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ASSIGNMENT 5

MKT 441 – 75 | Due: 9-25-17

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All worked equally on this assignment

Assignment #5: 25 points

In-class exercise: Note: this should be COMPLETED before your group leaves computer lab.

A. Download the most current MRI data that shows the appeal of Powerade among different demographic groups. Copy and paste a portion of the MRI output below.

Target	Total '000	UNW	'000	% Detail	% Target	Index
Total	242,261	2,265	25,698	100.00	10.61	100
Men	116,965	1,412	15,440	60.08	13.20	124
Women	125,296	853	10,258	39.92	8.19	77
Educ: grad	71,542	583	5,090	19.81	7.11	67
Educ: atten	69,219	879	8,266	32.17	11.94	113

B. What demographic groups does Powerade appeal to (please be specific)?
Powerade appeals to males, uneducated, and ages 18-24 demographics.
Of Powerade drinkers, 60.08% are male, 48.03% have no college education, and 26.14% are of ages 18-24 (higher than the other age categories).

C. For males and females, show how the index numbers are calculated.

Men: $116,965 / 242,261 = 0.482 \rightarrow 60.08 / 0.482 = 124$

Women: $125,296 / 242,261 = 0.517 \rightarrow 39.92 / 0.517 = 77$

D. Based on your previous analysis of secondary data, what is the market share for Powerade (all varieties combined) within the sports drink category? What is the market share for Gatorade (all varieties combined)?

The market share for Gatorade within the sports drink category, as of April 2017, is around 77%. Powerade, on the other hand, trails behind in second place within the category, holding a market share of about 22%.

Information found via SlideShare/Vanessa Gillette

E. Based on your previous analysis of secondary data, what is the share of voice for Powerade within the sports drink category? What is the share of voice for Gatorade?

Total marketing spending for these brands: \$4,655,000 Share of Voice:

Gatorade Perform \$3.3 million	71%
Powerade Ion4 \$860,000	18%
Gatorade G2 Perform \$495,000	11%

Source: xInformation Resources Inc.

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 small time frame
 or type of Ad*

- F. How does the share of voice for Powerade compare to the market share for Powerade?
How does the share of voice for Gatorade compare to the market share for Gatorade.
Would you expect the share of market to be similar to the share of voice? If it is not the same, what does that indicate for you?

Market Share of Powerade: about 22%

Share of Voice for Powerade: 18%

Market Share of Gatorade: about 70%

Share of Voice for Gatorade: 71%

We would expect the share of market to be similar to the share of voice, simply because one would hope that a firm's advertising expenses would lead to greater sales, and thus, a greater share of the market. Such is the case here with Gatorade and Powerade, Gatorade is doing the majority of advertising spending in the sports drink industry, so it makes sense that they have the greatest share of the market.

- G. Question 2, 3 and 5a,b from below (if time).

1. Based on class discussion, summarize the characteristics of a good database *format*

- Variable names in the first row
- Data starts on the second row
- Variable names have no spaces and are less than '20' characters.
- Do not repeat variable names in other rows
- Avoid use of math symbols in variable names
- Do not use titles in the database
- In an single column, all data must be either numeric or text
- Make sure numeric values are not text values in disguise
- Do not have rows that represent summed values
- Do not merge cells
- Look out for out of place characters such as “

2. Examine the data file called "Survey data example." Put the data set into the correct form to conduct analysis. Cut and paste a portion of this database into a WORD document to turn in.

RespondentID	StartDate	EndDate	Responded	Purchase	Dislikes	Convert	Expensive	Easy to Use	Appeal	poly	RightSize	RightSize	Hip	Versatile	HiTech	WorksGreat	Mp3	TypesofMedia	InterestInUpgrade	SwitchProvider
536761234	11/07/2007	11/07/2007	1		It's a cute phone but I personally do not need all that on a phone, it's too expensive, and already many reports of its malfunctioning.	2	5	2	1	1	3	3	3	3	2	3	3	3	3	5
536743740	11/06/2007	11/07/2007	1		1. inability to send or receive picture text messages	4	4	5	4	9	5	5	5	5	5	5	5	1	1	7
536728991	11/07/2007	11/07/2007	1		4. my sister has one and I love it. just cant afford one right now	4	5	3	8	3	3	3	4	4	4	3	3	1	1	3
536692187	11/07/2007	11/07/2007	1		1. but no dishes															
536664418	11/07/2007	11/07/2007	1		Already have an iPod, why buy another one??? and already have a different company other than at and t, so not the price and I just dont need all that stuff. I just want a phone	2	3	7	7	1	1	3	3	4	4	4	4	1	2	
536663144	11/07/2007	11/07/2007	1		5. that I can talk on and I can text message	4	5	7	7	3	4	4	4	4	5	3	4	1	1	2
536628982	11/07/2007	11/07/2007	1		4. the price	5	5	5	5	5	5	5	5	5	5	5	5	1	3	3
536584417	11/07/2007	11/07/2007	1		4. too much stuff, could see it warming very slowly	3	5	7	4	3	2	5	5	5	3	3	3	3	1	1
536562121	11/07/2007	11/07/2007	1		2. the price!	4	5	5	5	4	3	4	4	4	4	5	4	1	2	2
536560372	11/07/2007	11/07/2007	1		4. last too damn much	4	5	3	4	4	4	3	4	4	4	3	5	1	3	3
536578514	11/07/2007	11/07/2007	1		3. it is not as expensive, but I like all of the features. Many other phones can do the exact same thing the iPhone	4	4	4	4	3	2	4	4	4	5	4	4	1	3	3
536564869	11/07/2007	11/07/2007	1		5. yes, yet they cost a great deal less	5	5	4	2	1	2	2	4	4	3	2	1	1	1	1
536561281	11/07/2007	11/07/2007	1		3. It is only available through AT&T and it costs too much. It is only the size of a regular and I'm very hard to handle. I've heard that even if you unlock it, you won't get all	4	5	4	4	4	4	4	4	4	4	4	4	1	3	3
536562123	11/07/2007	11/07/2007	1		5. the features without using regular	3	4	7	5	3	3	5	4	5	3	3	3	1	2	2
536518477	11/07/2007	11/07/2007	1		2. It's still new but I have heard there are some glitches in it.	4	5	4	5	5	4	4	4	4	4	4	4	1	1	1
536541121	11/07/2007	11/07/2007	1		2. The price is probably a big factor for me. there's a pretty hefty	4	4	4	4	4	4	4	4	4	4	4	4	1	3	3
536541307	11/07/2007	11/07/2007	1		4. last for a phone	4	5	3	4	4	3	3	4	4	4	3	3	1	1	1
536541688	11/07/2007	11/07/2007	1		5. so expensive	4	5	7	4	3	2	2	4	5	3	3	3	1	1	1
536548914	11/07/2007	11/07/2007	1		4. Price	4	5	3	2	3	3	2	4	4	5	3	1	2	2	2
536541175	11/07/2007	11/07/2007	1		3. Primarily the price. In general I cannot spend that much on a device which I could easily lose, drop, break, or have stolen.	4	4	4	4	4	4	4	4	4	4	4	4	1	2	2
536538217	11/07/2007	11/07/2007	1		4. The cost	4	5	4	4	4	4	4	4	4	4	4	4	1	1	1
536528933	11/07/2007	11/07/2007	1		3. The cost	4	5	4	4	4	4	4	4	4	4	4	4	1	1	1
536528128	11/07/2007	11/07/2007	1		4. Price	4	5	3	4	4	4	4	4	4	4	4	4	2	2	2
536518420	11/07/2007	11/07/2007	1		2. Price	4	5	3	4	4	4	4	4	4	4	4	4	2	2	2
536518483	11/07/2007	11/07/2007	1		3. Price	5	5	5	5	5	5	5	5	5	5	5	5	4	3	3
536518701	11/07/2007	11/07/2007	1		1. it uses ATT's network	5	2	5	5	5	5	5	5	5	5	5	5	1	1	1

Save this file, as you will use it again

3. Using Pivot tables in XL, please summarize the means - in rank order for the attributes in the modified "Example Survey Data" (The attributes are in columns L through V, inclusive in the original data file). Copy and paste the XL output into WORD.

Data	Total
Average of HiTech	4.47
Average of Versatile	4.30
Average of Hip	4.06
Average of RightSize	3.68
Average of Mp3	3.68
Average of SwitchProvider	3.63
Average of WorksGreat	3.60
Average of CurrentMediaDownload	2.25
Average of InterestInUpgrade	1.92
Average of TypesofMedia	1.42
Average of ITUNES	1.00

- * labels ABC
- * Styrofoam vs coffee mug
- * Black vs cream or sugar
- * order of tasting
- * temperature

4. In a test of three new coffee varieties, three Styrofoam cups labeled as A, B, and C are placed before subjects. The subjects are instructed to taste the coffee (black – no cream or sugar) from each cup. What problems, if any, might arise in this testing situation?

While this test is reliable in terms of brand ambiguity, this could potentially pose an issue as all black coffee looks the same. If test administrators are careless, they could mix up the three types of coffee, and it would be extremely difficult to distinguish which is which. Additionally, some respondents may hold a false belief that the quality of the coffee is associated with the letter it is assigned (i.e., A would be the highest quality coffee, C would be the lowest quality coffee). Another potential issue with this test could be temperature of the coffee. Each coffee would have to be served at roughly the same temperature. If a test-taker is partial to very warm coffee, they will respond more favorably to the hottest cup, regardless of which brand it is.

5a. Assume for the moment that Powerade has sales of \$1B per year with advertising spending of \$100M per year, and that both values have been relatively constant over time.

If your goal is to increase sales of Powerade by 10%, how much will advertising need to increase? Please be clear on the logic involved in your answer. Don't forget to use some of the information that you collected on prior assignments.

$AED = 0.2 = \% \text{ change in sales} / \% \text{ change in advertising cost}$

$.2 = 10\% / x = 50\% \text{ change in advertising cost}$

Advertising would need to increase by 50% in order to increase sales by 10%. (\$150M a year would need to be spent on advertising).

Ad spend = 50 million

5b. What is the ROI of your advertising investment that you recommended in the prior question? Again, please be clear and complete on the logic involved in your answer. Don't forget to use the information you already collected in prior assignments.

$\$100M - \$50M / \$50M = 100\% \text{ ROI}$

need margin, not revenue
 $ROI = \frac{\text{incremental G. Margin} - \text{incr. cost}}{\text{incr cost}}$

start Rev. \$1B = 1000m

nd Rev = 1.1 million up 10%

nc. Rev = \$1100 - 1000 = \$100m

Gross Margin = ~~use~~ use second

incr G. Margin = \$100m * ~~80%~~ = ~~80~~ million

incr market costs: ~~\$50m~~ (prior calc)

6. To help you think about your draft survey and to make sure that you have at least one question to address each of your hypotheses, please list out the hypotheses that you will try to answer as part of the Powerade project. Then, by each hypothesis, please list the question(s) from your survey (with the specific wording from that question, not just “Q5”) that will answer each hypothesis. **Note: you should have 5 to 6 hypotheses that help explain why sales of Powerade are low**

1. Powerade tastes bad
 - *How important is the taste of a sports drink? (Likert scale with importance)*
 - *How much do you agree/disagree with this statement: I enjoy the taste of Powerade sports drinks? (Likert scale with agreement)*
2. Powerade has almost no differentiation strategy
 - *What are the main differences between Gatorade, Powerade, Vitamin Water, and other sports drinks? (open ended)*
3. Powerade has a lack of product innovation
 - *What is the latest Powerade product you can think of? (open ended)*
 - *What is the latest Gatorade product you can think of? (open ended)*
4. Powerade does not advertise enough
 - *How do you decide which sports drink to purchase? (multiple choice)*
 - *Sports drink advertisements*
 - *Seeing what brand my peer are drinking*
 - *The flavors available*
 - *Other reason*
 - *How often do you see commercials on TV or other advertisements for Gatorade?*
 - *How often do you see commercials on TV or other advertisements for Powerade? (multiple choice)*
 - *Multiple times a day*
 - *Once a day*
 - *A few times a week*
 - *A few times throughout the month*
 - *Almost never*
5. Powerade has a weak brand identity
 - *How much do you know about the sports drink brand you currently drink?*
 - *I'm very knowledgeable about the brand*
 - *I know a little bit about the brand*
 - *I know nothing about the brand*
 - *I don't buy one specific brand*
 - *I don't drink sports drinks*

7. Use the computer lab time to start work on the draft version of your survey for the Powerade project, which is due as announced in class, as a **HARD COPY**.

The draft survey is ungraded – but a great chance for “free feedback”.

question 6

1. Powerade tastes bad.

↳ How much would you agree/disagree with this statement:

"I enjoy the taste of powerade sports drinks"? (Likert scale)

↳ do the same for Gatorade, vitamin water, etc.

2. Powerade is not unique.

↳ What are the main differences between Powerade/Gatorade?

pick
all
that
apply

a) ~~the~~ taste

b) packaging

c) nutrition levels/calories

d) other → w/ space to write

e) there are no differences



3. Powerade does not introduce enough new products.

↳ How much would you agree/disagree with this statement:

"Powerade readily introduces new products."? (Likert)

↳ do the same for other brands.

4. Powerade doesn't advertise enough.

↳ How often do you see commercials for Powerade on TV?

a) Multiple times per day

b) once a day

c) a few times a week

d) a few times throughout the month

e) almost never

↳ do the same for other brands.

5. Powerade has a weak brand identity.

↳ How familiar are you with Powerade? (Likert)

↳ How comfortable would you be taking Powerade to a kids sporting event?

↳ a cookout w/ friends?

↳ a game of your own?

↳ Do your friends drink Powerade?

a) yes

b) no

c) I'm not sure

* Do the same for other brands.