**Section I: Financial Analyses for Marketing Decision Making:**

The All-Star Company manufactures a consumer electronics product, commonly known as a “sonite.” The brand manager recently developed a new model targeted towards the Buffs segment. The new brand, SUFF, will cost $175 per unit to produce. The brand manager has established a “manufacturers suggested retail price” of $450, taking into consideration that retailers, on average, receive a 35% margin. In order to develop awareness and gain distribution the brand manager will spend $2.0 million on advertising media, $200,000 on advertising research, and $1.25 million to hire additional salespeople.

1. Based on this information, calculate the unit contribution margin for SUFF.

2. Based on the information provided, how many units must be sold in the coming period in order to break even on SUFF?

3. Assuming that 80,000 units of brand SUFF are sold in the upcoming period calculate total net contribution.

**Section II: Sales Forecasting and Production Levels:**

Assume that you are the brand manager for SUGL (which is targeted toward Singles), and that the forecasted demand next period in each of the sonite market segments is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **BUFFS** | **SINGLES** | **HI EARNERS** | **OTHERS** | **PROFESSIONALS** |
| **250,000** | **300,000** | **400,000** | **500,000** | **350,000** |

Last period brand SUGL had the following market shares across each of the segments:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **BUFFS** | **SINGLES** | **HI EARNERS** | **OTHERS** | **PROFESSIONALS** |
| **3.0%** | **35.0%** | **10.0%** | **8.0%** | **3.0%** |

1. Based on this information, calculate next period’s sales forecast for SUGL.
2. Assuming that there are 25,000 units of SUGL already in inventory, how many units of SUGL should be produced next period?

**Section III. Market Analysis and Logic:**

The following table displays summary information for three brands, each of which targets Singles. The bottom row displays Singles’ shopping habits and MDS ideal values for economy, performance, and convenience. Please note that each brand was introduced to the market at the same time. Based on the information in the following table, explain why brands SUDS and SOYY have less market share than brand SIZL. Provide well-reasoned and insightful answers.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Singles Market Segment** | | | | | | | | | |
|  | **Market**  **Share** | **Aware**  **%** | **Distribution Coverage** | | | **Retail**  **Price** | **Brand Perceptions** | | |
|  | **S.S.** | **D.S.** | **M.M.** | **E** | **P** | **C** |
| **SUDS** | 14.4% | 79.2% | 27.2% | 32.7% | 20.2% | $360 | 6.7 | 5.4 | 1.2 |
| **SIZL** | 35.2% | 72.5% | 38.9% | 43.3% | 26.7% | $385 | 6.0 | 5.1 | 1.8 |
| **SOYY** | 21.7% | 57.6% | 40.3% | 47.8% | 28.4% | $415 | 5.4 | 5.9 | 2.5 |
|  |  |  | **Singles Shopping Habits** | | |  | **Singles Ideal Values** | | |
|  | | | 35% | 40% | 25% |  | 6.3 | 5.7 | 2.1 |

**Section IV. Reflection:**

1. Discuss two aspects of marketing/business that you now understand much better from participating in the Markstrat simulation? Explain..

2. If we were to begin the simulation all over what is the one, main thing that you would do differently? Explain.