

### 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-channel = 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 > Consideration > Intent > Purchase



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