

From the desk of

S T A N - J O S E P H J E N N I N G S

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12 December 1992

The Honorable Patricio Aylwin Azocar
President of the Republic of Chile
Palacio de La Moneda
Santiago, Chile

REPUBLICA DE CHILE			
PRESIDENCIA			
REGISTRO Y ARCHIVO			
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C.B.E.	<input type="checkbox"/>	M.L.P.	<input type="checkbox"/>
M.T.O.	<input type="checkbox"/>	EDEC	<input type="checkbox"/>
M.Z.G.	<input type="checkbox"/>	J.R.A.	<input type="checkbox"/>

ARCHIVO

Dear President Azocar:

Enclosed are excerpts of a report recently completed, on an international scale, of a product that I feel will revolutionize the world market in plastics and synthetics.

The product of which I am referring is one that every home, business, church, nursery, federal agency, etc., world-wide will use. Even as you read the enclosed report (pages 2 - 4), you will find it intriguing within itself to learn that such a product, after all these years, can be available finally. What's even more unique is its major tool as an interior-design item for college dorms, or a great household accessory for the whole family.

The new product is designed to meet an international market need and in today's highly competitive market place, research has discovered that there is nothing like it. In this country alone, we have seen technology advance beyond our greatest expectations and research also confirms that this new product will exceed anticipations of the consumer market internationally.

After carefully examining the following pages of important information, my principle endeavor is that you will find this report appetizing enough to request further information concerning this new product.

Please be advised and aware that the company and country that agrees to take on this manufacturing and marketing endeavor, will consequence in first, **THOUSANDS OF JOBS** and second, **A MULTI-MILLION DOLLAR GROWTH** for your country's economy. Your nation could be the first country to introduce this new technology and product to the world.

I cordially invite you to contact me at your earliest convenience.

Sincerely,


S. J. JENNINGS

REPORT SUMMARY (FUNCTION & APPEALING FEATURES):

This product is being suggested by myself because I believe it would fulfill the need for a cost-efficient interior design item that is not only functional, but highly colorful and decorative as well. The appealing features would be the durability, functionality, ease of assembly, and the relatively low cost to manufacture and purchase. Of primary importance is the inherent use and convenience, as well as the potential for manufacture in varying sizes, styles and colors to accomodate varied decorative lines and ideas.

The product could be produced from a plastic such as polyethylene. This material, which is readily available in a variety of colors, is reasonably priced and easily formed by a wide range of plastic processors. Injection molding might be a standard approach to production.

Within the scope of this report summary, even the best efforts can result in deriving only rough approximations for the positions of selling price, corresponding distributor channel markups, and potential manufacturing costs. For working purposes in preparing this information, I project an estimated pricing structure as follows:

- Manufacturing cost: \$.20 to \$.50 per item
- Wholesale Price: \$.40 to \$1.00 per item
- Retail Price: \$1.25 to \$2.00 per item

The above listed costs include various sizings and styles. Materials would remain standard throughout manufacture.

There are numerous firms which are capable of manufacturing this product. Such manufacturers may seek additional items to broaden their product lines or to absorb excess production capacity and may become interested in this product for diversification and growth purposes. There are presently 15,490 potential manufactureres of miscellaneous plastic products.

In preparing this report summary, general spot-checks were made at sales locations, reviewing catalog listings and telephone contacts were placed to distributing/retailing outlets. In conducting such a research, I did not find an existing competitive product on the market.

Many factors influence the acceptance of a product in the marketplace. Two of the major factors relate to the needs a product fulfills (the benefits) and a desire to win that product (the appeal and/or a combination of these factors.) Also important are the trends and outlook of the industry pertaining to the product. In regard to this product, it is interesting to note the outlook of the miscellaneous plastics products industry. Value of industry shipments for the miscellaneous plastics products industry was estimated at about \$51.24 billion in 1986 alone and that increased about 3.5 percent in 1987.

This new product could be used for interior framing, planters, wall units, supports, and other framing devices within a home or building. One of the most important factors to consider in the new product development process, however, is the size of the potential market. By 1990, the home improvement market is expected to reach \$122.4 billion, and the do-it-yourself portion should reach \$71.4 billion.

The tertiary market would consist of the international market. Many products today enjoy worldwide distribution. The interdependence of nations, growing import and export trade, and expanding common markets have all tended to draw our world closer together in both buying habits and product utilizations. With more liberal trade policies and increased freedom of travel, the interest in foreign markets is bound to increase. In 1990, it is projected that exports will total over \$407.9 billion.

Once the potential market targets for a new product have been indentified, consideration should be given to identifying the types of outlets where the product could potentially be distributed to those market targets. The following channels represent potential outlets where this new product could be distributed:

- Building Materials and Lumber Dealers:	34,002
- Conventional Department Stores:	2,400
- Discount or Mass Merchandising Stores:	5,764
- National Chain Department Stores:	1,817
- Hardware Stores:	19,870
- Variety Stores:	10,989
- Wholesalers of Building Materials:	27,667
- Distributors of Contractor's Equipment:	13,153
- Distributors of Plastic Materials & Basic Forms:	1,991
- Exporters of Building Materials:	106

In addition to the normal retail channels of distribution, this new product could be merchandised through a portion of the 7,433 mail order houses and catalog services. Need and desire influence a company in its decision to include a new product in its catalog. The new product should be desirable and affordable. Consumers look to catalogs as a source for items they cannot find elsewhere. The more limited the distribution through retail merchandising, the greater the appeal to the catalog company.

I look forward to working with you in submitting this new and wonderful product to industry.