WAYNE
ENTERPRISES

Marketing Plan

EXECUTIVE SUMMARY

Wayne Enterprises produces quality and affordable set top boxes for its consumers. It uses a unique High/Low method to generate demand and retain market share. Wayne Enterprises success is due in part to its accurate forecasting, commitment to research, its variety of products, and channels of distribution.

Mission: Wayne Enterprises pursues its 21st century vision of becoming a global set top boxes production leader who can make its customers worldwide happy through its innovative products and services.

Vision: Wayne Enterprises vision is to deliver innovative products and services that make its customers' lives better, easier and happier through increased functionality and fun.

Situation Analysis – O.G.

Company – Wayne Enterprises is an electronic products company offering two products at two price points within three regions. The brand image is positioned as the high-low market leader, offering a low cost – low customer service solution, or a high cost – medium customer service set top box solution. The products Wayne Enterprises offers to the consumer are similar to the other set top boxes currently on the market as far as functionality and usage. The company culture and goals are focused heavily on offering a solution for all consumers, not to be just the low cost leader, but to have a diverse market share between all the segments. Wayne Enterprises wants to been seen and recognized as the household name for set top boxes.

Customers & Climate – Currently the industry demand for set top boxes is roughly around 400,000 units per quarter. This demand has grown somewhat consistently over that last 6 quarters at 1% - 2% growth per quarter. From the last 3 quarters, Wayne Enterprises has noticed that the benefits the consumers are looking for mostly are the low cost set top box solution but with an emphasis on customer service. The majority of set top boxes sold to consumers are the low cost models, showing that the motivation is that value driver mentality. That being said, Wayne Enterprises still caters to the high-end market, gaining a fairly substantial amount of revenue offering a high cost set top box solution.

Competitors – The set top box market is comprised of 4 companies, each with about a 25% market share. Other than Wayne Enterprises, the three firms are actual and direct competition, offering similar products at similar price points. The research Wayne Enterprises has done shows that one of the firms is focusing to be the low cost leader, only offering a low cost solution. Currently that firm has shown a growth in market share of about 4%, due to opening new regions, taking the market leader position from Wayne Enterprises. Currently, that firm has shown its strength at being the low cost leader over a broad market, but they may find they are spread too thin, and will need to retract products from certain regions to maintain a profit margin. The other two firms have shown inconsistencies in market growth and decision-making, offering no threat to Wayne Enterprises.

S.W.O.T. Analysis – O.G.

Strengths

During the last three quarters, Wayne Enterprises has shown strengths with sales volume, outselling all other potential competitors within the market by an average of 10,000 units each quarter. During the last quarter, Wayne Enterprises did not decide to expand into more regions, which led to a loss in market share, but still outsold the competitors, generated the most revenue and remains the most valuable company within the market. Wayne Enterprises has shown strengths with sales forecasting accuracy. During the past three quarters, there is an average of 90% accuracy when forecasting the next quarter’s sales.

Weaknesses

During the past three quarters, Wayne Enterprises customer satisfaction and customer service has been below the industry average by roughly 2%. In future decisions, the customer satisfaction and service will still remain below or right at the industry standard. Even with the high-cost solution, the smaller number of high-cost buyers will not be able to increase the satisfaction rating.

Opportunities

Wayne Enterprises has a few different opportunities for growth within the market. Two regions have remained closed, and are a big opportunity for growth in the next few decisions. The marketing budget has remained relatively conservative as to stay a silent competitor and view what the competition is doing. There will be a large opportunity with the high end/high cost market that Wayne Enterprises may venture into depending on what happens during the next few decisions. With continuing a budget for market research, Wayne Enterprises will be able to see what the potential competitors are doing and will react and respond accordingly.

Threats

In the past three decisions, Wayne Enterprises has only experienced a few different threats. The loss of 2% market share this past quarter took away potential sales and revenue. If any one of the three competitors were to position their companies as a true lost cost leader, and start taking some of the consumers and market share from Wayne Enterprises, that would threaten Wayne Enterprises brand position, and be cause for a brand reassessment. Also, because Wayne Enterprises is positioned as the high-low leader, there will be price wars on both the high end as well as the low end product solutions.

Strategic Marketing Plan

Product

Wayne Enterprises has stayed consistent with its product and has not made any enhancements over the past three quarters. The strategy is to research the market allowing a better indication of what consumers want in terms of the product before making any changes. Looking at the future market, careful consideration for the high priced product is being put into deciding how much the packaging, warranty, and bandwidth should be increased. The high priced product needs to be backed up with high quality in order for it to continue selling. Consumers must have the perception that they are getting a premium product exclusive to those that can afford it. The low-cost product will not receive any enhancements in order to keep the cost low for consumers.

Price

Wayne Enterprises has kept its pricing consistent throughout the past three quarters with few changes. Each product in each channel has a strategically chosen price. Product 1 is priced at a low cost to position the product as a low cost leader. Product 2 is priced at a high cost focusing on the quality and benefit to the customer. This strategy positions Wayne Enterprises as the high-low cost leader and segments the market to high quality and economy based customers.

Wayne Enterprises is focusing 76% of its budget on product H11101 (standard/economy) to generate high volume sales. This product sells from $275-$400 per unit and has a variable cost of $118 per unit. It is paramount to generate high volume with a lower cost product in order to create a high net income. The other 24% of the budget is allocated to product H37602 (premium). High volume is not the goal with this product as it sells for $400-$600 per unit and has a variable cost of $260. The premium price creates value in the product and entices customers to spend higher amounts therefore the product is not pushed to the customer as heavily. This allows Wayne Enterprises to focus its budget more heavily on the lower cost product.

Promotion

Product 1 channel 1 and 2 is promoted as Wayne Enterprises low-cost leader. Emphasis has been placed on customer rebates and trade-in and exchange programs. This is done to prove to the customer that product 1 is the low-cost leader by allowing customers to receive money back or exchange products. The focus is allocated more towards higher benefit for a lower price and allows for high availability.

Product 2 channels 1 and 2 are promoted through a highly trained sales force. The emphasis of the sales force is to educate the customer on the product. Each member of the sales force promotes exclusively the benefit and quality of the product. No focus is placed towards price. Focus on benefit and quality over price will stay consistent in order to position product 2 as the high cost leader.

Place

Wayne Enterprises has negotiated with Firm 1 and persuaded its executives to close region 3 with the agreement that region 2 will not be opened. The premium product (product 2) will be launched in region 3 imitating the same price, promotion, marketing mix, and positioning as channel 1 and 2

Marketing Mix

The marketing mix for product 1 channel 1 is 403030 in each region. 40% of the budget is allocated towards advertising in order to generate demand for the low cost product. Promotion and sales force are allocated the same at 30% to ensure the product is sold once the demand is generated. This has worked well to generate volume in the past three quarters and Wayne Enterprises plans to continue to allocate funds in this manner for the future. Product 1 channel 2 is currently focusing 45% of its budget on advertising. This was increased last quarter to experiment the effect of a 5% change. If it proves to increase volume, Wayne Enterprises will continue to allocate funds in this manner.

Product 2 channel 1 is the same as product 1 channel 1 in which 40% of the budget is allocated to advertising. The particular mix was matched with product 1 as an experiment to see if the higher cost product responds better to the same mix. Product 2 channel 2 is currently allocating only 30% of its budget on advertising, 30% towards promotion, and 40% on sales force training. The purpose is to promote the high priced product making it more exclusive by being promoted through a highly trained sales force. This allows customers to feel that they are getting a premium product that not everyone has. Region 3 will be opened following the same marketing mix as product 2 channel 2 allowing it to enter the market positioned as the high cost leader.

MARKETING BUDGET

The total marketing budget for Wayne Enterprises is $3,000,000, for Quarter 06, see exhibit A. This is an increase from $2,960,000 from Quarter 05. According to benchmarking reports, this puts the firm at a 10.4% ratio of marketing and service spending to revenues. This is above the industry standard of 11.8%. The marketing budget was increased by $40,000 in the European region as part of a campaign to increase sales in Quarter 06. The mix includes the use of four major activities for marketing including: advertising, promotions, sales force and creative marketing. Research study spending is independent of the marketing budget.

The firm is focusing heavily on product H11101 with 76% of the budget or $2,280,000. This is the standard or basic level set-top box. H11101 has a variable cost of $118.50 to produce. The other 24% or $72,000 is spent on marketing Product H37602 which is the premium set-top box that costs $260 a unit to produce. Regional spending is 48% for the USA market, 28% for Europe, and 24% for Asia. This mixture has kept spending between 6% and 9% of revenues per region. Revenues for quarter 06 are $38,889,300. The marketing budget is 7.7% of total revenues, (see **Exhibit A**).

Spending on the different marketing activities breaks down as follows: advertising 35%, promotions & sales force building 31%, and 3% on creative. Revenues for the European region increased by $56,475 with 21,673 units sold due to the $40,000 increase in marketing spending. Sales in Europe fell short of the 23,000 forecasted for this change.

Wayne Enterprises has learned the value of spending on research. The spending on research is in addition to the $3,000,000 marketing budget discussed above. The first quarter only $5000 was spent on research. In Quarter 05 spending on research increased to $118,000. Currently, the estimated spending on research is $131,000 bringing the cumulative research spending to $254,000 see exhibit A. The research expenses are part of the firm's marketing strategy that help keep forecasting accuracy at or above 90%, the marketing mix effective and costs low by avoiding unnecessary mistakes due to lack of information.

PROFIT PLAN

Wayne Enterprises has been able to maintain a consistent 10% or higher Net Income to Revenue ratio for 3 quarters. This is due in large part to two major philosophies. The first is manipulate the marketing mix prior to making an additional change that will increase the overall expenses and the other is to focus on forecasting accuracy keeping it at 90% or above to minimize costs. This conservative strategy provides investors with industry leading earnings per share of $1.60.

Many of the decisions made for change are to adjust emphasis in marketing mix rather than increase the entire budget. If the right mix of advertising, promotions, sales force and positioning is not achieved money could be spent without any return. This ensures the marketing spending stays below 10% of the sales revenue it is creating, exhibit A. Consistent, conservative, and strategic decisions were made to use 35% of the budget in advertising. This was part of a campaign to canvas the largest audience with a penetration strategy of consumer awareness and education.

Launching the premium product into the European and Asian markets will cost the firm in excess of $2,000,000. The firm's strategy is to refrain from launching the premium product into the European and Asian regions until further information is available. Now that other firms have opened this channel more information on the effectiveness and demand of this product in the European and Asian markets is available.

Due to the recent 2% decrease in market share, the firm is planning to launch the premium product in channel two in the Asian region. The decision is based on the premium customer service already in place in this region and the information gained by analyzing results of Firm 1 & Firm 4. Wayne Enterprises will not be launching the premium product in the European region until further information is gathered. A time has not been determined.

The eventual goal of the firm is to address the customer service levels and increase them. Currently, the firm experiences below industry average customer satisfaction level at 18.4%. The time to address this concern is when the firm has increased market share to 27% and has retained earnings of $20,000,000. The current market share is 25.9% and the current retained earnings are $16,210,223. Market share drives sales, maintaining market share over 27% will ensure sales revenue consistently increases keeping profits consistent.

Perform Review

The strategy for Wayne Enterprise for quarter four was to generate demand. With hardly any references of what was done in the previous quarters, other than the quantitative data at hand, a decision was made to treat Wayne Enterprise's current products as though they were new to the market. Wayne Enterprises did not approach the market in quarter 4 by using the typical marketing price penetration; instead, there was no price change but more emphasis in educating and building brand awareness with the customers.

For product 1 (standard product) there was no price changes made. Wayne Enterprises wanted to position product 1 as its low cost leader and emphasize product quality and availability. For product 2 (premium product), no price changes were made as well. Since product 2 is a premium product, there was an emphasis on more training and human capital to train and educate sales force on the benefits of the premium product.

Superior marketing, advertisement, promotion, and sales were the key ingredients for quarter 4. As a result at the end of quarter 4, Wayne Enterprises was above industry average in net income (10% increase from previous quarter), market share (11% increase), and slightly above with forecasting average.

Although Wayne Enterprises was high in market share and income, it had a major decrease in customer satisfaction. This ended up being the drive towards Wayne Enterprises focus in quarter 5. To increase customer satisfaction, Wayne Enterprises used aggressive marketing allocations to continue growing market share. It also increased in customer retention. In order to gain more customer satisfaction, one needs to have excellent customer service. Wayne Enterprises enhanced service outsourcing, especially for region 3.

The promotion and pricing strategy for Wayne Enterprise used in the previous quarter was left the same. Wayne Enterprises had an idea of being the high/low cost leader in the industry and with the right push of promotion and advertisement to build product and brand awareness, it worked.

In order to stay consistent on customer satisfaction, Wayne Enterprises invested in marketing research studies in customer satisfaction and regional summary analysis. After quarter 5, Wayne Enterprises continued being the leader in net income (10% increase) and market share (11% increase). Nevertheless, customer service was not as high, but there was an increase.

Another disadvantage Wayne Enterprise overcame was the forecasting accuracy. Wayne Enterprises stuck to a conservative approach to meet actual demands of supply equaled to sales. If the Wayne Enterprises was accurate in forecasting, it could save the company cost and also avoid losing any or giving any market share to the competitors. Being 85% accurate in forecasting had us at the top of the industry, this means Wayne Enterprise is not losing market share by lack of supply and saving cost.

In quarter 6 we focused on how we can improve product development to make it more attractive to consumers. There was an idea to avoid premium packaging for product one and two, but there did not want to be less customer satisfaction due to poor packaging. The philosophy was that there needed to be a premium packaging for a premium package and a standard packaging for a standard product. Following product development, Wayne Enterprises wanted to continue improving customer service and so a full customer service was expanded for each region. As far as the promotion and advertisement, Wayne Enterprises increased the marketing budget to implement more research and promotion do our best to help with gain market share.

The power to differentiate and take focus in each quarter has been an advantage to the success in Wayne Enterprises. Forecasting at a record high of 92% at the end of the 6th quarter proves that Wayne Enterprises has control on how effective they can change the market. Thus far net income, market share, and forecasting have been at a steady increase. The challenge for Wayne Enterprise is what is can do to increase in customer satisfaction, then they will gain more retention and keep market share. Once you have the greater amount of market share, you must do what you can to retain it. The goal now is to remain consistent and grow at a steady paste. If Wayne Enterprise marketing plan is not broken, then we don’t fix it, but it will continue to enhance itself.