

# Marketing Simulation

**Group K**

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# Q2

- Developed our brand with 2 bikes
- We prioritized work and recreation
- Decided to join Asia; Bangalore & Melbourne
- Production facility; bangalore

# Q3

- We priced and prioritize our brand.
- We developed ads and distributed them through numerous outlets (local, web, newspaper)
- Hired 7 service and sales people for each store

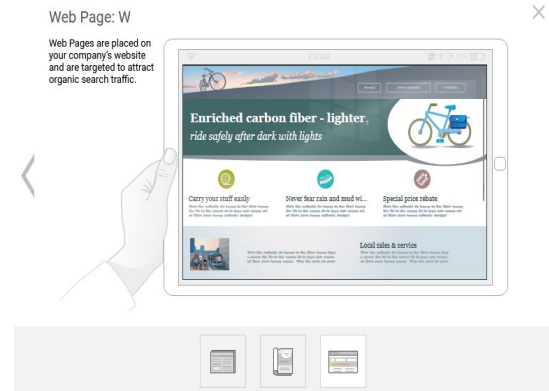
## Target Segments

-  **Youth** Not a Priority ▾
-  **Work** 1st Priority ▾
-  **Recreation** 2nd Priority ▾
-  **Mountain** Not a Priority ▾
-  **Speed** Not a Priority ▾

APAC						
City	Open	Close	Current Status	Setup/Close Cost	Quarterly Lease Cost	
Tokyo	<input type="checkbox"/>		closed	292,000	65,000	
Bangalore		<input type="checkbox"/>	opened	78,000	11,000	
Melbourne		<input type="checkbox"/>	opened	98,000	17,000	
Hangzhou		<input checked="" type="checkbox"/>	closed	68,000	10,000	

Web Page: W

Web Pages are placed on your company's website and are targeted to attract organic search traffic.



# Q4

- Improved ads by simplifying them.
- Hired more sales people
- Opened store in Hangzhou
- Designed new bikes,

speed, mountain and youth bike

# Analysis

- Only team in Asia
- Largest Market Share
- Need to improve bikes and ads
- Where do we expand next?

## Important Warnings

### Private Report from Customer Union



Customer Union is an independent, international, product-rating service that performs objective evaluations of new products across a host of business and consumer industries. The following is their private report to your firm based upon their analysis of market needs and your brand offerings in the previous quarter.

None of your brands met the minimum requirements for the following target segment(s): **Recreation**. Customer Union has not recommended any of your firm's brands for these customers, which has negatively impacted your demand.

This is a common problem to experience, especially in the early stages of business when you are learning about the market.

You can resolve the problem this quarter. When you are making your marketing decisions for brand management this quarter, identify the best brands on the market for the target segment. Then compare these brands with yours. Determine which brand components are favored by the target segment. Then, develop a new brand with components that better meet your target segment's needs.

### Private Report from International Advertising Federation



International Advertising Federation is an independent ad-copy-rating service that performs objective evaluations of advertising copy across a host of business and consumer industries.

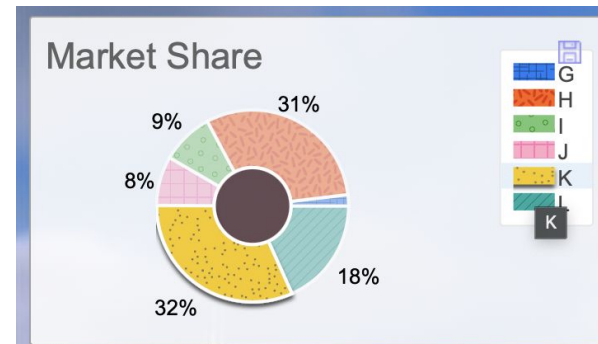
The following is their private report to your firm based upon their analysis of market needs and your advertising copy in the previous quarter.

None of your ads met the minimum requirements for the following target segment(s): **Work, Recreation**. This has negatively impacted your demand.

Poor ad design is a common problem, especially in the early stages of business when you are learning about the market.

You can resolve the problem this quarter, although it may take you a few quarters to learn how to optimize your ads.

When you are making your marketing decisions in the advertising section this quarter, identify the best ads on the market for the target segment. Compare these ads with yours. Pay attention to the benefits in each ad, their order, and the total number of benefits included. Try to deduce what appeals to the target segment. Then develop new ads that better align with your target segment's needs.

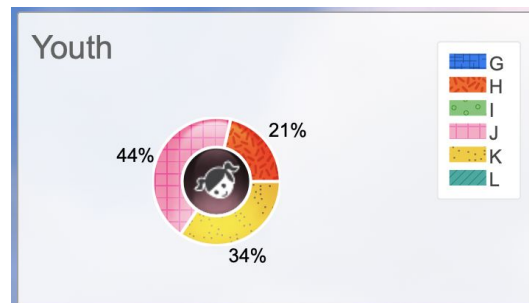


# Critical turning point

# Q5

- Received 3 million to fund future expansion
  - Decided to aggressively expand
  - We started to have a new focus on youth bike.
  - We increased our manufacturing
- Decreased the prices of our bikes.
  - Expanded our stores to LATAM and Europe.

Stock Type	Name of Owner	Shares	Price Per Share	Total Amount	Quarter
Common Stock	Executive Team	7,500	100	750,000	1
Common Stock	Executive Team	7,500	100	750,000	2
Common Stock	Executive Team	7,500	100	750,000	3
Common Stock	Executive Team	7,500	100	750,000	4
Common Stock	Venture Capitalists	30,000	100	3,000,000	5



## Sales Channel

### Open Stores

#### LATAM

Opening: Buenos Aires, Rio de Janeiro

#### EUROPE

Opening: Amsterdam

#### APAC

Operational: Tokyo, Bangalore, Melbourne, Hangzhou

Total store cost: 387,000

# Q6



- Negative: low attention bike prices
- Little ad modifications
- Starting to focus on scorecard
- Expanded even further regions.
- New bike designs to compete with other companies.
- Bought 10 3D printers to expand capacity to

14000 when demand is 4500.

# Q7

- Improvement in bike prices and improvement in bike design to compete with region and teams
- Need to improve ads, best ad is youth ad rated 80.
- Get a loan and invest in R&D
- Goal to double demand from 7k to 15k.

## LATAM

Operational: Buenos Aires, Rio de Janeiro  
Opening: Santiago, Bogota

## EUROPE

Operational: Amsterdam

## MEA

Opening: Nairobi, Johannesburg, Marrakech, Konya

## APAC

Operational: Tokyo, Bangalore, Melbourne, Hangzhou

Total store cost: 646,000

## Short Term Loan

Total conventional loans	2,000,000
Annual interest rate	8.97
Quarterly interest rate	2.24
Quarterly interest charge	44,849

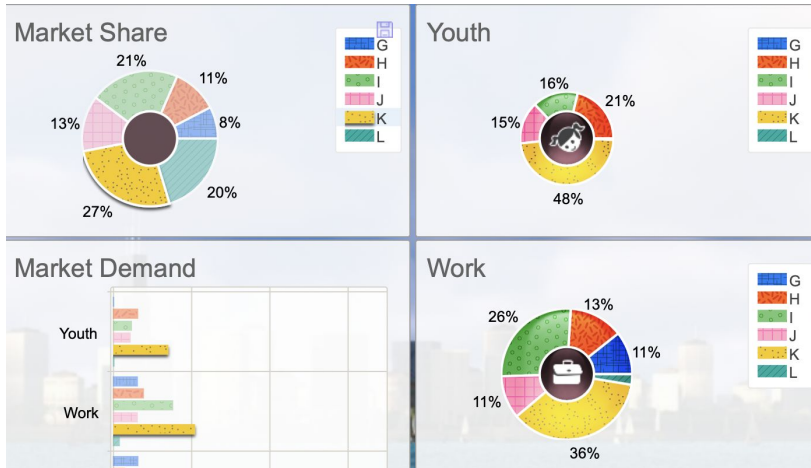
R&D Feature	Already invested	Cost this quarter and every quarter until finished	Quarter available for design into new brands	R&D cost if designed in 1 quarter	R&D cost if designed in 2 quarters	Material Cost
Tires: Hybrid - superior comfort	0	272,887	Q8 ↓	272,887	229,470	16
Brakes: Standard plus	0	147,814	Q8 ↓	147,814	124,296	20
Handlebars: Carbon fiber riser (Child-fit, Utility, Comfort)	0	238,776	Q8 ↓	238,776	200,786	24
Accessories: Puncture resistant slime in tires	0	147,814	Q8 ↓	147,814	124,296	3
Accessories: Bicycle-powered air purifier	0	106,596	Q8 ↓	106,596	89,636	14
Decals: Bright colorful styled to each segment & frame	0	79,592	Q8 ↓	79,592	66,928	8
Lights: High intensity LED light-up kit	0	125,073	Q8 ↓	125,073	105,174	13
Carriers: Large mesh folding tote basket (Child-fit, Utility, Comfort)	0	56,851	Q8 ↓	56,851	47,806	12
Fenders: Light slim carbon fiber	0	90,962	Q8 ↓	90,962	76,490	13
Total Expenses: 1,266,365						

# Q8

- More R&D investment
- Cutting prices to increase sales.
- Opening stores in every city
- Adding R&D to new bikes
- Improving advertising,

Company Name	Cumulative Total Performance
G	0.533
H	5.847
I	3.190
J	0.014
K	22.323
L	11.124

best ad scores in priority categories



## Open Stores

### NORAM

Opening: Portland, Toronto, New York City, Mexico City

### LATAM

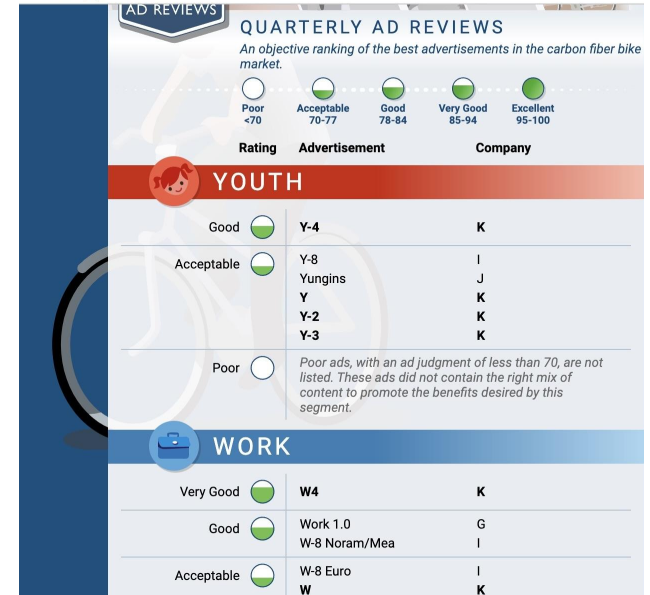
Operational: Buenos Aires, Santiago, Bogota, Rio de Janeiro

### EUROPE

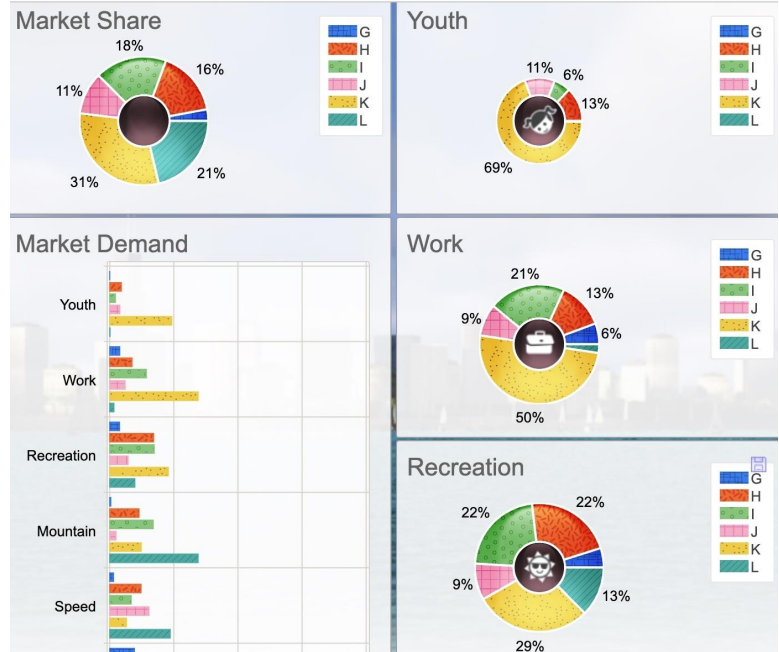
Operational: Amsterdam

Opening: Seville, Nantes, Warsaw

## Ad Copy Review



# Results



## Competitors' Profiles

	Company					
	G	H	I	J	K	L
Balanced Scorecard	0	10	10	0	207	119
Total Demand	2,308	12,944	14,181	8,351	24,059	16,689
Number of Brands for Sale	4	7	6	6	8	7
Total R&D Features Available	1	6	14	10	9	10
Average Price	958	791	853	732	742	1,002

# Marketing Strategy (4P's)

**Product:** Carbon fiber bikes, lightweight, made for everyone with various colors and sizes. Comes with accessories and reliable tires for everyone's safety.

**Price:** Our prices range from \$500-\$900, we give small 15-50 price rebate with purchases, but all this is depending on what bike you purchase and what region its purchased in. compared to every other company our goal is to produce high quality bikes for low price point.

**Promotion:** We have a large variety of promotion, such as ads from various magazines, billboards, websites and posters.

**Place:** The regions we are available at are LATAM, ASIA, MEA, and EUROPE



# Product(Q3-Q8)

- Bikes started of basic with room to improve for the future
- We improved to our liking but didn't pay attention to competition
- Used r&d for improvements to satisfy customer
- Changed colors and ties constantly for satisfied customer

# Price(Q3-Q8)

Quarter 3- two bikes with baseline prices considering the region

Quarter4- six bikes, still baseline prices with the asia region

Quarter5- Minor adjustments, still only in asia

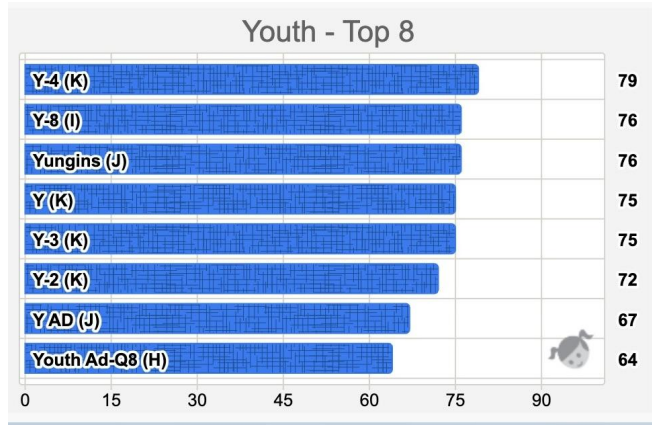
Quarter 6- prices increased, opened up to new regions

Quarter7- prices are adjusted towards our competition

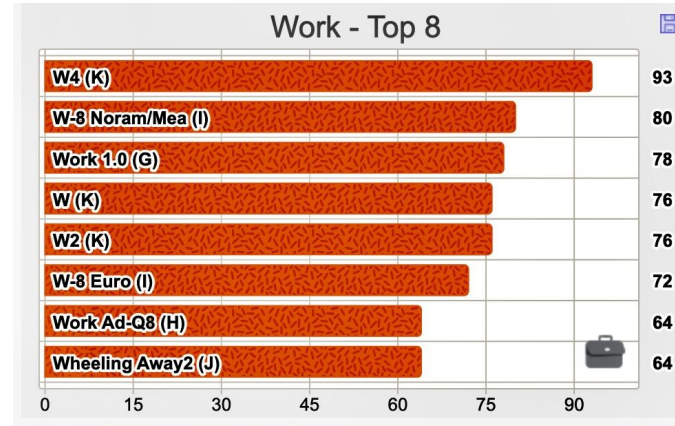
Quarter8- prices dropped to sell cheapest best bike

Quarter six we didn't pay attention to the other region price points and it set us back, but with focus on that and other teams price point we massively improved

# Promotion (Strengths)








- Ads in beginning quarters (Y, Y-2 and Y-3) scored average ranging in 70-75 scores for youth bikes.
- Ads in final quarters (Y-4) increased to 79 scoring .



- Work bike ads started with ad judgement 75-80 in the beginning quarters.
- In the final quarter-8 we got the ad judgement of 93.

# Promotion (Weaknesses)

- Recreation and Speed ad judgment is in acceptable range (70-77)
- Didn't improved since initial quaters

 MOUNTAIN		
Very Good 	M-8 Noram/Mea M-3 Americas ad M-3 Europe ad M-4 Europe	I L L L
Good 	M-8 Euro M-4 Americas	I L
Acceptable 	M-5 Gears Ameri M-5 Gears Euro	L L
Poor 	<i>Poor ads, with an ad judgment of less than 70, are not listed. These ads did not contain the right mix of content to promote the benefits desired by this segment.</i>	

Poor ads for Mountain bikes less than 70 score

# Place(Q3-Q8)

- Started in Bangalore & Melbourne
- Opened up into all 20 cities
- Very little competition in Africa and Asia

## Open Stores

### **NORAM**

Opening: Portland, Toronto, New York City, Mexico City

### **LATAM**

Operational: Buenos Aires, Santiago, Bogota, Rio de Janeiro

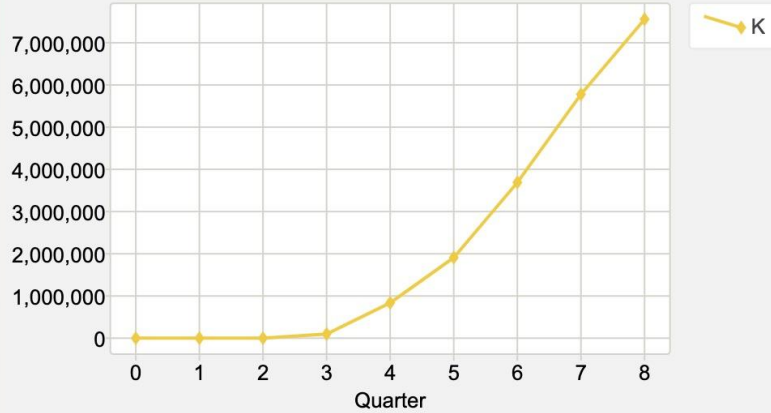
### **EUROPE**

Operational: Amsterdam

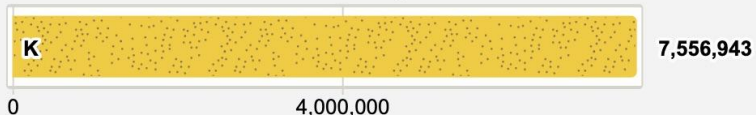
Opening: Seville, Nantes, Warsaw

# Sales

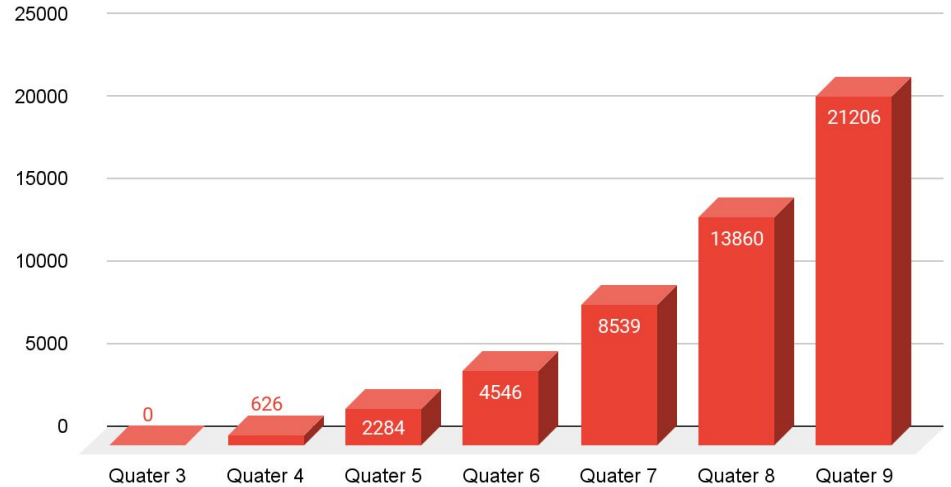
### Gross Margin



### Gross Margin in Q8



### No. of units sold



# Strengths

## Financial performance:

- Operating profit
- Lots of stores

## Market performance:

- Higher demand of market share in primary segment (youth) and secondary segments (work)
- Only team in Asia

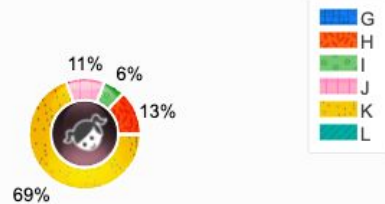
## Wealth

- A value greater than one indicates the firm is adding wealth to the stockholders.

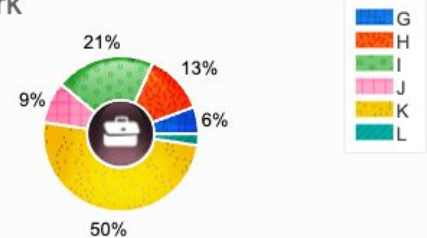
## Advanced Balanced Scorecard

Advanced Balanced Scorecard	G	H	I	J	K	L
Total Performance	0.003	9.789	9.734	0.379	207.454	119.469
Financial Performance	1.953	38.203	39.560	17.502	102.194	73.124
Market Performance	0.015	0.090	0.152	0.170	0.524	0.374
Marketing Effectiveness	0.585	0.713	0.890	0.788	0.893	0.903
Investment in Future	3.586	3.601	3.684	3.824	2.456	2.525
Wealth	0.233	0.766	0.549	0.065	1.549	0.883
Asset Management	0.815	1.542	1.589	1.990	1.341	2.896
Manufacturing Productivity	0.370	0.938	0.750	0.978	0.938	0.750
Financial Risk	0.743	1.000	0.754	0.334	0.907	1.000

### Youth



### Work



# Weakness

## Investment in future:

- R&D Licenses purchased late
- Poor ads at the start
- Poor bikes at the start
- Needed loans to continue growth

## Advanced Balanced Scorecard

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