

Integrated Marketing Plan

H1 Industries Product Launch



Prepared for Mr. Douglas Oliver

Prepared by Marinda Bean

December 17, 2011

H1 Industries Employee Memo

TO: H1 Industries Employees
FROM: Marinda Bean, H1 Industries CEO
DATE: December 17, 2011
SUBJECT: Product Launch Marketing Plan



We are excited to announce the successful completion of our R&D and test phases on our revolutionary hybrid converter. We must now begin preparations for our product launch, July 1, 2012. Our marketing plan will include multiple advertising placements, public relations efforts, live and taped interviews and product demonstrations.

Please be sure that all media inquiries are directed to Marinda Bean, co-owner and official company spokeswoman. All information regarding this product and launch are still top-secret and fall under your non-disclosure agreement.

Our over-arching product launch approach will be a multi-pronged, media blitz, starting with strategic media outlets in Utah. Please see the Task List and Calendar in the accompanying Excel spreadsheet for a detailed order of events to come.

We are poised for success and this is just the first step of many so we are delighted to get started! Congratulations and thank you for the great team effort, now and into a bright future together.

Executive Summary

H1 Industries is a fledgling company developing a fuel converter to rival the fuel efficiency and technology of existing hybrid cars. Our goal is to design, manufacture and effectively sell a hybrid converter that will improve gas mileage and decrease emissions on any vehicle, saving our customers gas money, helping the environment and providing a modest profit to the growing company. H1 Industries intends to enter the market strong and build brand recognition to ensure strong initial sales and establish dominance in the market to beat out competition that may arise in the future. Since this is a completely revolutionary product, we expect resistance to new technology and must plan well to overcome it with an effective product launch.

H1 Industries is in an ideal position currently, with substantial research to aid in product development and marketing campaign design. Plus, with such a revolutionary product that has no downsides, a buzz worthy topic and no direct competition, it is an easy sell and is expected to be in high demand. It is also a fairly simple technology to explain which will help overcome potential customers' lack of awareness or understanding the technology.

As a new company starting up during turbulent economic times, this product must launch successfully in order to ensure on-going company success. Our Corporate Objectives are to: Design and manufacture converter; Overcome obstacles to being a new product/company, especially during this weak economy; Drive strong initial and on-going sales for a strong product launch and future; Preempt competition/dominate the market; Build brand recognition to global household name; Align product with 'green' movement; Inform the public of new tech/political issues; Expand brand and sales internationally; Ensure the safety of shareholders; and Ensure the ultimate success of the company.

Our Marketing Objectives for this product launch will be to: Manufacture and launch a new gas-saving, emission-reducing fuel converter product in the energy market by July 1, 2012; Pre-sell the first 100 converters before the initial product launch (July 1, 2012) to create scarcity and appeal to innovators and early adopters; Have 10% of each ad's audience going to the landing page and 10% of those actually buying, for a 1% conversion rate; Align product with 'green' community and products by getting at least 3 endorsements from eco-blogs or groups within first 3 months; and to develop positive relationships with at least 3 Utah media people to test and promote product on air.

We expect sales to increase in a bell-curve fashion, slowly at first and then exponentially as word spreads and results are consistently good. We expect billboards, radio and Facebook targeted Pay-Per-Click ads to be most effective media mix and will concentrate our efforts there. We expect local media to be excited to break this story and have exclusive rights to demo the product.

Advertising will account for 60% of the Marketing Campaign Budget, PR 10%, Viral Marketing 10%, Word of mouth/promotion 10%, and Tradeshows will account for 10% of budget. The total Marketing budget will be \$25,000 per month/\$300,000 per year/\$900,000 for 3 years.

The three main areas of this Marketing Plan Implementation will be Manufacturing, Advertising and Public Relations. In order to achieve our corporate and marketing objectives fastest, we will begin work on all three areas simultaneously, but group tasks to accomplish or support multiple objectives efficiently.

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Introduction to H1 Industries

H1 Industries is a fledgling company developing a fuel converter to rival the fuel efficiency and technology of existing hybrid cars. Our goal is to design, manufacture and effectively sell a hybrid converter that will improve gas mileage and decrease emissions on any vehicle, saving our customers gas money, helping the environment and providing a modest profit to the growing company. H1 Industries intends to enter the market strong and build brand recognition to ensure strong initial sales and establish dominance in the market to beat out competition that may arise in the future. Since this is a completely revolutionary product, we expect resistance to new technology and must plan well to overcome it with an effective product launch. Our marketing plan will include a variety of media and tactics for a multi-pronged approach, including public relations, advertising, social media and promotional efforts.

Background

Despite the variety of hybrid vehicle options available, hybrid vehicles only account for less than 3% of the cars on the road in the United States today. With gas prices on the rise, increased awareness of air pollution's impact on the environment and the availability of hybrid cars that help solve both problems, research was conducted to determine why more people don't take advantage of the available hybrid-technology cars to correlate those potential deterrents to their interest in purchasing a hybrid converter. To help discover answers to this question, more than 100 participants were polled in focus group interviews and online surveys. Research confirmed the biggest deterrent to hybrid purchase is the high initial purchase and limited model options/configurations as much smaller deterrents. It found very little objection to negative stereotype of hybrid ownership, nor participant objections to altering their existing vehicles with a hybrid converter. Ultimately, we found that hybrid ownership or conversion is primarily a financial motivation with all other related issues being much less significant factors. Fortunately for H1 Industries, their emerging product will solve these objections to hybrid ownership, with the ability to convert a consumer's existing car at a low product purchase price. The only remaining obstacles may be consumer fear of modifying a vehicle without word-of-mouth references or lack of awareness of this alternative product since the product and technology is so new to the market.

H1 Industries is creating a product with a positive global impact, so its audience will be vast in time. This campaign will address only the initial target audiences and future campaigns will address secondary and tertiary audiences:

Initial target audiences:

- Utah: Males ages 25-54:
 - Because they are more likely to quickly understand the technology, its benefit to them, and not be intimidated to try it
- Utah: All commuters:
 - Because this is the group that will get the most impactful initial benefit from this product which increases gas mileage and engine performance.

Secondary target audiences:

- United States: Males ages 25-54:
 - Because they are More likely to quickly understand the technology, its benefit to them, and not be intimidated to try it
- United States: All commuters:

- Because this is the group that will get the most impactful initial benefit from this product which increases gas mileage and engine performance.
- United States: Fleet vehicles:
 - Public and Private Sector fleet vehicles including police departments, garbage, utilities, school buses, etc. and any others with excessive driving
- United States: Environmental groups:
 - Proponents of the underlying premise of this product: reduce fuel use/emissions
- United States: General public:
 - Benefit from product that increases gas mileage and engine performance.

Tertiary Target Audiences:

- European and Asian markets' commuters, specifically:
 - Germany, France, England/UK, Japan, China

Other affected stakeholders will include:

- Car industry
- Oil industry
- General U.S. public through decreased emissions
- H1 Industries' Community where headquartered
- H1 Industries' customers, their families and communities
- H1 Industries' Employees (10-20 people in manufacturing, shipping and sales departments) and their families:
- H1 Industries' Shareholders
- Media
- Manufacturing suppliers

H1 Industries Mission Statement

The mission of H1 Industries is to provide an economical alternative to existing hybrid technology and make it available to anyone who wants better fuel efficiency, less negative impact on the environment and increased performance from their vehicles.

We will empower all drivers with better access to fuel economy technology regardless of the vehicle they drive with a converter that makes every single car more efficient. Our philosophy is that human ingenuity can conquer all; we cannot afford to settle for status quo in preserving our environment and reducing fossil fuel dependency and we are committed to bringing this innovation to the world. We believe all drivers are entitled to better fuel economy options and that it's our collective responsibility to care for our world.

We oppose organizations that prevent the innovation of fuel economy products in order to perpetuate and profit from fossil fuel dependency and we will speak boldly against them to set the proper example for the world. We believe in the greater good and that it will prevail. We commit to being a strong contributor to that greater good.

Essential to our commitment to the greater good is our commitment to charitable contributions. We pledge to donate ten percent of all profits indefinitely to worthwhile and reputable charities that continue to make this world a better place.

H1 Industries Vision Statement

H1 Industries envisions our hybrid technology in every car, creating a better world for us all. The vision of H1 Industries is to make our alternative hybrid technology available to everyone, everywhere and adaptable to any car for the benefit of the environment and all humankind. Our legacy will be innovation, good works and environmental responsibility.

Corporate Objectives

As a new company starting up during turbulent economic times, this product must launch successfully in order to ensure on-going company success. Our specific objectives are to:

- Design and manufacture converter
- Overcome obstacles to being a new product/company, especially during this weak economy
- Drive strong initial and on-going sales for a strong product launch and future
- Preempt competition/dominate the market
- Build brand recognition to global household name
- Align product with 'green' movement
- Inform the public of new tech/political issues
- Expand brand and sales internationally
- Ensure the safety of shareholders
- Ensure the ultimate success of the company

Marketing Audit

External Audit:

- Weak economy
 - makes initial success imperative for company's survival
 - makes buyers more reluctant to buy, more likely to use mass transit
 - makes it more difficult to get funding for business
- High gas prices motivate buyers to buy product
- Competitors reverse engineering product to compete
- Oil industry highly motivated to protect their business
- New/unique/unknown product in market
- Environmental factors and groups' response to product
- Prices of basic materials (for example, prices of steel fluctuate and changes suppliers cost)
- Market trends for and against fossil fuels, oil industry/hybrids
- Legislation surrounding air quality, car emissions, etc.
- Market share
- Buyers motivation to improve mileage

Internal Audit:

- Ability to successfully run business
- Business funding to start and maintain business operations
- Relationships with suppliers
 - Timely deliveries
 - Low prices
 - Reliability
- Employees
 - Skilled/Knowledgeable/Educated
 - Responsible/Reliable

- Have honesty/integrity
 - Good Morale
- Product/Technology development and testing
- Sufficient Profit margins
- Media research and buying
 - Placements
 - Pricing
 - Promotional products
 - Measurements
- Sales conversion rates
- Company image
- Product perception/branding
- Business location
 - Affordable rent
 - Safety of employees
 - Convenient to conduct business (shipping/receiving)
 - Aesthetics to host media/events/ads

Market Overview

Since this product is a hybrid fuel-converter, it falls under the hybrid energy market. Our intent is to compete against consumers buying new hybrids to improve mileage and opting for our much less expensive alternative fuel-converter. The key decision-making points will be upon hearing or viewing an ad and deciding to learn more about the product. Their next decision will be in completing their research and learning of the results they could expect and the assurances/guarantees provided. At this point, they will either be compelled to buy or not. If they decide to buy, then they will have the opportunity to install and test the product. Once they have used the product for a reasonable amount of time, they will decide to keep it as a worthwhile improvement to their vehicle or return it and get their money back. The market segments will be those who are interested in saving money through better mileage, those who are interested in improving the environment through reducing emissions/fossil fuel dependency, or those who are interested in all these benefits. There will also be segments of the population who do not choose to buy ever and those who decide to buy later.

Situation Analysis

H1 Industries is in an ideal position currently, with substantial research to aid in product development and marketing campaign design. Plus, with such a revolutionary product that has no downsides, a buzz worthy topic and no direct competition, it is an easy sell and is expected to be in high demand. It is also a fairly simple technology to explain which will help overcome potential customers' lack of awareness or understanding the technology.

While there are plenty of reasons to be optimistic, there are several potential threats to hinder or halt the company's success altogether. The first and biggest threat to the success of this product is the fact that it is a brand new company, with limited capital and experience, in a very poor economy. The possibility of oil industry espionage, buy-outs, safety threats to owners and competing products is also a very real threat physically and financially. Finally, this product will have to overcome existing attitudes, good or bad, about existing hybrid technologies.

'SWOT' Analysis	
Strengths: <ul style="list-style-type: none"> • Unique product/No direct competitors • Financial benefits to consumers: save gas • The element of surprise; time to develop powerful launch strategies • Buzz worthy topic • Better for the environment: reduces fossil fuel usage, reduces emissions 	Weaknesses: <ul style="list-style-type: none"> • Hybrid cars already established market share • Competition and reputation (good and bad) to overcome • New company; limited experience/start-up budget
Opportunities: <ul style="list-style-type: none"> • Easy-to-explain benefits/technology because hybrids already bridge knowledge gap • 'Green' product is popular/easy sell: already have environmental-focused media to advertise 	Threats: <ul style="list-style-type: none"> • Possibility of 'Big Oil' buy-out or sabotage • Existing negative attitudes about hybrid technology to overcome • Poor economy

Assumptions

Since H1 Industries is creating a hybrid converter that will improve gas mileage and decrease emissions, we assume that:

- People want to save gas in order to save money and will, therefore, want to buy this product for its gas saving benefit and long-term savings.
- People want to help the environment and improve their own air quality, so they will want to buy this product to improve their own air quality through reduced car emissions and, in turn, reduce fossil fuel use long-term.
- The 'Big Oil' Industry won't want people to save gas and cut into their bottom line, so they will want to deter this product's development and success. We are prepared for strong resistance up to and including corporate espionage, buyout attempts and even violence at the extreme.
- Competition will arise quickly because this is a unique product with global impact and will be very valuable so H1 will need to deter competitors attempts to copy design/technology.

Marketing Objectives and Strategies

Objective 1: Manufacture and launch a new gas-saving, emission-reducing fuel converter product in the energy market by July 1, 2012

Strategies:

- Get delivery date guarantees from parts suppliers
- Timeline production schedule to meet launch deadline
- Work on production components simultaneously for fast launch (assembly, shipping, sales, etc. work in concert, *not* linearly)

Objective 2: Pre-sell the first 100 converters before the initial product launch (July 1, 2012) to create scarcity and appeal to innovators and early adopters

Strategies:

- Buy advertising with radio, billboards and magazines in Utah—emphasize scarcity; 'taking reservations now' ads

- Establish and advertise (online and within packaging) affiliate sales program to exponentialize sales from the onset
- Attend tradeshows for hands-on experience and offer special tradeshow pricing and priority reservations
- Hold Viral Video Competition to create buzz

Objective 3: Have 10% of each ad's audience going to the landing page and 10% of those actually buying, for a 1% conversion rate

Strategies:

- Get DJ's and anchor's personal endorsements after testing products and use in advertising
- Build website with compelling information on technology/benefits to consumer, and confidence-inspiring money-back guarantee
- Offer step-by-step install videos and live clinics in Salt Lake area
- Buy advertising with radio, billboards and magazines in Utah
- Advertise Viral Video Competition to inspire confidence and post best videos on ad landing pages

Objective 4: Align product with 'green' community and products by getting at least 3 endorsements from eco-blogs or groups within first 3 months

Strategies:

- Contact to editors of eco-blogs and provide with:
 - Embargoed press releases
 - Sample products to test/demo
 - Fact sheets
 - Graphics package
 - On-going advertising
 - Articles for blog
 - Request to test/demo via video diary
- Buy and ship camcorder to bloggers who agree to test and video diary their experience
- Buy advertising with radio, billboards and eco/environmental magazines in Utah and focus ads on environmental benefits

Objective 5: Develop positive relationships with at least 3 Utah media people to test and promote product on air

Strategies:

- Buy advertising with radio, billboards and magazines in Utah
- Contact to editors and anchors of Utah news and radio stations and provide with:
 - Embargoed press releases
 - Sample products to test/demo
 - Fact sheets
 - Graphics package
 - On-going advertising
 - Articles for blog
 - Request to test/demo via video diary
- Buy and ship camcorder to media who agree to test and video diary their experience

Expected Results

We expect sales to increase in a bell-curve fashion, slowly at first and then exponentially as word spreads and results are consistently good. We expect billboards, radio and Facebook targeted Pay-Per-Click ads to be most effective media mix and will concentrate our efforts there. We expect local media to be excited to break this story and have exclusive rights to demo the product.

Alternative Plans and Mixes

We will compare landing page traffic and conversion rates per medium and adjust the media mix accordingly. If billboards, radio and Facebook ads do not the strongest responses, we will focus our efforts more to PR and Viral Marketing efforts. If local media are not excited to test products and air segments, we will focus on larger national media who may better understand the global ramifications and be anxious to break the story. We would also shift focus even more to eco-groups.

Budget

Advertising will account for 60% of the Marketing Campaign Budget which will be \$15,000 per month; \$180,000 annually; \$540,000/3 years and will be allotted in the following manner:

- Radio (20%) \$5,000 per month, \$60,000 annually; \$180,000/3 years
- Billboards (20%) \$5,000 per month, \$60,000 annually; \$180,000/3 years
- Newspaper and Magazine Ads (10%) \$2,500 per month, \$30,000 annually; \$90,000/3 years
- Facebook Targeted Ads (10%) \$2,500 per month, \$30,000 annually; \$90,000/3 years

PR will account for 10% of the Marketing Campaign Budget which will be \$2,500 per month, \$30,000 annually; \$90,000/3 years

- News media
- Radio DJ endorsements
- Eco-focused blogs, Websites, Magazines

Viral Marketing will account for 10% of the Marketing Campaign Budget which will be \$2,500 per month, \$30,000 annually; \$90,000/3 years

- Video competition
- Affiliate Sales Program

Word of mouth/promotion will account for 10% of the Marketing Campaign Budget which will be \$2,500 per month, \$30,000 annually; \$90,000/3 years

- Promotional products and events to spark conversation and build brand awareness.

Tradeshows will account for 10% of the Marketing Campaign Budget which will be \$2,500 per month, \$30,000 annually; \$90,000/3 years

- Male-oriented, auto-oriented, eco/conservation-oriented consumer and trade shows

The total Marketing budget will be \$25,000 per month/\$300,000 per year/\$900,000 for 3 years.

Implementation Program

The three main areas of this Marketing Plan Implementation will be Manufacturing, Advertising and Public Relations. In order to achieve our corporate and marketing objectives fastest, we will begin work on all three areas simultaneously, but group tasks to accomplish or support multiple objectives

efficiently. Objective #3 supports Objective #4, which supports #5, so we'll work somewhat in reverse order of Objectives for a successful culmination of efforts.

Manufacturing Implementation will include:

- Get delivery date guarantees from parts suppliers by January 2012
- Timeline production schedule to meet launch deadline by January 2012
- Work on production components simultaneously for fast launch (assembly, shipping, sales, etc. work in concert, *not* linearly) from January through July 2012
- Create 2 dozen prototypes in advance of launch for media packets to support Objectives #4 and #5 by April 2012

Advertising Implementation will include:

- Buy advertising with radio, billboards and magazines in Utah and on eco-sites with signed contracts by March 2012
- Use leverage of advertising to increase PR efforts from March-June 2012
- Advertise Viral Video Contest and Live Install Clinics from April-June 2012

Public Relations Implementation will include:

- Deploy press packets, including demo products, to Utah and eco-focused media at same time (Objectives #4 and #5) during April-June 2012, depending on media type
- Recruit media endorsement agreements (Objectives #4 and #5) by April 2012
- Promote Video Contest and Live Install Clinics from April-June 2012

Evaluation

Advertising evaluation will be measured by traffic to Landing Pages and actual Sales numbers

- Each ad campaign will direct customers to a unique landing page
 - One, and only one, campaign will point to each landing page at a time
- Monitor traffic to site using Google analytics
- Compare traffic to actual sales for conversion rates
 - 10% conversion considered success
- Use software to track drop-off points to improve area

Public Relations will be evaluated based on relationships established

- 3+ media sources per 6 months considered success

Marketing Objectives will use the following specific Evaluation Criteria:

- **Objective 1:** Manufacture and launch a new gas-saving, emission-reducing fuel converter product in the energy market by July 1, 2012.

Evaluation Tool: Evaluation will be based on the successful orders and shipping of product to customers by July 1, 2012.

- **Objective 2:** Pre-sell 100 converters to create scarcity and appeal to innovators and early adopters by the product launch date, July 1, 2012.

Evaluation Tool: Evaluation will be based on actual sales numbers completed by July 1, 2012. These sales will be completed online and traffic will be analyzed using Google Analytics to

provide conversion rates.

- **Objective 3:** Have 10% of each ad's audience going to the landing page and 10% of those actually buying, for a 1% conversion rate for each media placement within one month of deployment.

Evaluation Tool: Conversion per media placement will be evaluated with a corresponding website for each ad. Traffic will be tracked using Google Analytics and compared to sales, to reach the conversion rate.

- **Objective 4:** Align product with 'green' community and products by getting at least three endorsements from eco-blogs or groups within first three months by September 30, 2012.

Evaluation Tool: Evaluation will be based on having at least three links to H1 Industries website with favorable comments/articles from eco-bloggers by September 30, 2012.

- **Objective 5:** Develop positive relationships with at least 3 Utah media people by their signed agreement to a 3-month product test/on-air demo by April 1, 2012 .

Evaluation Tool: Evaluation will be based on the airing of promotional segments by at least 3 Utah Media by August 1, 2012.

General Campaign Efficacy will be based on the following Evaluation Criteria:

- Strong Initial Sales of at least 100 units by launch date (July 1, 2012) and at least 50 units per month for first three months (July, August, September 2012).

Evaluation Tool: Evaluation will be based on actual sales numbers completed by October 1, 2012. These sales will be completed online and traffic will be analyzed using Google Analytics to provide conversion rates.

- Increase company and product publicity and name recognition by December 31, 2012.

Evaluation Tool: Evaluation will be based on gaining at least 1,000 visits to company website and at least 500 Facebook Fans by December 31, 2012.

- Make the product name synonymous with this new technology by January 1, 2013.

Evaluation Tool: To evaluate this movement trend, we will search the Internet on a monthly basis for references to the technology name and product name and log instances of both uses, then compare monthly rates for a consistent increase in product name references versus technology term.

- Establish a voice in the media through well-written and compelling press releases by December 31, 2012.

Evaluation Tool: Evaluation will be based on having each press release published in at least one media source within one week of each press release date.

Conclusions and Recommendations

H1 Industries is in an ideal position and needs only to execute this marketing plan for a successful and profitable product launch. This launch will help establish H1 Industries as the leader in an emerging and highly competitive field, will provide the capital necessary for further success, and ensure the long-term growth of the company. Not only will the success of this product launch ensure financial prosperity, but it will make a tremendous positive global impact through reduced emissions and dependency on fossil fuels.

Moving forward, similar campaigns should be deployed to expand sales and brand recognition throughout the United States, and then abroad, for ultimate success. In order to accomplish those goals, the company must expand advertising and public relations exponentially, with special attention given to developing strong relationships with media and eco-groups to gain their endorsements. Once the product has the support of the media and gains a reputation for effective fuel savings and good quality, there will be nothing to stop its success.