



company & industry report
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getstix.co

The Company

Stix is a Philadelphia-based D2C startup that puts the privacy of their customers first when purchasing competitively-priced FDA cleared pregnancy and ovulation tests. Stix resolves the “experience gap” in the reproductive health industry by cutting through the inconvenience, awkwardness, and confusing information around pregnancy and ovulation tests. This startup is poised to reinvigorate the outdated experience of buying pregnancy tests by creating a specialized and private channel for this purpose. Their product advantages are their discreet packaging and delivery services, competitive pricing, and private payments processing options.



Cofounders Jamie Norwood (L: Tulane B.A. English Literature, Psychology) and Cynthia Plotch (R: UPenn B.A. Economics) were both participants in the two-year Venture For America fellowship, where they met and became close friends. They were also both on the founding team at Hungry Harvest, a Philadelphia-based “ugly foods” started where they became experts in market expansion/growth and customer experience.

Short Notes

- Vertical: D2C Femtech
- Founded in 2018, launch in September 2019
- Summer 2019 Entrepreneurs Roundtable Accelerator (\$100K)
- Raised seed funding in August 2020 (\$1.3 million) from Founders Factory New York, Rogue Women’s Fund, Vamos Ventures, etc., and various notable angels

The Business Model

Stix launched online in September of 2019 to a resounding success. Their value proposition is to create a judgement-free, competitively priced pregnancy and ovulation testing experience, and to educate through the Stix Library.

While fertility startups focus on how to maximize the probability for pregnancy, Stix does away with the exclusive purpose of getting pregnant. Instead, it is more like Flo or Clue (menstrual cycle tracking apps) because it is to be used as a tool for individual decision-making.

The company profits from the sale of their products, made in one-time purchases or a subscription basis. Customers can be charged through Paypal for privacy, and packaging is designed to be lowkey.

product	units	one-time price	subscription price (highest)
pregnancy test	2	\$13	\$10.79
ovulation test	7	\$17	\$14.11

*discounted further according to length of subscription

Core expenses will become product innovation and marketing expenses. As they grow, it is expected they will expand their product offering. They may have to take time to figure out their exact brand strategy on social media channels, but they are looking to build out their team with the most recent seed funding to manage their unexpected growth during and after COVID-19. This is critical because their product is not by nature defensible, so they will need to rely on their brand strategy to become a leader in pregnancy testing.

They do not currently have a referral program in place. This has been a significant strategy other D2C companies have employed to take advantage of organic growth. As it is, they should be focusing on growing their reputation through engagement on social media channels, increasing NPS through experience satisfaction, and limiting subscription customer churn.

Analysis of Target Audience

~64 million women from ages 15-44 (post-menarche to pre-menopause)

54% of US women have had a pregnancy scare (sample of 242)

20 million pregnancy and ovulation tests estimated to be sold per year

Stix would ultimately benefit by narrowing their focus to the segment of the market which does not to become pregnant. This is because the presence of an abundance of fertility apps have left this segment of the market alienated, when their customer needs can easily be met.

What's critical is the user experience: when people who don't want to become pregnant visit a website that's pushing pregnancy as "success", it can create discomfort. This is Stix's greatest asset and could be why since COVID-19 began, their sales have increased by 80%. In these difficult times, raising a child may not be a priority, and Stix can deliver the pregnancy tests that are needed.

Understanding the Market

\$800 million total VC investment in femtech, 2019
\$1.65 billion global pregnancy testing market, 2024
5.10% CAGR global pregnancy testing market, 2019-24

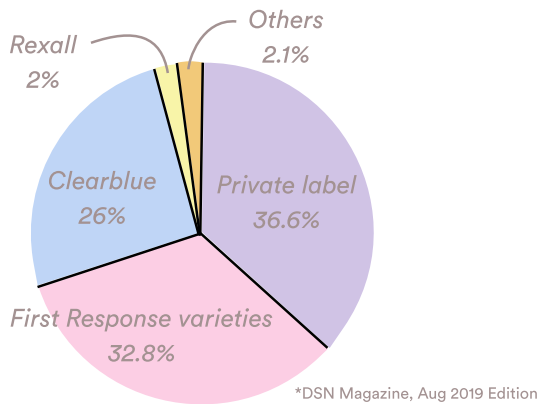
Though it is a small contributor to the projected \$50 billion femtech market (2025), demographic features, like declining birth rates and older age at first child, suggests pregnancy testing will continue to grow as a market.



From these three larger groups, we can see how Stix has a unique competitive advantage in this space. The last startup that raised significant excitement for their pregnancy test product was Lia Diagnostics, a biodegradable and flushable test that won the Startup Battlefield at Disrupt Berlin 2017. It is still not available to consumers at the time of this writing (Aug 2020).

Though there are mature competitors, there is weak preference for any brand in particular, as evidenced by their relatively equal market share. Though they dominate the market for now, most are parts of larger companies that don't focus on their position in this particular market (FirstResponse, Church & Dwight; Clearblue is under a joint venture of Proctor & Gamble and ALERE). As such, they're not attentive to improving their customers' experience.

Market share of the leading pregnancy test brands in the United States in 2019



COVID presents a unique opportunity to reach more people through online shopping and expand through social media marketing. Although Amazon and Walmart.com are more accessible, many users still regard them with a degree of skepticism as some sellers may not be entirely trustworthy. Meanwhile, the rest of the femtech market has missed this sector of the market by focusing narrowly on successful conception.

Financial Considerations

Pre-seed funding went towards getting the startup launched, and seed funding went towards securing a brand marketing director, a customer service associate, with a product person soon to come. Given how young Stix is, and that its competitors are parts of larger corporations, marketing traction can give some indication of the customer acquisition strategy, and sales, for the future.

The timeline of the company shows that from August 2019 - 2020 (prelaunch to one year of operations), there was an increase by 4,072 Instagram followers. Including other media engagements, such as guesting on podcasts, it's understandable that over COVID-19, they've continued to see sales increase and drive their popularity. However, at a total of ~6,000 followers, they are far from even matching their competitor Clearblue (87.5K) and are more on par with fellow seed-funded fertility startup Natalist (~7,500).

Risks & Opportunities

The most significant risk factor is that the product is relatively simple to replicate. Although it would be costly, it wouldn't be out of the question for a larger and more profitable competitor to adopt Stix's discreet style. However, as previously mentioned, as Stix grows and develops a stronger brand, it should be able to retain customers through their customer experience satisfaction and loyalty.

Another risk that may endanger the growth of Stix is its product offering. The concern is that future product offerings will push Stix further into fertility tech, which puts it into a highly competitive industry, or into sex tech, which may turn certain customers away. Considering that Stix's position is so far post "sex happens", it will be interesting to see what product they bring to market next.

As referenced before in this report, Stix is surprisingly performing well during COVID-19, perhaps because people are delaying having children in light of financial and health concerns. Demographers also predict that people will continue to avoid pregnancy. Stix could take part in how populations will be shifting in years to come.

Opinion

I believe Stix has a very appropriate approach to resolving a highly uncomfortable problem for many, and their mission puts them in the best position for social media outreach and growth.

My recommendation to them would be to broaden their product focus. I think that starting with pregnancy/ovulation tests was a smart way to get venture funding for a less glamorous product (not as hyped as other fertility startups). But ultimately, Stix deals with two things: 1) sex happens and 2) people want privacy. To deal with both, my opinion would be to focus on the privacy component of their company and utilize it to begin publicly advocating for other health products, such as *actually* discreet menstrual products, or sexual health products like internal condoms, which were previously harder for consumers to find.

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