

Robin reached for another i-donut and salivated in anticipation as he slowly moved it toward his mouth. He had been on the job for only three hours, and already he loved it. Donuts and ice cream. Who could ask for anything more?

As the new marketing manager for Robot Robot Donut, he was allowed to eat up to five products per day. So far, his favourite was the donut. The donuts came in one flavour: honey glazed. The company also served vanilla ice cream. Again, only one flavour. But its greatest coup was the i-donut. A donut hole, wrapped in ice cream, then wrapped yet again in donut goodness and deep fried. It was always served hot (and cold on the inside). Robin was looking forward to his mid-afternoon i-donut.

Robot Robot Donut was founded two years ago and had known great success early on. The founder, Rachel Martin, had invented the entire ice cream/donut kiosk market in San Diego. The brand was well known, and in the summer, people would line up down the block to taste RRD's wares.

Robin had an MBA, so he was no stranger to business. But it was not all fun and games at RRD. The owner was known to be a hard task master. Rumours of her forcing out the previous marketing manager were making the rounds. Apparently, she had not focused on profit, but instead had simply eaten lots of donuts and ice cream. Robin vowed to not make the same mistake. His job was to determine how much to invest in the four types of promotion (flyers, retweets, facebook likes, and instagram shares). These cost one dollar each, and he had a \$1000 budget to spend each week if he chose.

He also had control over the price. If he wanted to charge more or less for any of the items, he could do so at the beginning of each week. Both of these decisions would be informed by a detailed accounting of prior promotions, prices, and resulting sales. Robin looked over the spreadsheet. In its numbers hid the secret of what he needed to do to impress his boss. He wondered where he should start.

Profits had been decent. In its first year, it had made over \$87 thousand in profit. Year two had surpassed \$89 thousand. But Ms. Martin wanted more. She had told him that the promotional spend was not optimal. Paying people to like facebook pages or retweet tweets was expensive. And it was not clear that the results were worth the money.

Robin knew that last marketing manager had struggled to justify the expenditures. There were some weeks where profits changed significantly with no explanation. He hoped he would be up to the task. He started by collecting some summary statistics.