

## Revised Team Strategy

- Market Segments
  - Past: Our team has chosen to pursue only two out of the three market segments in order to better focus our efforts. The two we have chosen are the Standard and Youth segments for reasons described below. The Sports segment was not chosen out of fear that its demand for high quality products would require too much time, attention, and market contribution that risks unprofitability. We assumed our competitors had planned on tapping into this market, and looked at year three as an ideal time to differentiate ourselves both in the already existing standard and new youth market, as well. Year three was critical in forecasting our success, and whether we could convert our rival's standard segment customers while their gaze was locked on expanding beyond their means. Simultaneously, the market share saved from our absence in the sports segment allowed it to be redirected into establishing a stronger presence in the youth market through branding. It was our hope that the united tactics would provide us the advantage of firing ahead of our competition to maximize profits while at the same time dealing a critical blow to the market share of our fellow contenders trapped in a new and expensive product line.
  - Present: After analyzing the data collected after Ron Burgandy Inc.'s third year, it is clear that our results are bittersweet. As with all plans of mice and men, carrying out our strategy proved to be more difficult. One might argue that the plan was more effective than expected, leaving part of the youth consumer group untapped, and lost to the competition. 1,560,000 units were sold for the youth segment (\$67,937,990 in revenue), and 2,023,040 units sold in the standard (\$124,700,192 revenue with 96,960 units unsold). Not to sound ungrateful however, market share improved to \$34 million this year, giving the team a total of \$109 million overall. Not only have profits been increasing incrementally, it is important to recognize that this untapped market can possibly be rectified in the upcoming year(s).
  - Future: While the majority of the strategy remains unchanged, it should be noted that several small changes are planned to take place in the upcoming years. 1) The original standard product Sonic6 has reached a point in its declining stage where it will be abandoned, and replaced by the new "Amp" in 2018. 2) As max quantity available to be ordered is only 2 million units, that will be the quantity ordered for 2018 along with a price increase of 3 dollars (to a retail price \$95) to maintain last year's optimal sales volume, and improve profits until larger orders can be made. The firm intends to be a high volume, low cost manufacturer. 3) After redirecting market contribution funds to the youth segment in 2017 to help bolster sales, promotion and marketing funds will be drawn back towards a similar medium. With the exception of steadily improving specification and cost improving implementations, what's left of the marketing strategy remains unchanged to specialize on two segments more thoroughly in order to gain the comparative advantage.
    - Standard - With its Market segment demand being twice that of any other (8,000,000), the standard segment requires it be a staple of our product mix; not only for its size, but also for its stability. We plan on taking advantage of these consumer's lack of activity and slower movement by making our products more easily accessible than our competition as we have been, while at the same time focusing on the combining other aspects to keep our devices competitive and desirable. It should be noted that consumers in this market

segment is highly price sensitive, and command a low price. That being said, the majority of standard products profitability will be increasingly defined by marginal costs as the company plans to reduce them as significantly as possible. Profit margin will then be directly correlated to sales percentage to compensate for consumers' less active role in product consumption.

- Low Price to appeal to price conscious consumers
  - o 2018 – Price: \$95; Quantity: 2 million units
  - o 2019 – Price: \$92; Quantity: 2.5 million units
  - o 2020+ – Price: \$90; Quantity: 3 million units (increasing by 3 hundred thousand until optimum quantity is reached)
- Moderate Promotion to acquire target audience
  - o 2018+ – Advertising budget: \$9 million
    - Newspapers: 33% (\$2,970,000)
    - Magazines: 33% (\$2,970,000)
    - Radio: 34% (\$3,060,000)
- Heavily funded Distribution and sales percentage to match sensitivity
  - o 2018+ – Retail Margins: 35%
  - o 2018-2019 (Growth) – \$6 million
    - Trade Shows: 20% (\$1,200,000)
    - Salesforce Training: 20% (\$1,200,000)
    - Premiums (Gifts): 25% (\$1,500,000)
    - Website: 5% (\$300,000)
    - Pt-of-Purchase Displays: 15% (\$900,000)
    - Rebates: 15% (\$900,000)
  - o 2020-2019 (Mature) – \$6 million
    - Trade Shows: 5% (\$300,000)
    - Salesforce Training: 5% (\$300,000)
    - Premiums (Gifts): 40% (\$2,400,000)
    - Website: 10% (\$600,000)
    - Pt-of-Purchase Displays: 20% (\$1,200,000)
    - Rebates: 20% (\$1,200,000)
  - o 2018-2019 (Decline) – \$6 million
    - Trade Shows: 10% (\$600,000)
    - Salesforce Training: 5% (\$300,000)
    - Premiums (Gifts): 25% (\$1,500,000)
    - Website: 10% (\$600,000)
    - Pt-of-Purchase Displays: 20% (\$1,200,000)
    - Rebates: 30% (\$1,800,000)
- Product Specifications mainly directed towards cost reduction
  - o 2018+
    - Specifications Improvements – Every 2 years
    - Cost Reduction – Annually

- Youth - Not our cash cow, but definitely a star equally critical to our success is the youth segment – demand of 4,000,000 units – with its high taste and less than full wallets. Much more concerned with their social presence, this demographic can be seduced with proper branding and novel design. However, attention should be drawn to the fact that these teenagers' opinions are faster shifting than those of the standard segment, and require a more in depth focus on maintaining product specifications to compete with rival brands. Although perhaps more expensive, the youth segment's growth rate is unrivaled, and has proven to be a valuable investment as time passes. Our brand's strategy is to differentiate itself as a hot topic with heavy marketing and ever updating products to stay hip and groovy.

- Unit price will be moderate to unchanged
  - o 2018 – Price: \$65; Quantity: 3 million units
  - o 2019 – Price: \$65; Quantity: 3.5 million units
  - o 2020+ – Price: \$65; Quantity: 4 million units (increasing by 3 hundred thousand until optimum quantity is reached)
- Promotion will be strong to capture mass appeal
  - o 2018+ – Advertising budget: \$9 million
    - TV: 55% (\$4,950,000)
    - Radio: 45% (\$4,050,000)
- Moderate distribution will suffice for these more committed customers
  - o 2018+ – Retail Margins: 35%
  - o 2018 (Growth) – \$6 million
    - Trade Shows: 15% (\$1,200,000)
    - Salesforce Training: 25% (\$1,200,000)
    - Premiums (Gifts): 15% (\$1,500,000)
    - Website: 10% (\$300,000)
    - Pt-of-Purchase Displays: 25% (\$900,000)
    - Rebates: 10% (\$900,000)
  - o 2019-2020 (Mature) – \$6 million
    - Trade Shows: 5% (\$300,000)
    - Salesforce Training: 10% (\$300,000)
    - Premiums (Gifts): 35% (\$2,400,000)
    - Website: 5% (\$600,000)
    - Pt-of-Purchase Displays: 25% (\$1,200,000)
    - Rebates: 20% (\$1,200,000)
  - o 2021-2022 (Decline) – \$6 million
    - Trade Shows: 5% (\$600,000)
    - Salesforce Training: 5% (\$300,000)
    - Premiums (Gifts): 25% (\$1,500,000)
    - Website: 5% (\$600,000)
    - Pt-of-Purchase Displays: 25% (\$1,200,000)
    - Rebates: 35% (\$1,800,000)
- Conscious development in product specifications to stay relevant
  - o 2018+
    - Specifications Improvements – Annually