MARKETING ANALYTICS: Case Study

Name: _____

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Date: _____

Case No.	Chapters	Case Title
7B	7	**Product Analytics: Resource Allocation using BCG Matrix**

Background:

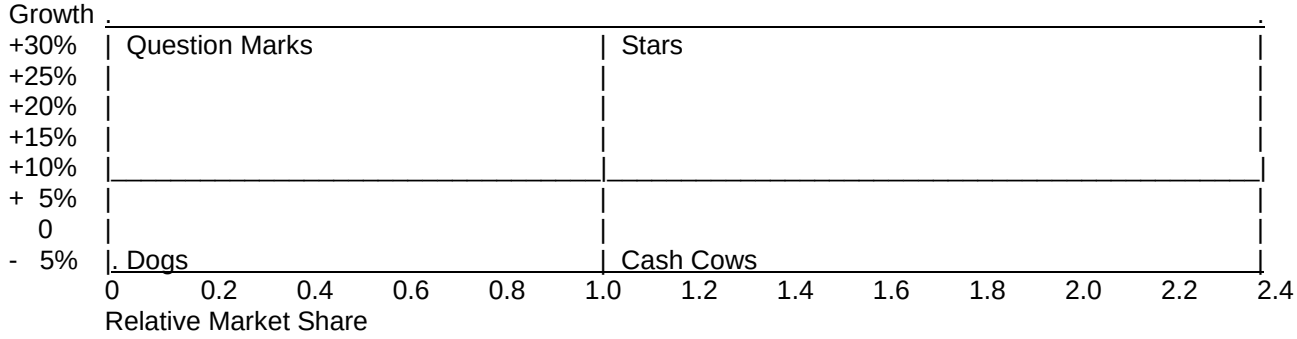
You are the portfolio manager for Honda motor company. You have been asked to consider the role that six Honda vehicles play in the overall portfolio of the company. The portfolio exercise asks you to consider how the sales performance of these vehicles compares with that of market leader Toyota. You have gathered the following sales data for Honda, Toyota, and total sales and growth rates for six automotive categories: *

Category	Honda	Sales, 2010	Toyota	Sales, 2010	Category; Growth
Midsize	Accord	186,356	Camry	189,297	1,942,699; +10.2%
Small	Civic	156,832	Corolla	167,846	1,324,140; - 4.9%
Minivan	Odyssey	62,278	Sienna	53,482	449,546; +11.0%
Midsize SUV	Pilot	59,681	4-Runner	25,767	341,886; +27.3%
Crossover	Element	8,306	Venza	29,220	1,542,211; +14.0%
Pickup	Ridgeline	9,848	Tacoma	60,471	1,045,835; +10.6%

1. Calculate the market share for Honda and Toyota. Calculate the relative market share for Honda.

Category	Honda	Market Share	Toyota	Market Share	Relative Market Share
Midsize	Accord	_____%	Camry	_____%	_____
Small	Civic	_____	Corolla	_____	_____
Minivan	Odyssey	_____	Sienna	_____	_____
Midsize SUV	Pilot	_____	4-Runner	_____	_____
Crossover	Element	_____	Venza	_____	_____
Pickup	Ridgeline	_____	Tacoma	_____	_____

2. Plot the positions for the 6 Honda vehicles on the BCG matrix. (Note the relative share axis is inverted)



3. Identify vehicles in each quadrant. Suggest a strategy for each vehicle.

Quadrant	Vehicles	Strategy
Dogs		
Cash Cows		
Question Marks		
Stars		

*(1) Source: Honda Press Release, "American Honda Reports July Sales." August 3, 2010.
http://www.hondanews.com/channels/honda-automobiles-headlines/releases/american-honda-reports-july-sales-2
(2) Source: Toyota Press Release: July 2010 Sales Chart
http://pressroom.toyota.com/pr/tms/document/July_Sales_Chart.pdf
(3) Source: Wall Street Journal, "Market Data Center, Automotive Sales." September 1, 2010.
http://online.wsj.com/mdc/public/page/2_3022-autosales.html

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Case No.	Chapters	Case Title
8	**8**	**Pricing: Acme Lamp Company**

You are the marketing manager for Acme Lamp Company. Acme specializes in the manufacture of lamps (light bulbs) for industrial applications. You are in charge of launching Acme's new LED-12 light emitting diode (LED) lamp. The LED-12 uses an array of 12 high-intensity LEDs to replace a standard medium-base incandescent lamp. As part of the launch plan, you must select a price. You have the following data:

Attribute	Data	Description
Investment	$20,000	Money invested to develop product
Fixed Cost	$10,000	Overhead costs not changing with quantity produced
Variable Cost	$10	Labor and material costs to produce each unit
Unit Sales	5,000/ year	Quantity of units forecast to sell **at $20 per unit**
Unit Sales, Max	10,000/ year	Constraint on production; Maximum production quantity
% Markup	20%	Desired return on sales
Target ROI	20%	Target return on investment for new projects
LED-12: Life	24 months	Long life due to rugged LED design
Existing lamps: Price	$1	Price of existing lamps: Incandescent and CFL
Existing lamps: Life	3 months	Shortened life due to severe conditions in industrial plant
Existing lamps: Labor	$20/ lamp to replace	Labor cost to replace existing lamp
Price elasticity	1	% change in demand given a % change in price

1. Calculate the target price using Markup/ Cost-Plus pricing.

Pricing Calculations	Results
Unit Cost	
Markup Price	

2. Calculate the target price using Target Return pricing.

Pricing Calculations	Results
Unit Cost	
Target-Return Price	

3. Calculate the target price using Value-In-Use pricing. Assume industrial plant uses 100 lamps.

Pricing Calculations	Results
Current cost	
Value In Use Price	

4. Calculate the target price using the Optimal Price Analysis tool on www.StephanSorger.com.

Pricing Calculations	Results
Optimal Price	