

Peer-reviewed assignment overview

Objective

Experience and react to competitor price moves in a fictional land where inhabitants love their backpacks, a challenge faced in many industries when competitors change prices

1

Step

Review the case details provided in these slides, including segments, channels, competitors, current prices and market shares.

2

Step

Prepare a price move for your company *Pro-Packs* in each of the segments and for each of the channels. Provide a rationale for your decisions based on course content.

3

Step

Review at least 3 of assignments, providing thoughtful feedback to help your peers improve their analysis.

Welcome to Backpack Land!

Market

People in ***BackPack Land*** love backpacks! **Students** use them to carry their books, **professionals** use them to carry their laptops, and **outdoor enthusiasts** use them to traverse and explore. Backpacks are a \$300m industry.

Backpack Landians buy in three market segments

Laptop backpacks

~400K sold annually



Laptop backpacks are a mainstream product that all professionals and college students own. They are the preferred means for most people to carry laptops, notepads, other electronic devices, etc.

School backpacks

~300K sold annually



Backpacks for school-aged children are used to carry school supplies to and from school including books, homework and bagged lunches

Hiking backpacks

~200K sold annually



For the outdoor enthusiasts who enjoy weekend hiking trips and exploring rocky, hilly terrain. High quality, lightweight, durable material and the best craftsmanship is most important in this segment

Four key competitors in BackPack Land



Tran-sport Backpacks

Tran-sport Backpacks caters to the mainstream. With a focus on the large laptop pack segment, the company produces large volumes in its expensive legacy factories dating back to its founding years.

It traditionally aims at a mid-price range, obtaining market shares of up to 50% in some segments.



Youth Packs

Youth Packs dominates the kid's pack segment. Children love their flashy colors. While able to carry some customers over to other segments, the firm has struggled to get traction outside their core so far.

Youth Packs has been pricing in the middle of the field, but rumor has it they could move to conquer new segments.



Community Backpack

A new company, Community Backpack predominantly sells through eCommerce. They have successfully gained marked share with a goal of selling reasonably priced packs to the masses.

With lean production facilities, Community Packs has been able to supply the market with a lower priced pack option.



Pro-packs

This premium manufacturer is the darling of hiking connoisseurs. It recently developed a line of laptop and kids' packs to complement its range of high-end outdoor tailored packs which capture 40-60% of that market segment.

The company prices in line with the superior quality of its durable and hand-made packs.

Scenario details

You are the CPO (Chief Pricing Officer) of Pro-Packs. It's the end of the current quarter. You and your competitors are preparing to release your financial results to the market. Prices and market share have been quite stable in the past several years, but there are rumors circulating in the industry which lead you to believe that significant changes may be coming.



As the CPO, review the case details, including segments, channels, competitors, current prices and market shares to be prepared for any significant market moves that may be coming

Current prices and volumes: Pro-Packs



Review
case
details

	Laptop Packs		School Packs		Hiking Packs	
	\$/pack	volume	\$/pack	volume	\$/pack	volume
Dept. stores	\$82.50	2,836	\$55.00	2,268	\$162.50	5,672
Specialty	\$82.50	6,806	\$55.00	5,445	\$162.50	13,612
eCommerce	\$82.50	1,702	\$55.00	1,361	\$162.50	3,403
Total volume &	11,344		9,074		22,687	
<i>(est. market share)</i>	<i>(11%)</i>		<i>(12%)</i>		<i>(48%)</i>	

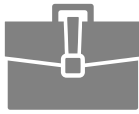
Competitive pricing information



Review
case
details

Approximate price/pack - exact actuals unknown

	Laptop Packs	School Packs	Hiking Packs
Trans-port Backpacks	\$70-\$80	\$47.50-\$52.50	\$145-\$155
Youth Packs	\$70-\$80	\$47.50-\$55.00	\$145-\$155
Community Backpack	\$70-\$77.50	\$47.50-\$52.50	\$145-\$155



Trans-port Backpacks' major announcement

"We have identified the hiking pack segment as the primary focus for future growth. Trans-port is the biggest player in the overall pack market and well established in the laptop packs segment. We see an opportunity to improve our margins while still giving consumers a lower price than is currently offered in the hiking pack market. Starting today we are lowering the prices on our hiking packs by 10% in all channels."

– Jan S. Port, CEO of Trans-port



Prepare a price move for your company *Pro-Packs* for each channel and segment. Provide rationale for your decisions based on course content

Assignment: Prepare price moves for your company *Pro-Packs* (I/III)



Prepare price move

Indicate your price moves for the Laptop segment in each channel. Provide a rationale / supporting statements for your decisions based on concepts from the course, include ideas on other possible price moves you considered and why you did not choose them.

Sales by Channel	Laptop Packs	Rationale / decision logic
Online		
Specialty		
Department store		
Other price moves considered and logic		

Assignment: Prepare price moves for your company *Pro-Packs* (II/III)



Prepare price move

Indicate your price moves for the School Packs segment in each channel. Provide a rationale / supporting statements for your decisions based on concepts from the course, include ideas on other possible price moves you considered and why you did not choose them.

Sales by Channel	School Packs	Rationale / decision logic
Online		
Specialty		
Department store		
Other price moves considered and logic		

Assignment: Prepare price moves for your company *Pro-Packs* (III/III)



Prepare price move

Indicate your price moves for the Hiking Packs segment in each channel. Provide a rationale / supporting statements for your decisions based on concepts from the course, include ideas on other possible price moves you considered and why you did not choose them.

Sales by Channel	Hiking Packs	Rationale / decision logic
Online		
Specialty		
Department store		
Other price moves considered and logic		

3

Step

Rubric for grading assignments

Elements	Criteria	Score
Sets prices for each segment by channel	Defines prices for all nine possible channels & segments combinations.	5
	Defines price for eight channel/segment combination.	4
	Defines price for seven channel/segment combinations.	3
	Defines price for six or fewer channel/segment combinations.	0
Considers other price moves for each segment by channel	Provides <u>at least two</u> other possible price moves and rationale for why these moves were not chosen	5
	Provides <u>one</u> other possible price move and rationale for why this move was not chosen	4
	Provides detail on other possible price moves but <u>does not include a rationale</u> for why these moves were not chosen	3
	Does not consider other price moves	0
Provides a rationale/decision logic for recommended price move by channel	For <u>three</u> segments, provides a rationale for each recommended price move by channel	5
	For <u>two</u> segments, provides a rationale for each recommended price move by channel	4
	For <u>one</u> segment, provides a rationale for each recommended price move by channel	3
	Does not provide a rationale for each recommended price move by channel	0
Feedback	Other price moves to consider...	NA