

Exam assignment Marketing Management  
Day 2 exam assignment: Containing 3 pages including front page  
August exam 2020, 2nd semester, examination in theme 4 and theme 5

## **Marketing management**

1. external case exam: Written cross-curricular exam

Case description hand out (day 1): 5th of August 2020 at 08.30 am

**Written exam (day 2): 6th of August 2020 from 08.30 am to 2.30 pm (kl. 14.30)**

The assignment consists of 4 questions.  
The 4 questions are weighted as below in the overall evaluation of the hand in.

Question 1: 45%  
Question 2: 15%  
Question 3: 30%  
Question 4: 10%

Total: 100%

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### ***Important information***

*The 1st external exam is evaluated on the basis of the learning objectives for the 2nd semester. Students should therefore be aware that any situational analysis, relating to 1<sup>st</sup> semester learning objectives, should be placed in appendix. This can be a good basis for presenting a well-argued marketing plan at a tactical and operational level, where the arguments for the content of the marketing plan is supported by the situational analysis. Situational analysis must be placed in appendix, as this is not part of the basis for evaluation, but the content of the situational analysis is expected to be incorporated into the arguments for proposing solutions in the assignment (where the student refers to appendixes when providing documentation to support arguments)*

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The case company is **not** to be contacted



Figur 1: Billede fra en Skechers superstore

## 1. Marketing (45%)

As it states in the material from day 1, Skechers has a growth perspective as one of the leading brands within sneakers in Denmark. One of the new business areas is the establishment of stores, including the first European flagship store in Esbjerg. The flagship store sells outlet items and sports- and profile wear. The company sells products to all ages, but are particularly interested in increasing the sales to the target group of 25-35 year olds.

As a vital part of the growth strategy, the company wants to get off to a good start with the new Superstore in Denmark.

1.1 Based on the above mentioned target group and sneakers as the product category on the B2C market, please work out a relevant and well-argued marketing mix for Skechers

1.2 In continuation of your marketing mix, please make an activity plan with an overview of the recommended activities including a budget of the marketing expenses. The activity plan must be divided into a minimum of 4 quarters and must contain both online and offline activities.

## 2. Organisation and Supply Chain Management (15%)

2.1 You are asked to prepare a presentation of concept management, in which you define how Skechers should develop, manage and optimize their retail concept.

### 3. Economics (30%)

Skechers has also been working on a marketing campaign aimed at their assortment of children shoes. With this in mind, Skechers would like to have a budget created for the income statement 2020, which includes the estimated effects of the planned campaign.

A market research has been conducted in 2019, and based on its results and the company's own cost estimations, the following assumptions have been noted:

- Revenue increases by 15 %
- The gross margin increases by 2 %
- The marketing campaign is budgeted to 2.000.000 DKK
- Staff costs increases by 5 %
- Depreciations, financial expenses and the tax rate remains the same

#### Sports Connection ApS income statement 2019

<b>(1.000 DKK)</b>	<b>2019</b>
Revenue	112.800
Cost of sales	50.760
Gross profit	62.040
Staff costs	21.369
Depreciation of property, plant and equipment	979
Other external expenses	0
Profit before net financials	39.692
Financial expenses	1.755
Profit before tax	37.937
Tax for the year	8.746
Profit for the year	29.191

#### 3.1 Create an income statement budget for 2020

A marketing-employee points out, that the market research has been conducted prior to the corona-pandemic. She therefore believes that it's necessary for Skechers to adjust the expectations towards the revenue. The corona-pandemic has also affected the production costs, and the altered circumstances requires a slight adjustment in the before mentioned conditions:

- Revenue increases by 8 %
- Cost of sales increases by 5 %

All other estimates remain constant according to the original budget of assignment 3.1.

The new estimates are a concern to the marketing manager, as the gross margin could be affected.

3.2 Create an income statement budget for 2020 with the new adjusted estimates and calculate the gross margin. Discuss the implication of this ratio to the company, and how the company can improve it.

To minimize the effect of an increase in the cost of sales, Skechers are considering investing in new production facilities in order to minimize waste.

3.3 Discuss how an investment in new production facilities will affect the liquidity, and how Skechers in general can seek to improve liquidity (no calculations).

Skechers has an annual purchase of 10.000.000 DKK of one of their largest creditors. The payment terms are 30 days credit. Due to the corona-pandemic, Skechers has now asked for an increase in their credit time to current month + 30 days.

3.4 Calculate the effect on the liquidity of this change (assuming unchanged inventory), and comment on your result.

Due to the corona-pandemic, some of the employees at Skechers are now discussion the usefulness of budget-making. "We couldn't foresee the pandemic, and now none of the budgets will hold. Why even spend time making budgets?"

3.5 Discuss pro's and con's of budget-making, and how they can be used as a management-tool.

## 4. Discussion of the implementation plan (10%)

4.1 Discuss the challenges facing Skechers when they are to complete your suggestions/recommendations, including the establishment of the first Skechers superstore in Europe in a small country like Denmark?

The discussion could contain several of the following considerations:

- How are your answers in the previous questions correlated?
- What is the consequences of your previous answers?
- Is the plan financially sound?
- Does the plan adhere to relevant legislation?



Figure 2 Picture from [www.https://www.skechers.com/en-us/](https://www.skechers.com/en-us/)