New Shoes Marketing Simulation

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## Marketing Strategy

Company: Super-Fast Shoes

The goal of our company was to create the highest profit margin with the highest profit margins over the 8 weeks of decisions. Super-Fast Shoes held the idea that creating the best shoe on the market while maintaining overall low costs would ultimately create the most revenue for the company. Each decision, our company maintained the maximum amount of Product Development before diminishing returns began to go into effect. In our Marketing strategy, we began the decisions by keeping overall low marketing costs; our team found this to be not as effective as spending more on marketing. We entered the foreign market as soon as it was available to us. We projected this region to have the most potential growth out of any region, and we were correct. Super-Fast Shoes participated in the domestic, home, and foreign markets at all available times in order to have the greatest chance at creating a higher profit margin. Our marketing strategy was proven to be successful, as our company became the most profitable out of any company in the game. Our cumulative net profit came to a total of $\$ 98,612,849$.


## Simulation

Period 0

|  |  | Decision | Reasoning |
| :---: | :---: | :---: | :---: |
| Home | Price | \$104.99 | We were unaware of competition's prices so we began with a high price. |
|  | Advertising | \$1,750,000 | Advertising to the Home Market is very important |
|  | Consumer Promotions | \$1,000,000 | Our customer promotion was unbeneficially high, so we lowered it to under the diminishing returns level. |
|  | Sales People | 6 | The Home Market does not respond well to sales people. |
|  | Dealer Promotions | \$600,000 | Dealer promotion is less effective in the Home Market, so we left it low |
| Domestic | Price | \$84.99 | This was a good price, because it was relatively low compared to competitors. |
|  | Advertising | \$1,300,000 | The Domestic Market does not respond too highly to advertising |
|  | Consumer Promotions | \$800,000 | Same as previous period because a profit was made. |
|  | Sales People | 9 | A large number of people respond well to sales people in the Domestic Market. |
|  | Dealer Promotions | \$700,000 | High in order to attract more customers. |
| Foreign | Price | N/A | N/A |
|  | Advertising | N/A | N/A |
|  | Consumer Promotions | N/A | N/A |
|  | Sales People | N/A | N/A |
|  | Dealer Promotions | N/A | N/A |
| Product Development |  | \$1,750,000 | We wanted to have the best product on the market. |
| Contractor Bid |  | N/A | N/A |

Return on sales: - 6\%

Revenue: \$19,172,000
Gross Margin: \$11,252,000
Net Profit: $\$(1,218,000)$

## Period 1

|  |  | Decision | Reasoning |
| :---: | :---: | :---: | :---: |
| Home | Price | \$90.99 | After purchasing company research, we found out our Home price was too high relative to competitors. |
|  | Advertising | \$2,000,000 | Advertising to the Home Market is very important, so we went for the maximum amount of advertising. |
|  | Consumer Promotions | \$750,000 | We lowered consumer promotion in order to increase advertising. |
|  | Sales People | 4 | The Home Market does not respond well to sales people. |
|  | Dealer Promotions | \$500,000 | Dealer promotion is less effective in the Home Market, so we continued our theory of low costs. |
| Domestic | Price | \$82.99 | Lowered price in order to remain the most competitively priced sneaker. |
|  | Advertising | \$1,300,000 | Same as last decision. |
|  | Consumer Promotions | \$1,000,000 | Increased because customers responded well to these promotions. |
|  | Sales People | 10 | A large number of people respond well to sales people in the Domestic Market. |
|  | Dealer Promotions | \$900,000 | High in order to attract more customers. We wanted to gain more customers from the Domestic Market because there are more available customers. |
| Foreign | Price | N/A | N/A |
|  | Advertising | N/A | N/A |
|  | Consumer Promotions | N/A | N/A |
|  | Sales People | N/A | N/A |
|  | Dealer Promotions | N/A | N/A |
| Product Development |  | \$2,000,000.00 | We wanted to have the best product on the market; so we increased to the maximum amout. |
| Contractor Bid |  | N/A | N/A |

Return on sales: 12\%

Revenue: \$17,343,584
Gross Margin: $\$ 11,236,919$
Net Profit: $\$ 2,096,919$

## Period 2

|  |  | Decision | Reasoning |
| :---: | :---: | :---: | :---: |
| Home | Price | \$82.99 | After purchasing company research, we found out our Home price was too high relative to competitors. |
|  | Advertising | \$1,500,000 | We found advertising to be less effective than previously thought. |
|  | Consumer Promotions | \$1,000,000 | We increased CP because we thought this would boost sales. |
|  | Sales People | 4 | Same as previous. |
|  | Dealer Promotions | \$500,000 | Dealer promotion is less effective in the Home Market, so we continued our theory of low costs. |
| Domestic | Price | \$78.99 | Lowered price in order to remain the most competitively priced sneaker. |
|  | Advertising | \$1,200,000 | Same as last decision. |
|  | Consumer Promotions | \$1,300,000 | Decreased slightly because the brand is beginning to become well known. |
|  | Sales People | 10 | Same as previous. |
|  | Dealer Promotions | \$900,000 | High in order to attract more customers. We wanted to gain more customers from the Domestic Market because there are more available customers. |
| Foreign | Price | N/A | N/A |
|  | Advertising | N/A | N/A |
|  | Consumer Promotions | N/A | N/A |
|  | Sales People | N/A | N/A |
|  | Dealer Promotions | N/A | N/A |
| Product Development |  | \$2,000,000 | We wanted to have the best product on the market. |
| Contractor Bid |  | \$75.00 | One group member said low contract bids can negatively impact profits. |

Return on sales: $21 \%$
Revenue: \$20,851,488
Gross Margin: \$14,184,735
Net Profit: $\$ 4,534,735$

## Period 3

|  |  | Decision | Reasoning |
| :---: | :---: | :---: | :---: |
| Home | Price | \$82.99 | After purchasing company research, we found out our Home price was good relative to competitors. |
|  | Advertising | \$1,500,000 | Same as previous |
|  | Consumer Promotions | \$1,000,000 | Same as previous |
|  | Sales People | 4 | Same as previous. |
|  | Dealer Promotions | \$500,000 | Dealer promotion is less effective in the Home Market, so we continued our theory of low costs. |
| Domestic | Price | \$78.99 | Lowered price in order to remain the most competitively priced sneaker. |
|  | Advertising | \$1,200,000 | Same as previous. |
|  | Consumer Promotions | \$1,300,000 | Same as previous. |
|  | Sales People | 8 | Decreased in order to cut overall costs. |
|  | Dealer Promotions | \$900,000 | High in order to attract more customers. We wanted to gain more customers from the Domestic Market because there are more available customers. |
| Foreign | Price | \$86.99 | We just entered the foreign market. Foreign consumers do not care about high prices. |
|  | Advertising | \$1,200,000 | We just entered the foreign market. Advertising is relatively ineffective. |
|  | Consumer Promotions | \$800,000 | We just entered the foreign market. |
|  | Sales People | 10 | We just entered the foreign market. Sales people are effective. |
|  | Dealer Promotions | 1,000,000 | We just entered the foreign market. Dealer promotion is effective. |
| Product Development |  | \$2,000,000 | We wanted to have the best product on the market. |
| Contractor Bid |  | \$50.00 | Decreased in order to have a better chance at receiving a bid while still remaining profitable. |

Return on sales: 38\%
Revenue: \$28,985,462
Gross Margin: \$20,576,010
Net Profit: \$10,986,010

Period 4

|  |  | Decision | Reasoning |
| :---: | :---: | :---: | :---: |
| Home | Price | \$79.99 | Lowered price in order to remain the most competitively priced sneaker |
|  | Advertising | \$1,700,000 | Slight increase in order to boost sales. |
|  | Consumer Promotions | \$1,000,000 | Same as previous |
|  | Sales People | 4 | Same as previous. |
|  | Dealer Promotions | \$500,000 | Dealer promotion is less effective in the Home Market, so we continued our theory of low costs. |
| Domestic | Price | \$76.99 | Lowered price in order to remain the most competitively priced sneaker. |
|  | Advertising | \$1,200,000 | Same as previous. |
|  | Consumer Promotions | \$1,400,000 | Slight increase in order to boost sales. |
|  | Sales People | 8 | Same as previous. |
|  | Dealer Promotions | \$1,000,000 | High in order to attract more customers. We wanted to gain more customers from the Domestic Market because there are more available customers. |
| Foreign | Price | \$87.99 | We increased the price because foreign consumers do not care about high prices. |
|  | Advertising | \$1,400,000 | We thought increasing advertising would create more shoe sales. |
|  | Consumer Promotions | \$1,000,000 | We though the foreign customers would respond better to more customer promotion. |
|  | Sales People | 10 | Same as previous. |
|  | Dealer Promotions | 1,000,000 | Same as previous; Dealer promotion is effective. |
| Product Development |  | \$2,000,000 | We wanted to have the best product on the market. |
| Contractor Bid |  | \$35.00 | Decreased in order to have a better chance at receiving a bid while still remaining profitable. |

Return on sales: $34 \%$
Revenue: \$34,041,748
Gross Margin: \$25,533,461
Net Profit: \$11,563,461

## Period 5

|  |  | Decision | Reasoning |
| :---: | :---: | :---: | :---: |
| Home | Price | \$81.99 | Increased price because we wanted to create higher profit, and our product was of higher quality than competitors. |
|  | Advertising | \$2,000,000 | Slight increase in order to boost sales. |
|  | Consumer Promotions | \$900,000 | Decreased in order to increase advertising. |
|  | Sales People | 2 | Decreased in order to increase advertising. |
|  | Dealer Promotions | \$300,000 | Dealer promotion is less effective in the Home Market, so we continued our theory of low costs. |
| Domestic | Price | \$75.99 | Lowered price in order to remain the most competitively priced sneaker. |
|  | Advertising | \$1,200,000 | Same as previous. |
|  | Consumer Promotions | \$1,000,000 | Decreased to reflect sales. |
|  | Sales People | 8 | Same as previous. |
|  | Dealer Promotions | \$1,000,000 | High in order to attract more customers. We wanted to gain more customers from the Domestic Market because there are more available customers. |
| Foreign | Price | \$92.99 | We increased the price because foreign consumers do not care about high prices. |
|  | Advertising | \$1,000,000 | Advertising was proven to be ineffective. |
|  | Consumer Promotions | \$1,000,000 | Same as previous. |
|  | Sales People | 10 | Same as previous. |
|  | Dealer Promotions | 1,000,000 | Same as previous; Dealer promotion is effective. |
| Product Development |  | \$2,000,000 | We wanted to have the best product on the market. |
| Contractor Bid |  | \$20.00 | Decreased in order to have a better chance at receiving a bid while still remaining profitable. |

Return on sales: 39\%
Revenue: \$37,487,618
Gross Margin: \$28,944,610
Net Profit: \$14,934,610

## Period 6

|  |  | Decision | Reasoning |
| :---: | :---: | :---: | :---: |
| Home | Price | \$80.99 | Lowered price in order to remain the most competitively priced sneaker. |
|  | Advertising | \$2,000,000 | Same as previous. |
|  | Consumer Promotions | \$1,000,000 | Increased slightly to reflect sales. |
|  | Sales People | 2 | Same as previous. |
|  | Dealer Promotions | \$200,000 | Dealer promotion is less effective in the Home Market, so we continued our theory of low costs. Decreased in order to increase advertising. |
| Domestic | Price | \$74.99 | Lowered price in order to remain the most competitively priced sneaker. |
|  | Advertising | \$1,400,000 | Increased slightly in order to reflect sales. |
|  | Consumer Promotions | \$1,000,000 | Same as previous. |
|  | Sales People | 8 | Same as previous. |
|  | Dealer Promotions | \$1,000,000 | High in order to attract more customers. We wanted to gain more customers from the Domestic Market because there are more available customers. |
| Foreign | Price | \$93.99 | We increased the price because foreign consumers do not care about high prices. |
|  | Advertising | \$1,000,000 | Same as previous; ineffective. |
|  | Consumer Promotions | \$1,000,000 | Same as previous. |
|  | Sales People | 10 | Same as previous. |
|  | Dealer Promotions | 1,000,000 | Same as previous; Dealer promotion is effective. |
| Product Development |  | \$2,000,000 | We wanted to have the best product on the market. |
| Contractor Bid |  | \$16.00 | Decreased in order to have a better chance at receiving a bid while still remaining profitable. |

Return on sales: 44\%
Revenue: \$37,268,078
Gross Margin: \$29,618,453
Net Profit: \$16,578,453

## Period 7

|  |  | Decision | Reasoning |
| :---: | :---: | :---: | :---: |
| Home | Price | \$78.99 | Lowered price in order to remain the most competitively priced sneaker. |
|  | Advertising | \$1,800,000 | Decreased because the home market was beginning to shrink. |
|  | Consumer Promotions | \$8,000,000 | Decreased in order to increase dealer promotion. |
|  | Sales People | 2 | Same as previous. |
|  | Dealer Promotions | \$300,000 | Dealer promotion is less effective in the Home Market, so we continued our theory of low costs. Increased slightly to reflect sales. |
| Domestic | Price | \$72.99 | Lowered price in order to remain the most competitively priced sneaker. |
|  | Advertising | \$1,400,000 | Same as previous. |
|  | Consumer Promotions | \$1,000,000 | Same as previous. |
|  | Sales People | 8 | Same as previous. |
|  | Dealer Promotions | \$1,000,000 | High in order to attract more customers. We wanted to gain more customers from the Domestic Market because there are more available customers. |
| Foreign | Price | \$94.99 | We increased the price because foreign consumers do not care about high prices. |
|  | Advertising | \$1,300,000 | Increased slightly to gain sales; still ineffective. |
|  | Consumer Promotions | \$1,000,000 | Same as previous. |
|  | Sales People | 10 | Same as previous. |
|  | Dealer Promotions | 1,000,000 | Same as previous; Dealer promotion is effective. |
| Product Development |  | \$2,000,000 | We wanted to have the best product on the market. |
| Contractor Bid |  | \$15.00 | Decreased in order to have a better chance at receiving a bid while still remaining profitable. |

Return on sales: 45\%

Revenue: \$37,721,220
Gross Margin: \$30,482,232
Net Profit: \$17,222,232

Period 8

|  |  | Decision | Reasoning |
| :---: | :---: | :---: | :---: |
| Home | Price | \$78.99 | Same as previous. |
|  | Advertising | \$1,800,000 | Same as previous. |
|  | Consumer Promotions | \$8,000,000 | Same as previous. |
|  | Sales People | 2 | Same as previous. |
|  | Dealer Promotions | \$300,000 | Dealer promotion is less effective in the Home Market, so we continued our theory of low costs. Same as previous. |
| Domestic | Price | \$72.99 | Same as previous. |
|  | Advertising | \$1,400,000 | Same as previous. |
|  | Consumer Promotions | \$1,000,000 | Same as previous. |
|  | Sales People | 8 | Same as previous. |
|  | Dealer Promotions | \$1,000,000 | High in order to attract more customers. We wanted to gain more customers from the Domestic Market because there are more available customers. |
| Foreign | Price | \$94.99 | Same as previous. |
|  | Advertising | \$1,300,000 | Same as previous. |
|  | Consumer Promotions | \$1,000,000 | Same as previous. |
|  | Sales People | 10 | Same as previous. |
|  | Dealer Promotions | 1,000,000 | Same as previous; Dealer promotion is effective. |
| Product Development |  | \$2,000,000 | We wanted to have the best product on the market. |
| Contractor Bid |  | \$15.00 | Same as previous because any lower would cause our company to lose money. |

Return on sales: 50\%
Revenue: $\$ 41,425,543$
Gross Margin: \$33,966,436
Net Profit: \$20,696,436

## Summary of Results

Sales by region for each period:
Period 0:


Period 2:


Period 4:


Period 6:


## Period 8:

Period 1:


Period 3:


Period 5:


Period 7:



Net Profit per decision:
Period 0
Net Profit: $\$(1,218,000)$
Period 1
Net Profit: $\$ 2,096,919$
Period 2
Net Profit: \$4,534,735
Period 3
Net Profit: \$10,986,010
Period 4
Net Profit: \$11,563,461
Period 5
Net Profit: \$14,934,610
Period 6
Net Profit: \$16,578,453
Period 7
Net Profit: \$17,222,232
Period 8
Net Profit: \$20,696,436
The profits for the Super-Fast Shoes increased for every decision that the company had made. We became the most profitable company through strategic planning along with sticking to our mission of making a great quality product for the general public. We only had one decision in the red, and that was the first decision we had made. Since the beginning, Super-Fast Shoes has strived for a high market share along with high profit margins. We were successful on all accounts.

Market Share:
Period 0:
Total Market Share $=\frac{\text { Total Company Sales }}{\text { Total Industry Sales }}=\frac{198,000}{1,980,000}=0.100=10.0 \%$
Home Market Share $=\frac{\text { Home Company Sales }}{\text { Home Industry Sales }}=\frac{67,600}{676,000}=0.100=10.0 \%$
Domestic Market Share $=\frac{\text { Domestic Company Sales }}{\text { Domestic Industry Sales }}=\frac{130,400}{1,304,000}=0.100=10.0 \%$

Period 1:
Total Market Share $=\frac{\text { Total Company Sales }}{\text { Total Industry Sales }}=\frac{186,634}{2,370,612}=0.079=7.9 \%$
Home Market Share $=\frac{\text { Home Company Sales }}{\text { Home Industry Sales }}=\frac{74,078}{1,015,894}=0.073=7.3 \%$
Domestic Market Share $=\frac{\text { Domestic Company Sales }}{\text { Domestic Industry Sales }}=\frac{112,556}{1,354,718}=0.083=8.3 \%$

## Period 2:

Total Market Share $=\frac{\text { Total Company Sales }}{\text { Total Industry Sales }}=\frac{240,677}{2,769,884}=0.087=8.7 \%$
Home Market Share $=\frac{\text { Home Company Sales }}{\text { Home Industry Sales }}=\frac{109,713}{1,203,729}=0.091=9.1 \%$
Domestic Market Share $=\frac{\text { Domestic Company Sales }}{\text { Domestic Industry Sales }}=\frac{130,964}{1,566,155}=0.084=8.4 \%$

Period 3:
Total Market Share $=\frac{\text { Total Company Sales }}{\text { Total Industry Sales }}=\frac{358,612}{3,148,794}=0.114=11.4 \%$
Home Market Share $=\frac{\text { Home Company Sales }}{\text { Home Industry Sales }}=\frac{164,675}{1,375,824}=0.120=12.0 \%$
Domestic Market Share $=\frac{\text { Domestic Company Sales }}{\text { Domestic Industry Sales }}=\frac{193,937}{1,772,970}=0.109=10.9 \%$

Period 4:
Total Market Share $=\frac{\text { Total Company Sales }}{\text { Total Industry Sales }}=\frac{414,836}{3,387,942}=0.122=12.2 \%$
Home Market Share $=\frac{\text { Home Company Sales }}{\text { Home Industry Sales }}=\frac{156,325}{1,389,081}=0.113=11.3 \%$
Domestic Market Share $=\underline{\text { Domestic Company Sales }}=\underline{177,442}=0.108=10.8 \%$
Domestic Industry Sales $1,646,860$
Foreign Market Share $=\frac{\text { Foreign Company Sales }}{\text { Foreign Industry Sales }}=\frac{81,069}{352,001}=0.230=23.0 \%$

## Period 5:

Total Market Share $=\frac{\text { Total Company Sales }}{\text { Total Industry Sales }}=\frac{466,067}{3,692,454}=0.126=12.6 \%$
Home Market Share $=\frac{\text { Home Company Sales }}{\text { Home Industry Sales }}=\frac{171,523}{1,386,046}=0.124=12.4 \%$
Domestic Market Share $=\frac{\text { Domestic Company Sales }}{\text { Domestic Industry Sales }}=\frac{195,403}{1,753,903}=0.111=11.1 \%$
Foreign Market Share $=\frac{\text { Foreign Company Sales }}{\text { Foreign Industry Sales }}=\frac{99,141}{552,505}=0.179=17.9 \%$

Period 6:
Total Market Share $=\frac{\text { Total Company Sales }}{\text { Total Industry Sales }}=\frac{455,064}{3,718,590}=0.122=12.2 \%$
Home Market Share $=\frac{\text { Home Company Sales }}{\text { Home Industry Sales }}=\frac{165,826}{1,399,267}=0.119=11.9 \%$
Domestic Market Share $=\frac{\text { Domestic Company Sales }}{\text { Domestic Industry Sales }}=\frac{189,661}{1,663,925}=0.114=11.4 \%$
Foreign Market Share $=\frac{\text { Foreign Company Sales }}{\text { Foreign Industry Sales }}=\frac{99,577}{655,398}=0.152=15.2 \%$

## Period 7:

Total Market Share $=\frac{\text { Total Company Sales }}{\text { Total Industry Sales }}=\frac{463,147}{3,970,916}=0.117=11.7 \%$
Home Market Share $=\frac{\text { Home Company Sales }}{\text { Home Industry Sales }}=\frac{164,012}{1,387,370}=0.118=11.8 \%$
Domestic Market Share $=$ Domestic Company Sales $=193,569=0.116=11.6 \%$

Domestic Industry Sales | $1,669,566$ |
| :---: |
| Foreign Market Share $=\frac{\text { Foreign Company Sales }}{\text { Foreign Industry Sales }}=\frac{105,566}{913,980}=0.116=11.6 \%$ |${ }^{2}=0$,

Period 8:
Total Market Share $=\frac{\text { Total Company Sales }}{\text { Total Industry Sales }}=\frac{510,548}{4,182,308}=0.122=12.2 \%$
Home Market Share $=\frac{\text { Home Company Sales }}{\text { Home Industry Sales }}=\frac{156,670}{1,325,372}=0.118=11.8 \%$
Domestic Market Share $=\frac{\text { Domestic Company Sales }}{\text { Domestic Industry Sales }}=\frac{207,486}{1,697,140}=0.122=12.2 \%$
Foreign Market Share $=\frac{\text { Foreign Company Sales }}{\text { Foreign Industry Sales }}=\frac{146,392}{1,159,796}=0.126=12.6 \%$

