

MARKSTRAT DEBRIEF

ACE A

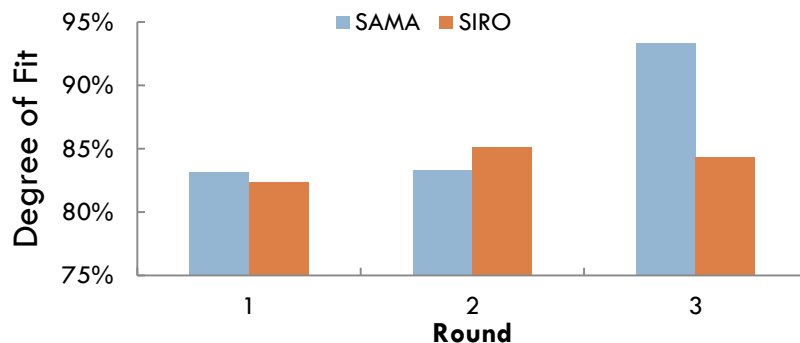
Initial Strategy

- Cost Leadership with needs-based positioning
- Target segments: Singles & Others
 - ▣ SAMA strong performer in Others
 - ▣ Barriers of entry for other segments very high
- Leverage sales force resource
 - ▣ Well positioned in department stores, mass merchandise
- 2nd mover advantage into Vodite market
 - ▣ Expected high-margin players to move first
 - ▣ Wanted to focus on our target segment needs in Sonites
 - ▣ Planned to target Early Adopters, Followers in Vodites

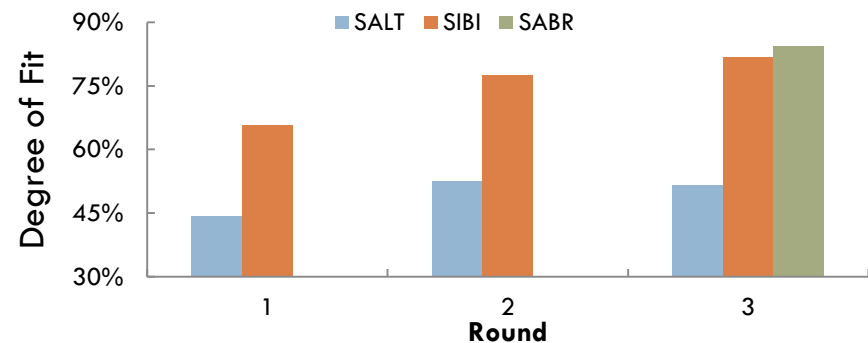
Early Stumbles, Improved Products

- Production level estimation
 - ▣ Disposed inventory, miscalculated demand
- Slow to adjust prices in accordance with Firm I
- Launched improved products in 3rd round: turnaround?
 - ▣ Aggressively attacked Price/Quality hole & opportunity
 - ▣ Neutralized competitor's distribution advantages

Others Segment - Product Fit



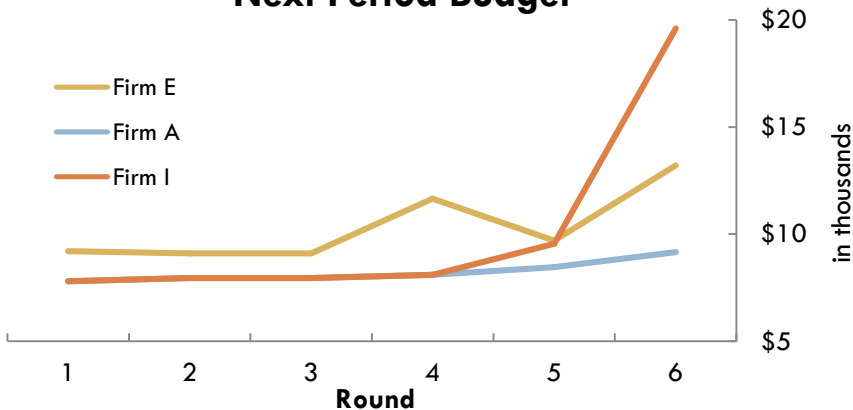
Singles Segment - Product Fit



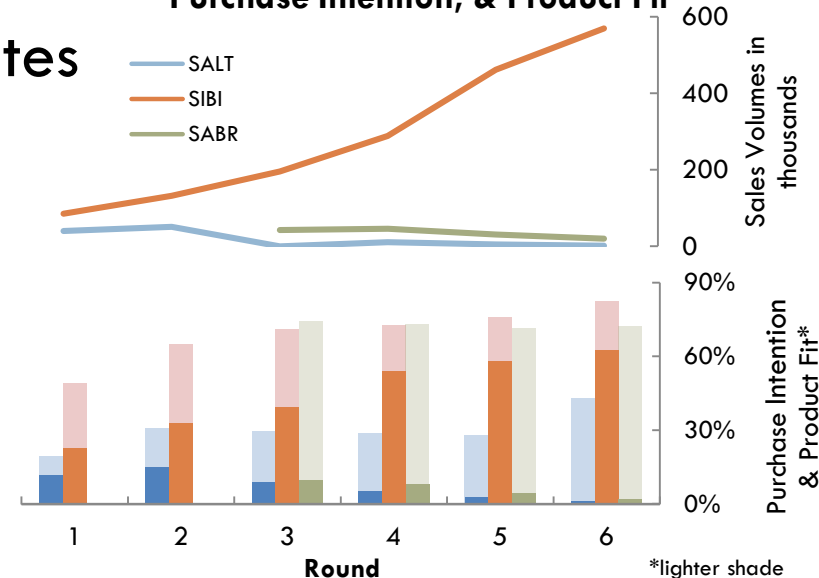
Humbling Lessons Learned

- Disappointing SABR product launch – takes time
 - ▣ Heavy advertising, strong product position, but few sales
 - ▣ Right (or wrong) moves: new brand vs old, production levels
- Low budget limits choices, needed loans
 - ▣ Differentiate into Vodite market
 - ▣ Try to defend position in Sonites

Next Period Budget



Singles - Sales Volume, Purchase Intention, & Product Fit*



*lighter shade

Final Thoughts

- Left successors with Vodite mkt. share comparable to I
- Need to upgrade Sonite products to stay competitive
- Did not fully embrace cost-leadership tenets early on
- Strategy evolved into production-centric game theory
- Hypercompetition needed for optimizing advertising and sales force spending, capitalizing on segment size

