

### Assignment (1)

Look at the accompanying FastTrack, which shows the results for Round 1 for a Foundation industry. Answer the following questions, explaining the reasons and justification for your answers.

- 1) Which company had the biggest difference between actual and potential market share in the Low Tech segment? (Look at pages 5 & 7)**

Andrews (potential greater than actual)

- 2) Why did this difference happen? In other words, is the difference a result of stock-outs and therefore lost sales? Or is the difference due to selling more than the company's fair share?**

They stocked out, should have produced more and therefore had lost sales; their sales went to their competitors.

- 3) Calculate the quantity (in units) of lost sales/extra sales.**

2% in each market segment... we should calculate in units....so for:

low tech: 2% of 5544 (actual industry unit sales) = 110.88 which approximately 111 units

High Tech: 2% of 2592 = 52 units

- 4) How could the company you named in Q(1) have avoided this situation?**

Andrews should have done a better forecasting and produced more in order not to stock out and lose sales and give it away to the competitors.

- 5) Which company is selling the top product (in terms of customer appeal) in the Low tech segment? What is the product's name?**

Baker, Baldwin company

- 6) What was the total product's actual market share in 2016 (Rd1)?**

Which product?

Baker

18% actual market share (low tech) + 19.1% (high tech) = 37.1 % total actual market share

- 7) What was the product's potential market share in 2016 (Rd 1)?**

Baker

17.5% low tech + 18.7% high tech = 36.2 % total potential market share

**8) What is the product's potential market share in the beginning of next year 2017 (Rd 2)? Show your calculations. Calculated based on customer survey score, last calculation of the year**

PRODUCT BAKER:

CUSTOMER SURVEY SCORE ....  $20 / 99 = 20.2\%$  POTENTIAL IN LOW TECH

CUSTOMER SURVEY SCORE IS  $12 / 75 = 16\%$  POTENTIAL IN HIGH TECH

**9) Why is the answer of Q(8) different from the answer of Q(7)? Explain.**

Q7 shows potential at 2016..... (ROUND 1)

Q8 is a prediction for ..... (ROUND 2) based on the customer survey score which was determined by the end of the year (2016 / round 1)

**10) How many products do you expect to find in the Low Tech segment in 2017 (Rd2)?**

6 products

**11) If all the products in the Low Tech Segment are equally attractive to the customers, what would the market share of each product be in 2017 (Rd2)?**

$100\% / 6 = 16.6\%$

**12) Follow the steps from 12a to 12d to calculate a sales forecast for product Able in the Low Tech segment in 2017:**

**a) Set appropriate assumptions for what you expect company Andrews to do with product Able's design and marketing in 2017. Set appropriate assumptions**

Able would keep the price as it is or slightly lower as it is one of the low prices in the market. Leave MTBF as it is as it is relatively high. Invest more in accessibility as it's only 42% and slightly increase awareness.

**b) Set appropriate assumptions for what you expect each of Andrews' competitors will do with their Low Tech segment products design and marketing in 2017 (Rd2).**

**Baldwin (Baker)** will decrease its price to be competitive with Andrews; it will also increase its awareness and accessibility

**Chester (Daze)** will decrease its prices to compete and slightly increase awareness and accessibility to overcome the decay

**Digby (Cake) and Erie (Eat)** have good pricing strategy. They will only increase their awareness and accessibility because they have the lowest awareness and accessibility of less than 50% in each.

**Ferris (Fast)** will definitely has to decrease its prices and only increase accessibility because it is too low

**c) Forecast the expected Low Tech market share for Able in 2017 based on (a) and (b).**

To avoid emergency loan, the Marketing Dept should have PESIMISTIC forecasting (worst case) to reflect around 17% instead of 19% of the total industry demand

To avoid stock out, the Production Dept should have OPTIMISTIC forecasting (best case) to reflect around 21% instead of 19% of the total industry demand

**d) Calculate and show the steps for obtaining your Low Tech sales forecast for Able in 2017.**

$19(\text{customer survey score}) / 99 = 0.19$  which is 19% out of expected industry unit demand  
 $(5544 + 554.4 = 6098.4) = \text{around } 1159 \text{ units as sales forecast in 2017 (round 2)}$

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