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## Smart Pet Toy Marketing — Enabot's Chinese market strategy

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## 1. Summary of the Target

In recent years, the pet economy has developed rapidly. In 2020, the annual trading volume of China's pet market reached about 300 billion. And the market we want to enter is just the smart pet toy market. We choose Enabot for analysis, a company focused on home AI-guarding robot which can monitor the movements of the whole house and accompany children and pets remotely. Enabot has great competitive advantages in the smart pet market.

## 2. Situation Analysis

### 2.1. Customer

#### 2.1.1. Overview of smart pet toy market.

According to the survey conducted by iiMedia Research, the scale of China's pet market showed a trend of continuous growth from 2015 to now, as shown in Figure 1.

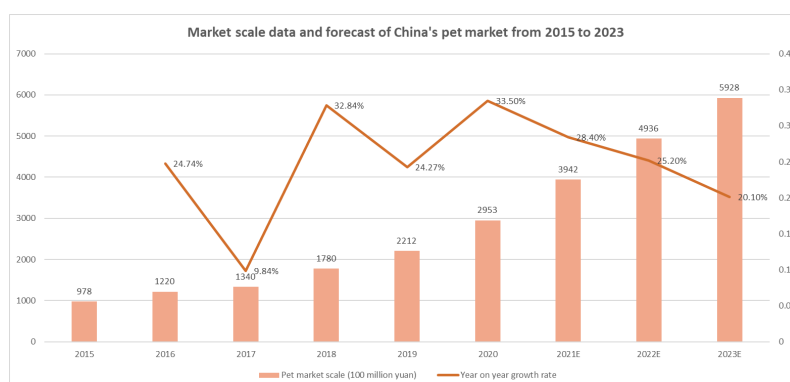


Figure 1 Market scale data and forecast of China's pet market from 2015 to 2023  
(Data source: data.iimedia.cn)

It follows that in the pet industry, the population base is expanding and the consumption potential is constantly released. Presently, the pet consumption market is dominated by pet food. Relatively speaking, the pet toy market is still full of huge development potential.

#### 2.1.2. Customer portrait

- Mainly the post-80s and post-90s, with higher education and higher economic income.

Willing to spend money on pets and embrace new ways of keeping pets with technology.

- Have a close relationship with their pets and regard them as family members. Pay attention to pet's diets and entertainment, willing to play with pets.
- Most customers are busy with daily work, unable to consider the situation of pets, the elderly or children, but also hope to accompany them remotely.

### 2.1.3. Customer pain point

- Toys lack interactivity, can't tease pets well: while most smart toys are favored by pets, their owners do not have strong immersive and interactive experience.
- Office workers have busy schedules: they go out early and come home late, unable to take care of the daily life of pets, the elderly, and children.

## 2.2. Competition

Currently, the smart pet product industry mainly includes four types of enterprises.

Technology enterprises	Traditional superior enterprises	Smart products & home appliance enterprises	New forces
<ul style="list-style-type: none"> <li>• Focus on R&amp;D and production of smart pet products</li> <li>• Rely on their late-mover advantage of technologies and ideas to seize the market</li> <li>• e.g. Petcube, Fitbark</li> </ul>	<ul style="list-style-type: none"> <li>• Participants of relevant smart products</li> <li>• Mainly enter the smart pet product field through M&amp;A or strategic alliances</li> <li>• e.g. Mars, Purina, Nest</li> </ul>	<ul style="list-style-type: none"> <li>• Rely on the advantages of technology, channels and supply chain to enter the field</li> <li>• Perhaps more potential than other competitors</li> <li>• e.g. Xiaomi and Midea</li> </ul>	<ul style="list-style-type: none"> <li>• Currently, numerous brand-new enterprises get into the R&amp;D ranks of smart pet products</li> <li>• e.g. Enabots, Petkit, Pidan</li> </ul>

Figure 2 Market structure of smart pet product industry

	enabot	Anthouse	VARRAM	Petcube	VAVA Pet	SEGO
Remote control & interaction	✓	✓	✓	✓	✓	✓
Dynamic detection & reminders	✓	✓	✓	✓	✓	✓
Photograph & video	✓	✓	○	✓	○	✓
AutoCruise & auto obstacle avoidance	✓	○	✓	○	✓	✓
Auto feeding	○	✓	✓	○	✓	✓
Smart company	✓	✓	✓	✓	✓	✓
Auto returning recharge	✓	✓	○	○	○	○
Nightshot	✓	○	✓	○	✓	○
Price	¥ 699—1999	¥1,904	¥899	¥1458—1585	¥949	¥699

Figure 3 Comparison of product performance

In the current domestic market, the above products are similar to the EBO series in function.

As a whole, EBO has more comprehensive functions and cost-effective.





				
<b>Status</b>	<ul style="list-style-type: none"> <li>• profession leading position</li> <li>• strong market competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>• a rare “all-around player” in the industry</li> <li>• leading brand</li> </ul>	<ul style="list-style-type: none"> <li>• the most advanced pet companion robot in the world in 2017</li> </ul>	<ul style="list-style-type: none"> <li>• world-renowned pet companion robot</li> </ul>
<b>Positioning</b>	<ul style="list-style-type: none"> <li>• consumer-level robots for home scenarios</li> <li>• for security &amp; family companionship</li> </ul>	<ul style="list-style-type: none"> <li>• high-end smart pet products</li> <li>• one-stop pet care service</li> </ul>	<ul style="list-style-type: none"> <li>• R&amp;D and production of smart home and robot</li> </ul>	<ul style="list-style-type: none"> <li>• pet fitness robot, solving pet separation anxiety</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>• 2C sales model &amp; cooperation with channels and agents</li> <li>• exported to 60+ countries, strong user engagement</li> </ul>	<ul style="list-style-type: none"> <li>• covers 30+ countries from online to offline</li> <li>• sales champion of domestic smart pet products for years</li> </ul>	<ul style="list-style-type: none"> <li>• strong technical force</li> <li>• lay out the marketing network of smart home and robot at home and abroad</li> </ul>	<ul style="list-style-type: none"> <li>• popular overseas, celebrity on Instagram and Youtube</li> <li>• domestic debut: crowdfunding on Jingdong this year</li> </ul>
<b>Strength</b>	<ul style="list-style-type: none"> <li>• rich experience in R&amp;D and productization</li> <li>• strong supply chain resources</li> <li>• 30+ global patents</li> <li>• favored by many capitals</li> </ul>	<ul style="list-style-type: none"> <li>• won Red Dot and iF design Awards</li> <li>• renew the record of financing scale in two areas of pet industry</li> </ul>	<ul style="list-style-type: none"> <li>• numerous research won China Technology Invention Patent</li> <li>• investment from well-known domestic industrial capital</li> </ul>	<ul style="list-style-type: none"> <li>• numerous intellectual property rights, won awards such as WPA and Red Dot</li> </ul>

Figure 4 Comparison of rival companies

The similarity of the above companies are: strong technological strength and relatively mature overseas markets. Enabot's products are more innovative and user-friendly, with more than 30 global patented designs, which set up certain competition barriers for rivals.

In China, the smart pet toy market still needs education and precipitation. Enabot, with its comparative advantage in core technology, content services and channel capabilities, is more likely to enter the first camp of the market in the future.

## 2.3. Company

### 2.3.1. Introduction

Founded in June 2018, Enabot is an enterprise focusing on the R&D and production of household robot products. The team has been working in the field of robotics for many years, with rich experience and profound industry background, and most of the company's managers have an outstanding R&D background. Moreover, Enabot also received millions of dollars of

financial support from capitals such as Sequoia Capital, Longhu Capital. It can be said that in the home guardian robot market, Enabot fundamentally has strong market competitiveness.

Enabot is committed to connecting and protecting families and pets, thereby enhancing family happiness. Its mission is to promote love, companionship, and sharing.

On the product side, Enabot has launched a series of home guardian robots named "EBO". This series of robots has the functions of accompanying the baby and pet, whole-house monitoring, which can carry out diversified interactions with pets and children at home. Up to now, the series of products have applied for more than 30 patents worldwide.

### 2.3.2. SWOT analysis

The SWOT analysis on Enabot is shown in Table 1. According to the analysis, Enabot needs to enhance the technical attributes of the product and expand its product system to serve more extensively. At the same time, the enterprise should put more strength on the marketing to extend the market share.

Table 1 SWOT analysis

Strengths	Weaknesses
<p><b>Scientific and technological advantages:</b></p> <p>Enabot relies on obvious technological innovation advantages to meet the social needs of the pet market and fill the market gap.</p> <p><b>Human capital advantage:</b></p> <p>Enabot has a relatively small team, the number of personnel is small, of which R&amp;D personnel account for more than 80%. It is conducive to forming a harmonious innovation atmosphere.</p>	<p><b>Insufficient marketing:</b></p> <p>Enabot can't open up the market in a short time for the weak marketing ability.</p> <p><b>A few types of products:</b></p> <p>Enabot lacks a wider range of products to support the enterprise's product portfolio.</p>
Opportunities	Threats
<p><b>Policy supports:</b></p> <p>In recent years, the state has issued a series of relevant policies to encourage innovation and promulgated a number of laws and regulations conducive to the development of science and technology enterprises.</p> <p><b>Huge pet market:</b></p> <p>At present, China's pet industry is in a stage of rapid development. The total market size has reached about 300 billion yuan.</p>	<p><b>Financial risk:</b></p> <p>In the early stage of entering the market, Enabot needs to carry out a lot of commercial publicity to open up the market. A large amount of capital expenditure may lead to the shortage of funds.</p> <p><b>Managing risk:</b></p> <p>Enabot's team is mostly technical and generally lacks the experience, ability and comprehensive quality that managers should have, which will increase the likelihood of management fault.</p>

### 3. Executive Summary

Our goal is to bring an integrating affordability and high-quality smart cat toy to Chinese cat parents, and help them share happy moments with their cats through short video platform. We hope to become the leader of China's smart cat toy market and promote the prosperity of “it” economy. We wish: Be with the cats, make happiness simple!

### 4. Objectives and Issues

#### 4.1 Objectives

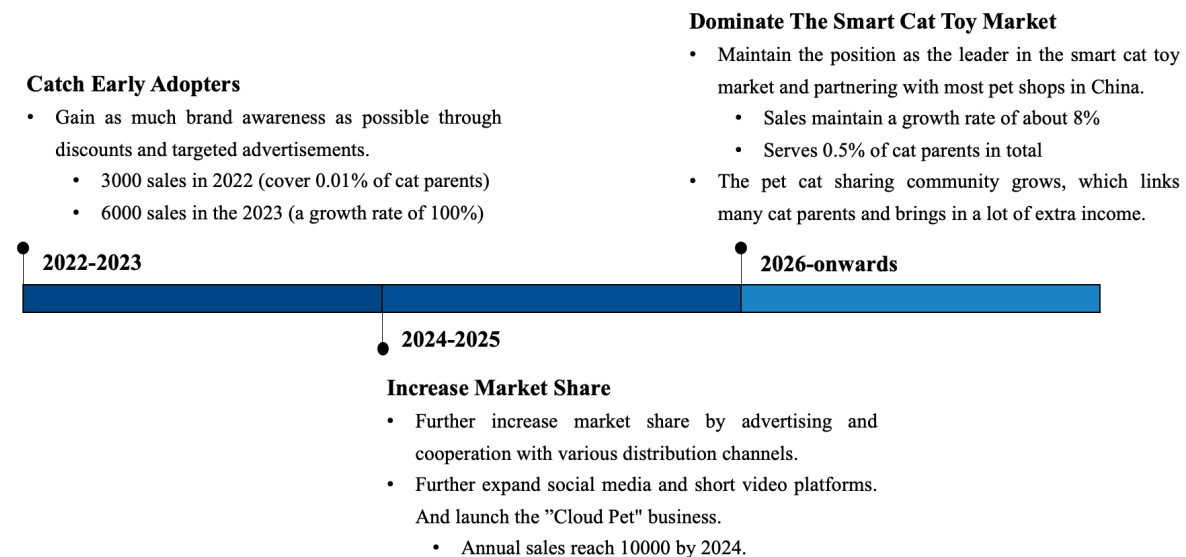


Figure 5 Objective

#### 4.2 Issues

Acquiring customers quickly and sustainably are the major concerns. We found that by watching such cute and funny videos of cats interacting with our products, cat parents will be deeply attracted by our products. So early adopters, social media platforms and the development of short video services are crucial parts of our business, which through word-of-mouth marketing that can boost our reputation and help acquire more customers.

## 5. STP

### 5.1 Segmentation

According to “2020 China Pet Industry White Paper”, in 2020, the number of cat parents in Chinese cities which reached 27.01 million ranked second in the world and the number of cats have reached 43.62 million. Moreover, it is also keep a high growth rate of 10.2%. Therefore, we believe that it is a great business opportunity for enabot to enter the Chinese market by focusing on smart cat toys.

In order to further aim the right market segment, we have divided the cat parents in China into several segmentations according to the geographic and demographic segmentation method of age, income level and cities. Age measures the general idea of the consumer and habits. Income level relates to their ability to purchase cat toys at different prices. Cities corresponds to their life and work status.

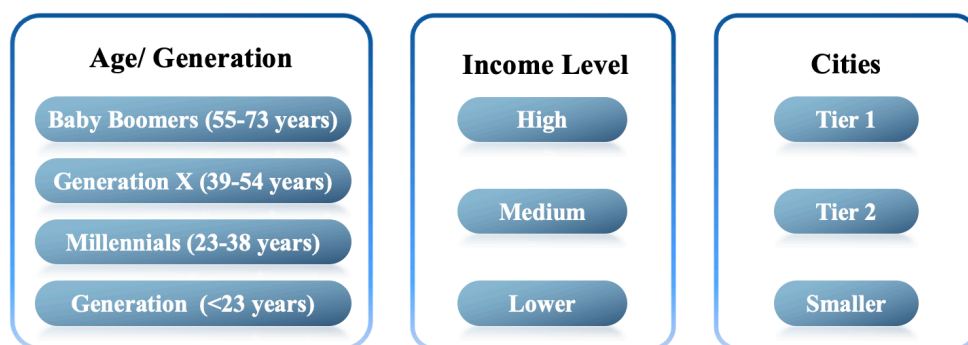


Figure 6 Segmentation

### 5.2 Targeting

As we are entering a new market in China, we will have to be selective in targeting our prospective customers. Given the situations of having limited resources, we want to have a more narrow customer base. We decide to apply niche marketing strategy within the segmentations of:

- **Cat parents, which includes those in Generation X-Z.** Due to the large size of cat parents in generation X-Z that live a fast-paced life and "lazy", smart cat products perfectly fit their needs. With our products, cat parents can not only satisfy their game hobbies and sharing mentality, but take care of their cats more conveniently and simply
- **Lower-to-Medium income level of city average income level.** Our value offering is centered around the affordability of high-end smart cat toys. We believe that most of all cat parents can enjoy the benefits of our product and service.
- **Tier1 and Tier2 cities in China.** Cat owners in Tier1 and Tier2 cities (mainly including China's provincial capital cities) account for a large proportion of cat parents. And due to the high pressure of city life and lack of spiritual companionship, most of them regard cats as their children or relatives, and spend a lot of time and money on cats.

### 5.3 Positioning

#### Position Statement

*“ Targeting all cat parents who have an intimate relationship with their casts, enabot creates a world of interaction, fun, stimulation, sharing and connection that helps cat parents and their cat achieve the best physical and mental health. And we integrate affordability and a sense of luxury toys at the same time.”*

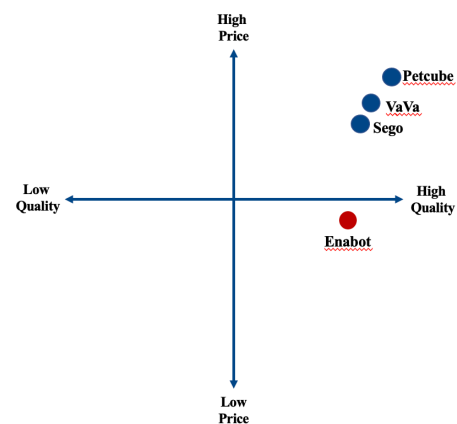


Figure 7 Competitive Advantage

We position ourselves as the first choice for cat toys, our groundbreaking product unit the power of mobile with AI and robotics allow for cats parents and their cats to always be engaged and connected. Our target customers are young people living in cities Cat owners, most of them are white-collar workers, with a moderate income level but high work pressure. In this way,



cats have become a large part of their spiritual sustenance. Therefore they need something that is practical to suit their busy routines, affordable, but still high quality. Our product allows everyone to use truly smart products with affordable pricing and share and record their cute moments with their cats. Although other competitors mostly have too many features, many of them are not often used by parents, and the prices are higher. By focusing solely on the main needs of cat parents, we provide cheaper but equally quality products.

## 6. 4Ps

### 6.1 Products

In addition to continuing to sell its previous series of products in China (including EBO S, EBO Pro, EBO Air and EBO SE), considering China's market conditions and our market positioning in China, we helped enabot launch a localized Product: EBO Light. EBO Light is designed based on the concept of developing the relationship between humans and cats, and by integrating affordability and a sense of luxury at the same time, it achieves the goal that cat parents will like this smart cat toy at a glance.



Figure 7 Product Demo

While the design concept remains the same, the new models' size has been increased and their internal structure was redesigned. In order to reduce costs, functions that were not used frequently but cost a lot in the previous models, such as 24H fixed-point security recording,

infrared night vision function and abnormal video alarm/message push were scrapped. In addition to basic functions such as whole-house movement, high-definition recording, sensor fusion and infrared laser, EBO Light also has some newly added functions.

Table 2 EBO Light Function Description

Main Function	Description	Design Reasons
Remotely Control Feeding	Click the button on the APP, the food stored in the food compartment in advance will be pushed out.	An interesting interactive game, mainly used to give cats snacks, such as freeze-dried meat.
Live Broadcast Interface	Can be used as a camera to link to various platforms to achieve real-time live broadcast of the happy life of cat parents and their cats.	The "it" economy is rising rapidly. Pets live broadcast every 5 seconds, and short videos of cute pets are a trend.
AI Automatic Editing	Using face recognition technology, EBO can automatically AI edit the recorded video to the length of time you set. it can also automatically capture and make emoticons according to facial abnormalities.	Satisfy the sharing desire of cat parents, and further develop social media and short video services.
Smart Collar	To monitor cat's activity , healthy and mood trackers and all of these features (heart rate, temperature...) can be accessed through APP.	The health of cat is not easy to tell from its appearance, which may lead to serious consequences if it is not detected in time.
Interchangeable Accessories	Give your Ebo different looks with different clothes, hat and feathers attachments.	To meet the needs of cats and cat parents and bring fresh experiences every day for them. It can also create additional income.
Runaway Alarm Clock	Can be set as an alarm clock that runs around, forcing the owner to get up and to ensure a successful wake-up.	As an interesting additional function designed for cat parents who have trouble getting up in the morning.

## 6.2 Price

The company's capabilities ensure the feasibility of our affordable and highly intelligent products. Although makers of electronic devices are suffering from computer chip shortages and higher prices, Enabot can manage to reduce the new products' prices to lower than the same type of pet cat toys on the market. This is mainly because most of the team members are from DJI companies, with a strong background in robotics technology and huge industry resources. Enabot has cited its superior supply-chain management, which allowed it to secure materials early in anticipation of a deteriorated supply situation and the company also has the ability to offset increases in costs by rationalizing the robots' design.

Because I am also a cat parent and I know many other cat parent friends. So we told the

details of EBO Light and its affiliated products to 23 cat parents who met our positioning and asked their psychological price. In order to further compare with EBO Light, we also selected EBO SE (the cheapest EBO series) that has been sold in foreign countries for \$119 to ask for the price.

It can be found that the psychological price of most cat parents for EBO Light is 300-399, but the psychological price of EBO SE is only 400-499 while sold at ¥761 (\$119\*6.4) in foreign countries. This further illustrates that the psychological price of high-end smart cat toys for Chinese cat parents is still not very high, and our launch of EBO Light for the Chinese market is just in line with their needs.

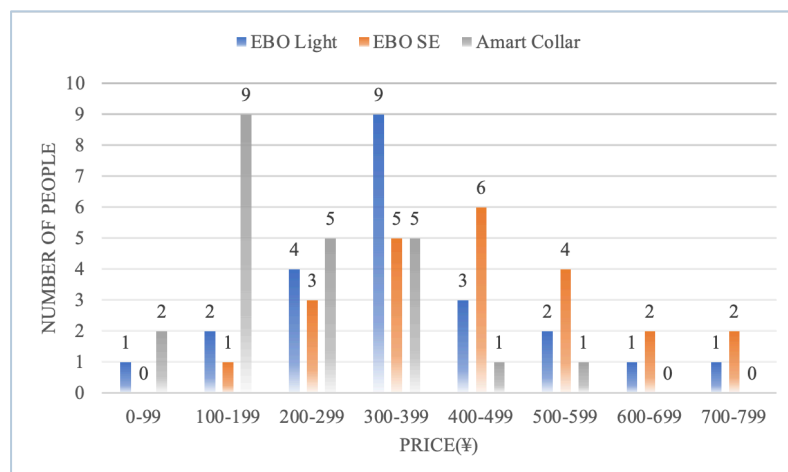


Figure 8 Cat parents' psychological price for EBO Light, EBO SE and Smart Collar

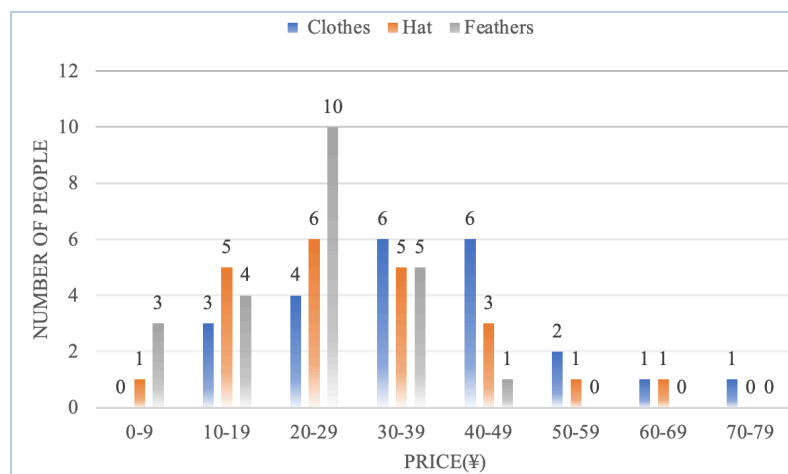


Figure 9 Cat parents' psychological price of Interchangeable Accessories

So for existing products, we determine the price based on converting the currency from USD to RMB and make appropriate adjustments. For newly launched products in the Chinese market, we determine the price based on the results of interviews. The final pricing is as follows:

	Product	Price(¥)		Product	Price(¥)
Existing Products	EBO SE	699	New Products	EBO Light	399
	EBO AIR	1099		Smart Collar	199
	EBO PRO	1899		Clothes	39
	EBO S	1499		Hat	29
	-	-		Feathers	29

Figure 10 Product pricing in the Chinese market

### 6.3 Promotion

**Discount.** Our prices are lower than our competitors and when launching, we will perform market penetration pricing by using a 10% discount for first-time users from 2022-2023 to catch early adopters and further expand our market share.

**Advertising.** Being new to the Chinese market, we will need people to try out our products in order to successfully introduce them to the market. Because our products make cats happy, while the design of the products is also extremely photo-and social media-ready, social media is the most affordable way for us to sniff out new costumers. So we plan to partner with some of cat-friendly influencers (Key Opinion Leader) and ask them to try out our products and share their posts on social media platforms to attract their followers. In addition, we will also promote our products with advertisements on social media platforms such as Weibo, Little Red Book, Tik Tok, Bilibili, and Kuaishou by doing selective advertisement directed at our target market.

**Social media challenge.** We intend to conduct a social media challenge entitled #UnflatteringCatPhotoChallenge. As the name suggests, ‘The Unflattering Cat Photo Challenge’

involves people posting incredibly unflattering photos of their beloved canines, which will provide plenty of laughs for social media users and attract the attention of many cat parents. People can get in on the challenge by sharing their own picture with the hashtag and also follow our social media accounts. We will draw 10 users from all participants to send a set of ebo products for free. There's no denying cat parents will have a few funny photos already saved on their camera rolls, and the users who are willing to participate in sharing will be our big potential customers. This method not only expands our brand awareness but also attracts our potential customers at a lower cost.

**Unique marketing strategies.** For Interchangeable Accessories, we can use unique marketing strategies. For example, we can design a series of hats and clothes according to Chinese culture, and then sell them in the form of blind boxes. Some styles can also be regarded as non-sale items, which can only be obtained when participating in activities.

#### **6.4 Place**

At the first stage of operation, where we primarily targets early adopters, products will be made available online through our company website and Chinese e-commerce platforms (Taobao, Jingdong and Pinduoduo).

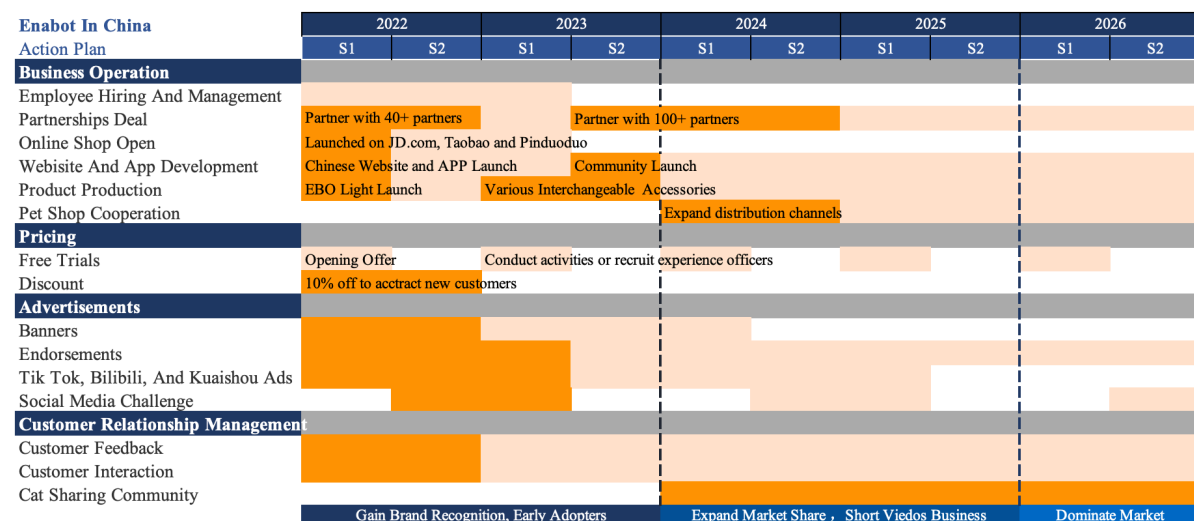
In the second stage, with the expansion of brand awareness, we will pursue a multi-channel distribution system, as it allows the brand to increase sales and market coverage in the long term. For example, our products will also be distributed to pet shops , Cat cafe or pet hospital.

In the later stage of operation, once we have undergone rapid development and achieved higher profits, we will also learn from DJI or Apple, open an offline experience store, and further enter the public's field of vision.

## 7. Action Plans and Budgets

### 7.1 Action Plans

Our business operations will begin in the first quarter of 2022. Most of our activities will focus on online sales and marketing our products through advertising. In the first phase of our operations, we will provide a 10% discount to attract early adopters and advertise through social media to achieve our first goal of gaining brand awareness. We will begin to expand offline distribution channels and continue to develop short video platforms in the first quarter of 2024 to expand the market share of our well-known brands. At the same time, as we continue to gain customers' attention, we will launch a pet sharing community.



\* The darker the color on the chart above, the more important the actions

Figure 11 Action Plans

### 7.2 Budgets

Growth in revenue is taken into account in the income statement and the detailed is attached below. It can be seen from this simple estimate that as long as a suitable market strategy is formulated, EBO will have great development prospects in China.

	2022	2023	2024	2025	2026
Product Sales	1,795,500	3,591,000	5,985,000	8,977,500	11,970,000
Platform Revenue	89,775	179,550	299,250	448,875	598,500
<b>Total Revenue</b>	<b>1,885,275</b>	<b>3,770,550</b>	<b>6,284,250</b>	<b>9,426,375</b>	<b>12,568,500</b>
Product Costs	359,100	718,200	1,197,000	1,795,500	2,394,000
R&D	200,000	140,000	100,000	150,000	165,000
Advertise & Activity	75,411	82,952	91,247	100,372	110,409
Wages	800,000	880,000	968,000	1,064,800	1,171,280
Rent	120,000	132,000	145,200	159,720	175,692
<b>Total Expenses</b>	<b>1,554,511</b>	<b>1,953,152</b>	<b>2,501,447</b>	<b>3,270,392</b>	<b>4,016,381</b>
<b>Profit</b>	<b>330,764</b>	<b>1,817,398</b>	<b>3,782,803</b>	<b>6,155,983</b>	<b>8,552,119</b>

Figure 12 Budgets

## 8. Control

To first examine product's profitability in the market, sales CAGR will be measured. Secondly, we will look closely at customer reviews on online distribution channels and word of mouth on social media to examine customers' satisfaction. These insights are valuable as EBO seeks to incrementally innovate and improve products' performances over time through research and development. In examining the efficiency of R&D investment, and quantifying benefits brought to products' performance, we will continuously monitor ROI. Lastly, when estimating growth opportunities and market potential, we will also look closely at EBO's market share in the smart cat toy market in China.

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