FORMULAS

% Margin on Cost = % Margin on SP/(100% - % Margin on SP)

% Margin on Selling Price = % Margin on Cost(100% + % Margin on Cost)

Contribution = Total Revenue - Total Variable Costs

Unit Contribution = Selling Price - Unit Variable Costs

Fixed Costs = Unit Contribution * BEQ

BEQ = Fixed Costs / Unit Contribution

Profit Impact = (Unit Cont. * Units Prod. & Sold) – Fixed Costs (– cannibalization–if any)

CLV = Lifetime Value - Acquisition Cost

LV = Customer Lifetime (in months) * Monthly Profit

Customer Lifetime (in months) = 1/monthly churn rate

Customer Monthly Profit = Gross Margin – Assigned Costs

AC = Initial Cost to Acquire Cost. (usually ads + sales)

ROMI = (Margin - Investment) / Investment

* If market share is given in $, divide by retail selling price to obtain market value in units

* Assume Margin on SP unless otherwise specified

MARGIN STRUCTURE = M > W > R

5-Step Methodology

1 - Problem Statement
State the PROBLEM in one or two sentences; major objectives + a listing of major overriding factors

2 - Situational Analysis
Strength & Weaknesses (w/i company's ctrl) ; Opportunities & Threats (out of ctrl)

3 - Identification and Evaluation of Alternatives
Find alts and elaborate on pros/cons of each.

4 - R&R / BUY-IN
the math, the decision criteria, time to sell recommendation

5 - Plan of Action
ST (6 months) vs LT (18 months)

Pricing

Value Mindset = Focus on Customer Value (no cost)

True Economic Value = Objective Value

Perceived Value = Value Attributed by Customer

Price ≤ Perceived Value, but, Price > COGS

Dynamic Pricing considers **product variation, controlling availability, and geographically.**

% Change in Quantity ÷ % Change in Price = **Price Elasticity of Demand**

company prices a solution **(and not a product)**
capturing **value** is more important than **maximizing sales**

Customer Experience (CX)

Customer Journey (CJ)	Sum of customer interactions with brand.
Goal of CJ	Make journey *sticky* through exceptional & personalized experience; creates customer engagement.
Pillars of Customer Experience	Personalization, Integrity, Expectations, Resolution, Time & Effort, and Empathy
Journey Management Capabilities	Automation, Proactive Personalization, Contextual Interaction, and Innovation
Steps in CJ MAP	understand target; map out touchpoints; identify customer pain points; reg. assess comp. perf. ; prioritize + fix roadblocks ; update & improve

Retailing

Strategy : Segmentation & Targeting; Store Differentiation & Positioning

Marketing Mix : Product & Service Assortment; Retail Prices; Promotion, and Distribution (incl. location)

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Retailing (cont)

Omni-Channel Retailing : integration of online and offline shopping behaviours to create seamless experience
goal = achieve a better shopping experience + increase conversions

Branding

Brand Equity includes:
Brand Loyalty, Brand Awareness, Perceived Quality, Brand Associations
Other Assets include patents, intellectual property..

Purpose-Driven Branding =
having compelling reason for being, beyond profit + living out desire to impact society positively/purposefully

Major Brand Portfolio Strategies =
* Mono-Brand (or Branded House) where single brand is used on all products. ie. crocs
* Multi-Brand (or House of Brands) individual brand names created for diff products + corporate name is hidden from view/minimized. ie. P&G - Tide&Gain

Multi-Branding
Pros: greater flex. w/ differentiating + customizing; commands greater retail presence (shelf-space); less risk for brand reputation.
Cons: brand-building requires high capital inv. ; no benefit of existing brand equity

Marketing in a Digital World

This is the new normal for marketing. Without digital presence, brands are already at a disadvantage.

Main Benefits
* improved measurement
* improved targeting

Impact on Target Market: greater volume + accuracy of info, easy to micro-target, easy access to customer, geographical data

Impact on Product: easy to obtain benefits/-feedback, personalization, tech facilitates augmentations

Impact on Price: dynamic pricing, price discrimination, instantaneous price comparison

Impact on Distro: direct-distro, omni-c-hannel = req., tracking increases cust. delight

Impact on Marketing Comms: 1-on-1 tracking, adjustability, content challenge, greater integration = req., consumer = always "on", targeted messages

Marketing Funnel: Awareness > Consid-eration > Intent > Purchase

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