesale (\$50 retail list) and the solutions for \$50 annual wholesale cost (\$99 retail list). This would produce a \$15 gross margin (60%) for the device and an annual gross margin for the solution of \$45 (90%) (per device in use). To save solution cost, users (especially in less developed countries) might use the device less frequently than recommended (at least once a day), or use cheaper substitutes such as tap water or home made saline. This is a problem with the present multi-purpose solutions, which can cost about \$200 per year if manufacturers recommendations are followed. Still, a lot of very profitable solution would be sold, pleasing retailers. **Annual wholesale sales would be \$50 million + solution sales starting at \$100 million and growing by \$50-100 million additional sales each year.**
- B. **The electric razor strategy:** Sell the device at full markup to maximize immediate sales and profits. For example, the device might be sold for \$50 wholesale (\$99 retail list), and the solutions for \$25 (\$50 retail list). Advertising should emphasize the low annual cost of the needed solution. This would produce a device gross margin of \$40 (80%) and an annual solution gross margin of \$20 (75%). The lower solution price would encourage compliance with manufacturers recommendations for frequency of use and exclusive use of the manufacturers solution. **Annual wholesale sales would be \$100 million plus \$50 million solution sales increasing by \$50 million each year.**