



BICYCLEX

2023

ANNUAL REPORT



Introduction

The mission of Bicyclex is to inspire healthy lifestyles and improve people's lives through bicycles while providing top-tier quality and affordable prices. We are proud to be dominating the market as the highest-ranked bicycle company for the last four quarters, with a firm standing at number one. Our most popular brand over the last fiscal year was the Peregrine Elite aerodynamic design which featured a light sleek look with upgraded carbon fiber add-ons to give customers an elite, high-speed experience. Our company has formulated a strategy in every department to yield top-tier results which can be seen in our reporting. All that we have accomplished thus far is a direct reflection of our dedication as a team and our commitment to Bicyclex.

Marketing Plan

After catastrophically poor market and financial performance in the first quarter, Bicyclex had to completely rethink its strategy in 4 key areas.

Brand Strategy: When designing each brand in the second quarter, careful consideration was given in analyzing customer needs for recreation, mountain, and speed bikes. Each bike was first released with lots of features at a higher price, and in later quarters more budget-friendly options were introduced. This was intended to stretch the brand downward and generate more demand, however the higher priced, higher feature products tended to far outsell these budget options.

Pricing Strategy: Our initial pricing strategy was to sell at the lowest price in the industry, even with the best product. This was to capture a high market share from the beginning and establish a brand image and some customer loyalty. This was an effective strategy, as it resulted in a final market capture of 31%. Our closest competitor gained a market share of 38%, only a 7% difference with prices as much as 45% lower than Bicyclex. We were able to shift to a higher price, higher quality model which resulted in a cumulative net profit of over \$10 million.

Advertising Strategy: The main goal of our advertising strategy was to closely analyze the top four demands consumers wanted and include those in our ad designs after reevaluating our brand designs. Throughout each quarter we increased our investment in advertising expenses as we expanded our company to different demographic regions by increasing our media inserts and internet advertising. An increase in advertising expenses yielded great results in the first four quarters, ranking our company in first place for mountain and recreation, however, our ad judgment went down due to an increase in prices and prioritizing less desirable titles.

Sales Channel Strategy: We opened in Rio de Janeiro with mountain biking as our targeted segment. After the first quarter, we realized our bike was selling in both mountain bike and recreation segments. We used this information to design a new brand in recreation, redesign our mountain bike, and open a store in Amsterdam - because it had the highest market potential for recreation - and in Bangalore - because there was no competition, and the cost of opening a store was low. Once our brand was established, we opened a store in New York alongside a speed bike model. We employed enough sales people for each store to have one salesperson per segment, plus one additional salesperson for service and one unspecified salesperson.

Current Market Situation

Our brand is highly profitable and regarded as among the best brands available on the market. We have, however, begun to lose market share and may begin to see profits decline as a result of that.

Strengths	Weaknesses
Each brand is highly profitable with margins ranging from 49% to 60%	Advertising ratings and marketing effectiveness are low compared to the competition
Bicyclex has stores located in every available location allowing for global sales	Market share has shrunk in the last 2 periods
Bicyclex has some of the highest rated products on the market	There is a high volume of sales per salesperson; staffing analysis is recommended

Lessons Learned

The project was very successful due to our efforts to build and maintain an effective strategy with each quarter's challenges. Through the process, we learned how to build an effective strategy by closely analyzing the data from previous quarters to pinpoint what could be improved. As a team, we built a strong relationship around communication to vocalize our perspectives with every decision that was made, to make sure they were suitable for everyone, and that all voices were heard. Most importantly, as a team, we paved our way through the market by analyzing market developments and the performance of our competitors to provide the best quality to consumers. We learned that a low-cost strategy can help gain a high market share in the beginning, but is not sustainable for a profit as business continues. Focusing on the consumer was our main objective, and we made sure to take into account what they were demanding and meet those demands to retain customer loyalty and increase our perceived value.