

RAE

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REA Luxury Travel Packs



Who is RAE?

Target Segment: Luxury Trendfollowers

Company Vision: *“RAE will provide luxury backpacks with prestigious quality while maintaining excellent customer service, committing to innovation, and educating employees on industry best practices.”*

BHAG: We will become the dominate player in the backpack industry with the highest market share and net profits.

Company Goals:

- Launch a backpack that will be highly desired by our target segment
 - Measured by average appeal score (80)
- Create a prestigious brand name
 - Measured by message score (30) and interest level (70%)

Who are Luxury Trendfollowers?

Values: Self-Esteem, Status, and Beauty

Prototype/Persona: **Stephanie Smith, 30**

Business Woman

- \$100,00+ per year Salary
- 8 years in the field



Stephanie is a very successful fashion buyer for a retail store, who loves fashion and shopping. She stays on trend and has to have a designer tag on everything she wears. She wants everyone to look at her bag and know that she's successful and trendy. She's proud of the fact that she can afford to have nice things and loves to show them off. If it's cheap or looks cheap, she isn't interested in owning it. To her, it's all about the name on the outside and how it looks. She falls into the self-expressers category and loves to just have a good time. She needs a backpack that will hold everything she needs while commuting to the office or running every day errands, but it also must hold all of her essentials when she is traveling or going on vacation. Her perfect weekend might be relaxing in the Hamptons if she's in NY, having a shopping spree on Rodeo Drive if she's in LA, or combining the two on a weekend getaway to South Beach in Miami.



Print Ad



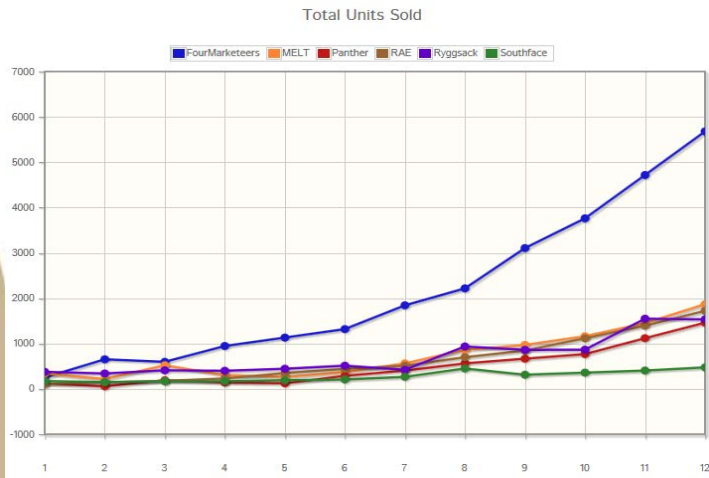
RAE Luxury Travel Packs

When comfort met chic, the rest was history...

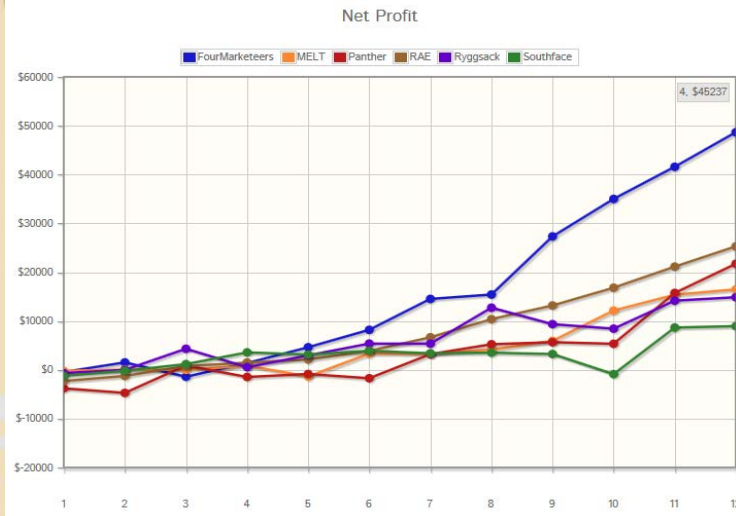


How RAE did in the simulation...

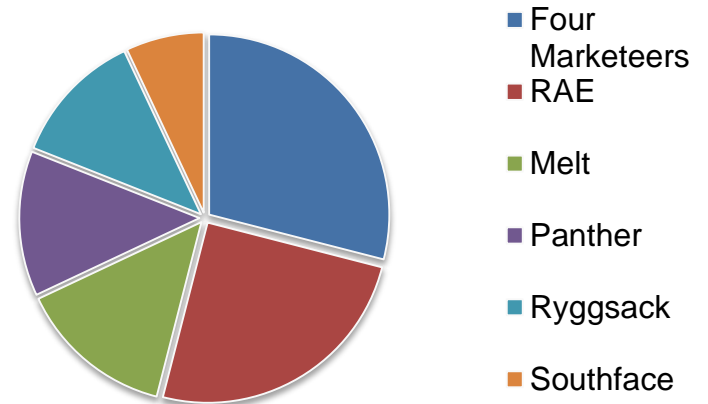
Units Sold: 3rd Place= 1722



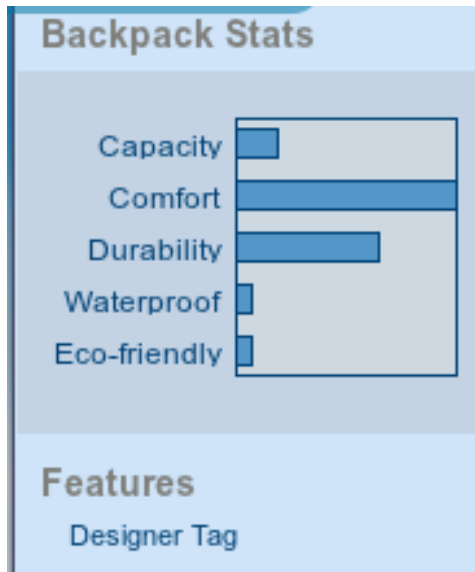
Net Profit: 2nd Place = \$25,295.20



Market Share: 2nd Place= 25%
Profit Share



Chic Product Design



Element	Selection	Cost
Shape	Teardrop Rucksack	\$6.00
Straps	Wide Padded	\$8.00
Material	Luxury	\$15.00
Features	Designer Tag	\$20.00
Color	Tan	\$0
Total		\$49.00



Chic Product Design



Benefits-Features Sought	
Features-Benefits	Luxury Trendfollowers
Comfort	1
Durability	2
Waterproof	3
Capacity	2
Eco-Friendly	3
Other Special Features	4

- **What would we do with more funding....**

- Introduce more design variations of RAE backpacks featuring different shapes, colors, and luxury materials

Benefits-Features Delivered					
Features/Benefits	RAE	Ryggsack	Southface	MELT	Panther
Comfort	++	+	+	+	+
Durability	+	+	++	+	+
Waterproof	0	+	++	0	0
Capacity	+	+	++	+	+
Eco-Friendly	0	0	0	+	+
Other Special Features					
Designer Tag	++	0	0	0	0
Water Bottle	0	+	+	+	+
Water Proof	0	0	++	0	0
University Logo	0	0	0	++	0
Laptop Sleeve	0	0	0	0	++



Exclusive Pricing Strategy

Segment Sensitivity: Not very price sensitive. They are willing to pay a premium price to have a bag with a designer tag on it.

Pricing Analysis:

- Sell bags at \$130
- Wanted to price bags somewhere between being expensive and too expensive
- Selling our bags at \$130 produced the highest margins per bag
- We can charge the premium price because there wasn't any direct competition with a comparable bag and the market wasn't price sensitive.

Units Sold with Price Changes					
Round	Price	% Change	Units Sold	%Change	
1	125	N/A	108	N/A	
2	125	0	145	34%	
3	130	4%	178	23%	
4	130	0%	230	29%	
5	130	0%	350	52%	
6	130	0%	440	26%	
7	128	-2%	512	16%	
8	130	2%	700	37%	
9	130	0%	845	21%	
10	130	0%	1117	32%	
11	130	0%	1394	25%	
12	130	0%	1722	24%	

Distribution Strategy

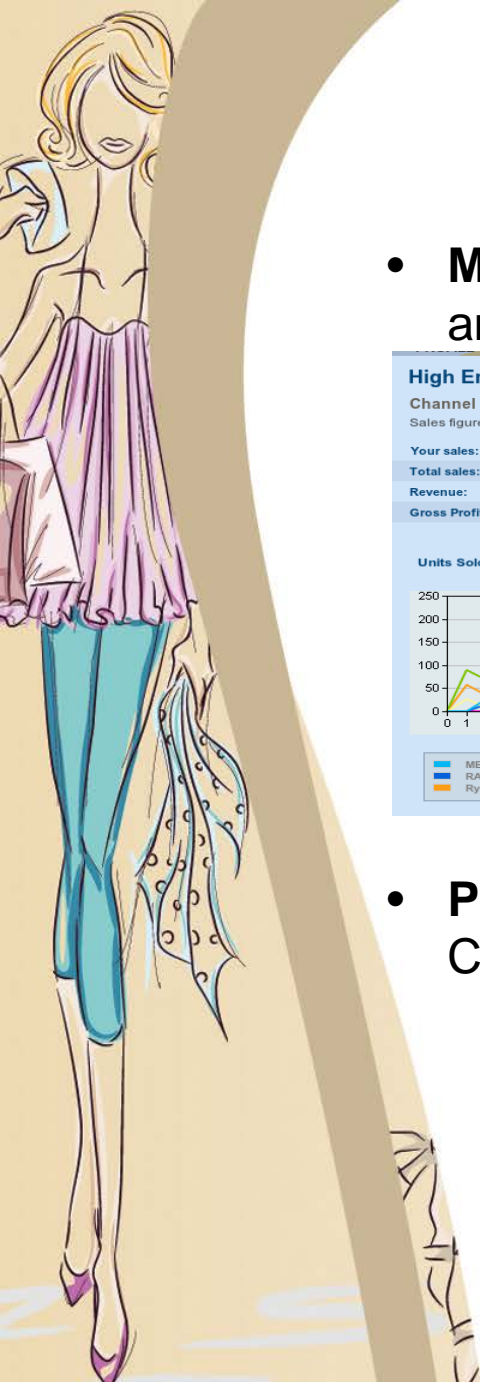
Distribution Channel Analysis:

Distribution Analysis					
Distribution Outlet	Allowable Price Range (\$)	Total Segment Reach	% of Distributor Cut	Profit Per Bag (\$125)	Profit Per Bag (\$130)
Direct	0-200	95	0	76	81
High End Outdoor	50-180	152	28	41	44.60
Fashion Boutique	60-200	836	55	7.25	9.50
Department Store	15-130	493	45	19.75	22.50
Online Discount Retailer	0-200	266	40	26	29

Most Profitable: Direct and High End Outdoor

Highest Reach: Fashion Boutique





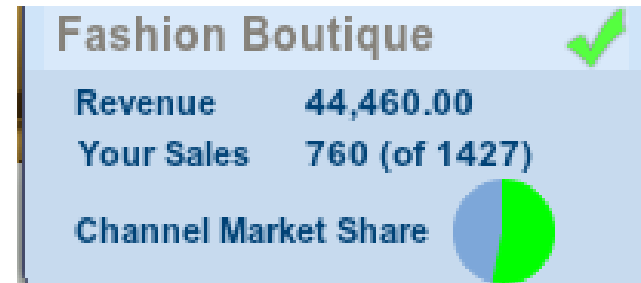
Distribution Strategy

- **MDFs: High End Outdoor and Online Discount Retailer**



With more funding...

- Eliminate ties with Fashion Boutique



- Create RAE Fashion Boutiques
 - Currently, with \$9.50 profit per bag = \$7,220 revenue
 - With RAE Boutique, \$98,800 revenue

- **Price Discounts: Direct Channel**



Promotion Strategy

Media Vehicles by Round

Round	Promotional Media	Freq	Total Reach	Total Cost	Total Units Sold	\$/person	\$/unit sold
10	Internet: Social Media	4	1112	\$7,000	1117	\$6.29	\$6.27
	Print: Fashion Magazine	4					
11	Internet: Social Media	4	1112	\$7,000	1394	\$6.29	\$5.02
	Print: Fashion Magazine	4					
12	Internet: Social Media	8	1860	\$11,000	1722	\$6.91	\$6.39
	Print: Fashion Magazine	4					

With More Funding...

- Continue to increase investment in social media promotions
 - Full-time specialist
 - Best practices
 - Number of platforms
- Work to improve effectiveness of ads in Fashion Magazine
 - Size & location of ads
 - Frequency

Lessons Learned

1. Consistency can be good in building a strong brand image and that it's best not to change too many pieces of the marketing mix at once
2. Market research is not always accurate and, just like competitors, consumers can be unpredictable at times
3. Teamwork is very important in marketing because it brings different perspectives in to look at a problem or project in different ways and allows for better ideas to be generated together





Questions?