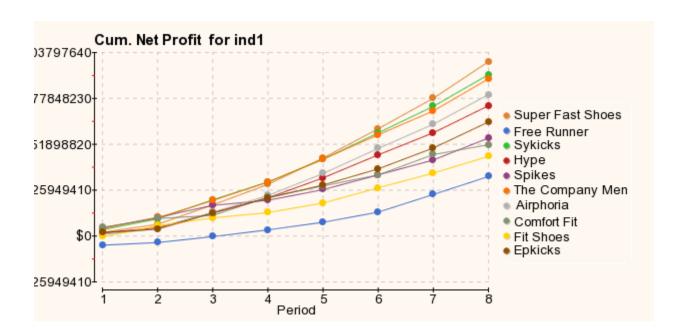
New Shoes Marketing Simulation

Adam Whitehead Edward Skilton
Enjolique McCants
Raymond Harmer
Marketing 2101 Section 102
Professor Shrank

#### **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	\$1,000,000	Our customer promotion was
	Promotions		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	\$800,000	Same as previous period because a profit
	Promotions		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	N/A	N/A
	Promotions		
	Sales People	N/A	N/A
	Dealer Promotions	N/A	N/A
Product		\$1,750,000	We wanted to have the best product on the
Development			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	\$1,000,000	Increased because customers responded
	Promotions		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	\$1,000,000	Increased slightly to reflect sales.
	Promotions		
	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
	Advortising	\$1,400,000	competitively priced sneaker.  Increased slightly in order to reflect sales.
	Advertising		
	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
		1,000,000	effective.
Product		\$2,000,000	We wanted to have the best product on the
Development			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	\$8,000,000	Decreased in order to increase dealer
	Promotions		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  Return on sales: 45		\$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	\$8,000,000	Same as previous.
	Promotions		
	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	\$1,000,000	Same as previous.
	Promotions		
	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	\$1,000,000	Same as previous.
	Promotions		
	Sales People	10	Same as previous.
	Dealer Promotions	1,000,000	Same as previous; Dealer promotion is
			effective.
Product		\$2,000,000	We wanted to have the best product on the
Development			market.
Contractor Bid		\$15.00	Same as previous because any lower
			would cause our company to lose money.

Return on sales: 50%

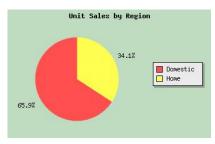
Revenue: \$41,425,543

Gross Margin: \$33,966,436

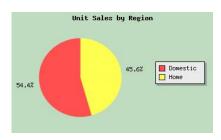
Net Profit: \$20,696,436

# **Summary of Results**

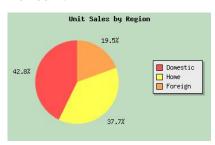
Sales by region for each period: Period 0:



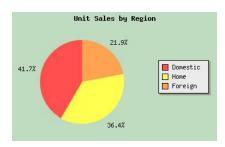
Period 2:



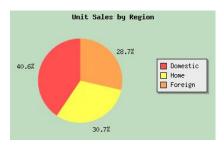
Period 4:



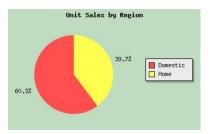
Period 6:



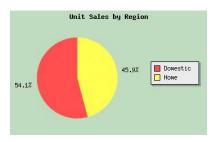
Period 8:



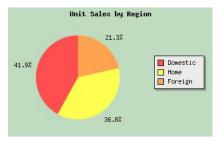
Period 1:



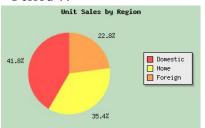
Period 3:



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 =	Total Company Sales	_	198,000	_	0 100	_	10.0%
Total Market Share	Total Industry Sales		1,980,000		0.100		101070
Lloma Market Chara	Home Company Sales		67,600		0.400		10.00/
Home Market Share =	Home Industry Sales	=	676,000	=	0.100	=	10.0%
	Domestic Company Sales		130,400		0.400		40.007
Domestic Market Share =	Domestic Industry Sales	=	1,304,000	=	0.100	=	10.0%

# Period 1:

Total Market Share	_	Total Company Sales	_	186,634	_	0.079 = 7.9%
Total Market Share	_	Total Industry Sales	_	2,370,612	_	0.079 = 7.970
Home Market Share	=	Home Company Sales  Home Industry Sales	=	74,078 1,015,894	=	0.073 = 7.3%
Domestic Market Share		Domestic Company Sales  Domestic Industry Sales	=	112,556 1,354,718	=	0.083 = 8.3%
Period 2:						

#### Period 2:

Total Market Share	_	Total Company Sales	_	240,677	_	0.087	_	8.7%
Total Maritot Charc		Total Industry Sales		2,769,884		0.001		3 70
Home Market Share		Home Company Sales		109,713		0.091		0.10/
Home Market Share	=	Home Industry Sales	1,203,729	=	0.091	=	9.170	
Domostic Market Chara		Domestic Company Sales		130,964		0.004		0.40/
Domestic Market Share	=	Domestic Industry Sales	=	1,566,155	=	0.084	=	0.4%

# Period 3:

Total Market Share =	Total Company Sales  Total Industry Sales	=	358,612 3,148,794	=	0.114	=	11.4%
Home Market Share =	Home Company Sales Home Industry Sales	=	164,675 1,375,824	=	0.120	=	12.0%
Domestic Market Share =	Domestic Company Sales  Domestic Industry Sales	=	193,937 1,772,970	=	0.109	=	10.9%

### Period 4:

Total Market Share =	Total Company Sales	414,836	= 0.122 = 12.2%
	Total Industry Sales	3,387,942	- 0.122 - 12.270
Home Market Share =	Home Company Sales  Home Industry Sales	$= \frac{156,325}{1,389,081}$	= 0.113 = 11.3%
Domestic Market Share =	Domestic Company Sales	= 177,442	= 0.108 = 10.8%

		Domestic Industry Sales	1,646,860				
Foreign Market Chara		Foreign Company Sales	81,069		0.220		22.00/
Foreign Market Share	=	Foreign Industry Sales	352,001	=	0.230	=	23.0%
Period 5:							
Total Market Share	_	Total Company Sales	466,067		0.126	_	12.6%
Total Warket Griare		Total Industry Sales	3,692,454	_		_	12.070
Home Market Share		Home Company Sales	171,523	_	0.124	_	12 /10/
Home warker Share	=	Home Industry Sales	1,386,046	=		=	12.4%
Domostia Markat Chara		Domestic Company Sales			0.444		11 10/
Domestic Market Share	=	Domestic Industry Sales		=	0.111	=	11.1%
Faraign Market Chara		Foreign Company Sales	99,141		0.470		47.00/
Foreign Market Share	=	Foreign Industry Sales	552,505	=	0.179	=	17.9%
Period 6:							
Total Market Share	_	Total Company Sales	455,064	_	0.122	=	12 2%
		Total Industry Sales	3,718,590				12.270
		Home Company Sales	165,826				
Home Market Share	=	Home Industry Sales	1,399,267	=	0.119	=	11.9%
Down actic Market Chara		Domestic Company Sales	189,661		0.444		44 40/
Domestic Market Share	=	Domestic Industry Sales	1,663,925	=	0.114	=	11.4%
Earaign Market Share		Foreign Company Sales	99,577		0.450		15 20/
Foreign Market Share	=	Foreign Industry Sales	655,398	=	0.152	=	15.2%
Period 7:							
Total Market Share	_	Total Company Sales	463,147	_	0 117	_	11.7%
	_	Total Industry Sales	3,970,916		0.117	_	11.170
Home Market Share	_	Home Company Sales	164,012		0 118		11.8%
	_	Home Industry Sales	1,387,370	_	0.110		11.070
Domestic Market Share	=	Domestic Company Sales =	193,569	=	0.116	=	11.6%

		Domestic Industry Sales		1,669,566			
Foreign Market Share	_	Foreign Company Sales	_	105,566	- 0.116 -	0.116 =	11 6%
		Foreign Industry Sales	_	913,980	_	0.110 =	11.570

# Period 8:

Total Market Share	=	Total Company Sales	_	510,548	_	0.122	=	12 2%
		Total Industry Sales	_	4,182,308	_			12.270
Home Market Share	=	Home Company Sales	=	156,670	=	0.118	=	11.8%
		Home Industry Sales		1,325,372				
Domestic Market Share	_	Domestic Company Sales	_	207,486	_	0.122	_	12 2%
Bomestio Warket Share		Domestic Industry Sales		1,697,140	_	0.122		, ,
Foreign Market Share	_	Foreign Company Sales	_	146,392	_	0.126	_	12.6%
	_	Foreign Industry Sales	_	1,159,796		0.120	_	12.070