The Next Big Thing?: Training Mask at a Crossroads

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Casey Danford, CEO and founder of Training Mask Inc., paced restlessly across the production floor pondering to himself, “I’m taking a huge risk making a change. Which option should I choose?” Casey had achieved great success marketing his high-altitude simulation training mask to hard core training enthusiasts. These included cyclists, runners, firefighters, members of the armed services, and anyone with an occupation that required high levels of physical fitness. His company was dominating his current market, but he wanted to expand to the “next level.” He asked himself, “Just where was that next level? If I make the wrong move, will it trash all of the hard work I’ve done and success I have earned? What should I do?”

Casey reviewed his choices. He asked himself, “What is the next step? If I go big and find new markets by expanding to the less serious, weekend athlete, how will my current customers react to any changes? On the other hand, should I expand into the medical device field? Or lastly, I could make the safer choice and just stay where I am.”

Background

After graduating from college, Casey struggled to find what he wanted to do with his life. As a college football player, he had developed a side business selling dietary supplements to athletes. Eventually he sold this business to pay off his college debts. Unemployed, he lived with his parents to save money. Seeking further opportunities, Casey developed a new protein-based body building supplement called “Fight Fuel.” Using his profits, he paid $26,000 for a foreclosed house which he renovated into a residence and office.

While watching TV as he sat on his parents’ couch, he saw a show with the Mixed Martial Artist (MMA) fighter, Sean Sherk, training while wearing a gas mask with several holes poked in the sides of the mask. Sean found this restricted breathing mask improved his breathing performance during matches. Because Casey sold Fight Fuel to a number of MMA fighters, he was able to meet Sean and discuss the athlete’s restricted breathing training method.

Casey saw an opportunity. He knew someone that could get Israeli gas masks for him at a very low cost. He also knew a manufacturer who had a threading machine capable of creating the threading for attachments that would fit onto an Israeli gas mask. Taking a risk, Casey had molds made to manufacture special attachments that could be screwed onto the gas masks.
Casey created several breathing resistance levels by drilling a different number of holes in each attachment. The greater the number of holes in an attachment meant the lower the resistance there was. Using a different color of plastic for each resistance level, Casey created three levels of resistance. Turning the renovated house into a small manufacturing base, Casey and a few friends cleaned the used gas masks and packaged them with the three resistance level screw-on attachments. The Training Mask was born.

Through aggressive selling, Casey made a name for his new company. Soon, a number of MMA fighters were working out using the new training mask. Word-of-mouth quickly spread information about the new product and a number of YouTube videos were aired with athletes preparing for matches while wearing the new Training Mask. It became a popular item among the hardcore MMA community.

However, this success was to be short-lived. First there was some consumer resistance, from women especially. Many women resisted wearing the mask because they thought it was ugly. In addition, the Israeli gas masks were so well made that they were virtually indestructible, eliminating the need for replacement. Finally, world events conspired against him. A resurgence of Israeli/Palestinian violence increased the demand for gas masks which dramatically increased his supply costs, but Casey felt that he could not raise his prices.

**Development of the Training Mask Version 2.0**

Improvements to the training masks were always in the back of his mind, but these changes were accelerated when supply issues surfaced. Without a major redevelopment, his company would fail. Prices were sticky and could not be raised, but costs soared. So taking another big risk, Casey sold his Fight Fuel business and used the proceeds to fund the development and production of his new Training Mask 2.0 (see Figure 1).

The new mask incorporated a form-fitting base held to the face with a rubber sleeve that could be decorated and fitted with replaceable inhale/exhale pieces. Changing the inhale/exhale pieces allowed athletes to adjust the resistance levels for their workouts. The multiple components meant that buyers could mix and match sleeves and inhale/exhale pieces to coordinate with any outfit and training regimen.

This new product saved the company. Not only was Training Mask 2.0 cheaper to produce, but his two patents on the new design gave him some market protection. Furthermore, the more attractive and functional design broadened the market from the hardcore MMA athletes to include tri-athletes, cyclists/speed cyclists, and the Birkram or “Hot” yoga market predominately composed of women.
Figure 1: Training Mask 2.0

**HOLDS FIRMLY IN PLACE**
Ear straps hold the Training Mask 2.0 firmly in place during your most intense workouts.

**3 SIZES AVAILABLE**
Available in Small, Medium, and Large to fit any body type and create a comfortable fit.

**NEOPRENE SKIN**
Durable, washable, neoprene conforms to your face to create an air-tight seal. Various colors and styles available.

**AIR RESISTANCE VALVES**
Strengthen your diaphragm by adjusting Training Mask 2.0’s resistance valves to simulate different altitudes. 12,000 feet too intense? Start at 3,000 feet and work your way up.

### New Product Development

Always thinking, Casey developed an updated version of the mask, version 3.0, which had built-in, adjustable inhale/exhale pieces so that athletes could simply turn a dial to adjust their workout. The new design eliminated the need to remove and insert the breathing pieces. However, Casey was not sure when to release this new version of the mask. Casey was concerned that an updated product might not expand and broaden the market but could be seen as a failure and damage the company brand. Additionally, Casey was working on masks targeting the specific needs of firefighters, police officers, governmental security personnel, and members of the armed forces to replicate the expensive breathing apparatus gear used in training.

### Research

NAIT University located in Edmonton, Alberta, was interested in Casey’s training mask as part of their research concerning the physical demands of firefighting. The University had found that
the heavy firefighting equipment necessary for the firefighters’ safety reduced their work effectiveness. The safety equipment added weight and caused heat stress to the firefighters which reduced their ability to work for an extended period of time. The essential self-contained breathing apparatus (SCBA) was proven to be a significant limiter to performance. Yet firefighters needed to train with the SCBA equipment so that they would be prepared in the event of actual use during a fire. Researchers had discovered that wearing the SCBA while engaging in high-intensity interval training was a quicker and more cost effective method of overcoming the SCBA’s negative effects. However, there were two significant disadvantages training with SCBA gear. First, there was the need to constantly refill the air tanks, a costly procedure. Second, frequent training caused additional wear and tear on the expensive equipment thereby shortening its life span. These were both additional expenses prohibitive to small fire departments (TrainingMask.com, 2014).

NAIT University researchers learned about the development of the Elevation Training Mask which provided, “an adjustable resistance during inhalation with a set resistance on exhalation” (Training Mask, 2014). The researchers believed that Casey’s training mask could replicate training with the expensive SCBA equipment. So together with the researchers, Casey developed a special version of his mask to be used in a study. After running the study with 12 participants wearing the mask while training, results were found to be similar to training with the SCBA (Paradis & Dreger, 2011, Dreger & Paradis, 2011). Success of the study was announced on the Training Mask website which stated, “The results of this study demonstrated that HIIT (high intensity interval training) while wearing the Elevation Training Mask significantly improved selected variables for males and females” (TrainingMask.com, 2014). Thus, an inexpensive Training Mask could save firefighters thousands of dollars in training costs.

In addition, the Mayo Clinic, after learning about the Elevated Training Mask, had contacted Casey directly. Researchers at the Mayo Clinic were interested in further testing with the possibility of using the mask as a medical device to improve a patient’s body-breathing functions.

**Current Market for Training Mask**

Over the past year, Casey sold 300,000 units and he expected to double that the following year. As he increased production he expected his per unit costs to decline. Based on the Economies of Scale principle, each time a firm doubled production, per unit costs declined.

Many of Training Mask’s current customers were people who trained heavily for their sports. These athletes wanted the extra edge that “high altitude” training could give them. Regular high altitude training (visiting Denver or the like) lasted for a few days after the athlete returned. Casey’s high altitude training effects remained for about half the time the wearer had trained with the mask. A month-long training session still provided benefits for two weeks after stopping use of the mask. Because there were few substitutes for a training mask due to patent protection, Casey’s customers were very loyal. They believed that the Training Mask gave them a legal training edge. In addition, customers could choose from a variety of decorative mask sleeves. Available in a variety of colors, there were also some specialty sleeve styles including sports teams, branches of the military, and movie masks (Darth Vader, a Star Wars character,
and Bain, a Batman character). Since the masks were highly visible, some who wore a mask felt that it made a fashion statement while others believed that the mask gave the wearer a “hardcore” look.

Consumer sources of resistance to wearing the mask included women who thought that the devices were ugly and bulky. Some people wanted to see and be seen when exercising and the mask would interfere with that. They felt “funny” wearing the Training Mask. In addition, some people with glasses had problems fitting the mask. Finally, not everyone believed the effectiveness or health claims (Dupont, 2014).

Marketing Philosophy

Although Casey had patent protection for the Training Mask, he did not rely on it alone. He worked closely with his customers and they valued him. He was so successful that he effectively dominated the competition. While his competitors attempted to copy some of his approaches, they couldn’t keep up with him.

Casey said that he based his marketing on helping customers move from “wanting” his Training Mask to “needing” his product. He encouraged conversations among Training Mask enthusiasts and as word spread potential customers moved from wanting a mask to needing one. This was Casey’s marketing philosophy, turning “wants” into “needs.”

Casey believed that without careful controls, Amazon and eBay would kill his product. If he allowed suppliers to offer the Training Mask at lower prices, then new consumers would lower their price perceptions, hence “cheapening” the brand. Casey maintained constant vigilance to ensure that no retailer attempted to offer a lower price for his product. When he discovered a retailer undercutting his prices, Casey encouraged the violator to cease the “bad” behavior. If the retailer continued to undercut the established price, then Casey stopped shipping masks to that company.

Not every marketing decision Casey made was successful. For instance, Casey had once spent $4,000 to sponsor a back panel screen during an MMA match yet received no apparent benefits from the investment. Because of that experience, he tended to stay away from traditional marketing approaches. Instead, Casey focused his efforts by recruiting celebrities such as Sean Sherk (famous MMA athlete), Anderson Silva (MMA Fighter and eight year belt defender), as well as the long distance runner Pete Jacobs. Each of these athletes had a loyal fan base that supported them. A video showing Anderson Silva using the Training Mask had been a hit with Silva’s supporters, reaching over 40,000 views on YouTube. In addition, a video showing Sean Sherk using the Training Mask had over 230,000 views.

Casey made a great effort to communicate closely with his fan base. He had a strong Facebook presence which allowed him to maintain direct contact with his loyal customers. He also relied on good word-of-mouth and customers sharing viral videos on YouTube. Casey believed that his customers could be “channeled” into supporting his brand. Channeling could be positive, negative, or emotional. Positive channeling meant that when people liked a product they would tell other people about it. Negative channeling meant that people who did not like the product
would tell even more people that they did not like it. However, if an emotional reaction to a product could be created, customers would attempt to persuade others to buy it. Emotional reactions generated a passionate response to the brand, Training Mask. These responses were shared with people who were persuaded to buy a Training Mask and they in turn told others. These strong feelings shared with others created a loyal following and a strong brand community. Casey called his brand community the Elevation Army.

The Elevation Army was a loyal brand community that would “spread the word” about the quality of the Training Mask. Their loyalty helped Casey protect his brand image and price discipline. When a new retailer would begin selling Training Mask, the Elevation Army would make comments on the retailer’s website and aggressively respond to any low or negative ratings.

Belonging to a brand community was a rewarding experience beyond the benefits of owning the product. People shared experiences with each other and supported and defended the brand in which they strongly believed. People became friends with other members of the brand community. They also zealously “protected and defended” their favorite brands on the comment pages of online blogs and retailers, as well as Twitter. Casey was always concerned about how he would continue to grow the brand community and keep up its enthusiasm.

**Decision**

Casey faced a decision: Where was he to go from this point forward? He had achieved some level of success but felt that his company still had room for growth. In fact, he wanted everyone who worked out to own a training mask. But where did he want to focus his efforts? He had three choices. First, he could expand more into traditional mass merchandisers such as Walmart or Target, but that required building production and storage capacity to meet that level of demand. Second, he could push harder to enter into the medical device field. This approach was often lucrative, but it would take time to convince hospitals, doctors, and patients to accept his new device. Finally, he could continue to sell masks via his website and his current distribution network.

**Go Big**

Casey had already sold masks through Dick’s Sporting Goods, the largest sporting goods retailer in the United States. To reach a broader market, up to one million units a year, he had to convince the average “weekend warrior” that the Training Mask had value. The potential market for Training Masks was big and Casey felt that he could possibly persuade weekend warriors to buy the product. There were many “weekend warriors” out there who were not hardcore exercisers like many of Training Mask’s current customers. They were not looking for a competitive edge, but Casey was sure of the health benefits the training mask provided to workouts. He had the research to prove it, however, could he really persuade the broader market?

Why would the average person who worked out buy a training mask? Casey reviewed the benefits of the mask (see Figure 2). These included increased lung capacity, breathing
efficiency, energy, stamina, and mental focus. In addition, the extra effort required to breathe through the mask shortened the amount of time needed for an effective workout. These were all good things. Perhaps what really sold the product was the offer of good health and the prospect of changing lives for the better. Casey said, “I change the way that you breathe for only $79 bucks.”

Figure 2: Benefits of Using the Training Mask

But just how did one persuade semi-serious athletes who might be uncomfortable using a training mask and felt that they were already doing just fine without it? Plus, in the billion dollar sports equipment industry, how much exercise equipment was purchased and left unused every year? How many brilliant new products wound up in “bargain bins?” Could this be the fate of the training mask? No, not if Casey had his way.

If he was going to go big, he also had to deal with a need for greater manufacturing and warehouse space. Right now his current building was getting close to capacity. He had over two acres of space behind his building, so he had room to build a warehouse. On the other hand, a new warehouse would be expensive, costing as much as two million dollars to build. But if Training Mask was going big, a larger warehouse was a necessity.

There were other concerns. First, Casey was anxious that large box stores such as Walmart or Costco would likely pressure him to allow them to sell Training Masks at lower prices than the competition. Casey did not desire to go this route because he wanted to protect his other distribution channels. Second, Casey realized there were additional expenses when dealing with large retailers such as credit card chargebacks, slotting fees, and other retail fees.

As an alternative to constructing a larger warehouse, Casey considered licensing his design to other manufacturers to build his masks for which he would receive a licensing fee. However, due to his desire to maintain control over all aspects of his product, he rejected this idea. Casey believed that a firm that licensed his product would not necessarily treat Training Mask with the same care he delivered.

Casey already had a good life but if everything worked out as planned with the expansion, this was huge! He was fairly confident that he would make it work. On the other hand, Casey had a
young family and what if the sales did not materialize? Losing a two million dollar investment had immense consequences for Casey and his family.

**Go Medical**

Casey was confident that he had the research to prove to the medical community that his product could help patients struggling with some 20 different breathing issues. The market potential could be up to one million units a year. Casey expected to sell the medical Training Masks for $320. The medical version had additional costs due to liability insurance plus the costs of FDA testing and annual compliance. As a sole supplier of these medical masks, Casey felt that $320 was reasonable for a medical device. For a point of comparison, CPAP masks used in the treatment for sleep apnea were sold by several manufacturers and cost as much as $300 with a life span of approximately six months.

Casey did not consider bypassing the medical community to appeal directly to patients for two reasons. First, he did not believe that patients with serious illnesses would purchase the masks on their own. Physicians unfamiliar with new devices often discouraged patients from buying and using untested products. Casey reasoned that doctors would want to study the Training Mask research before prescribing the device. Second, there were possible legal repercussions with eliminating the medical consultation.

There were other benefits to not bypassing the medical community. Working through doctors and hospitals meant premium pricing and possibly greater usage rates. When medical devices were prescribed, patients were less likely than the general public to discontinue use. In addition, if the masks were prescribed by a physician, the cost of the masks would likely be covered by most insurance plans. A training mask would be prescribed for the sole use of an individual patient over a period of time. A mask would not be re-used by another patient and hospitals would continue to buy new masks. An additional benefit was the confirmation by the medical community of the medical health benefits stated in the Training Mask advertising.

There might have to be some design tweaks in the mask to meet medical standards, but Casey did not envision any insurmountable difficulties. The materials he used in his masks exceeded current medical standards; he had the testing to verify this. However, the marketing needs would be completely different. Medical device adoption decisions by hospitals were much more complicated and time consuming. In addition, the hospital administrators would not be the only obstacle to overcome. Insurance companies would have to be persuaded to cover the masks before most administrators would buy the product. Doctors would have to be persuaded of the mask’s safety and effectiveness. Finally, patients might resist wearing the mask long enough for the health benefits to take hold. Reasons included patients feeling “silly” wearing the mask or finding it too difficult to use.

Finally, there was the potential of intervention from the U.S. Food and Drug Administration (FDA) which regulated such products. Casey feared interference and time delays from the government which he estimated could extend the process for as long as four years or more.
It would take a great deal of time and effort to overcome resistance from so many sources. If Casey couldn’t overcome the resistance from decision-makers, the likelihood of success declined quickly. Casey thought to himself, “Do I want to spend all of that time and effort on a proposition that might not pan out. Is it worth it?”

What should he do?

Casey had a big decision to make. He could continue being successful for a time by encouraging his hardcore supporters to buy more masks. He could focus on continued product development for new products such as Training Mask version 3.0. He could encourage the average weekend warrior, a huge market, to buy the mask for training purposes. Finally, he could focus on the steps required to enter the medical device market in hospitals.

Casey wanted to approach the problem analytically. This would take time, but he wanted to make the right decision for him and his family.

References


