

John Doe
Incoming VP Marketing, Compify
Ottawa, ON



Dear Mr. John Doe,

My name is Nicolas Camacho, Compify's current VP of Marketing and Business Analytics, leading brand management, advertising, and pricing decisions. I am writing to pass on as many insights as possible regarding Compify's goals, approaches, and what we have learned along the way. I aim to facilitate a smooth transition, aid your success, and ensure that the company's core values continue to flourish, values that we believe have led to our success. Compify is passionate about providing all types of businesses with high-quality products that empower them to achieve their goals at the most competitive prices possible, ensuring that they see a high return on investment. You will notice throughout this letter that the rest of the team and I have always taken decisions with the mission in mind while aiding decisions with the most detailed market research possible. Throughout my two years at the company, we have grown from a small business with a single sales office in Toronto and two flagship products to now a global brand, with 4 products, targeting 4 different segments, in which we are current market leaders in 3, while just behind Macrosoft in the Costcutter segment (figure 1). We are proud of our results, achieved with thorough and constant analysis of market data, brand and advertising judgements, industry news, the economic environment, and our direct and indirect competitors. Attached you will find figures to illustrate better the points discussed below.

Part of our mission is to build relationships with all types of businesses, which is why we have taken steps to provide products at a wide variety of price points. With this in mind, we chose to target the Costcutter, Workhorse, Innovator, and Mercedes segments (figure 2). By introducing our P-Max brand, our focus shifted from the Costcutter segment, to putting an increasing focus on the Mercedes segment. The change is due to a drastic increase in demand for our P-Max brand and to benefit from higher margins. Doing so allows Compify to continue reinvesting into its brands more efficiently, delivering high quality while ensuring we are not forced to increase the price.

In Q5, we decided not to pursue the traveller segment as we believed it required high capital expenditures, including R&D and the opening of a web sale centre to market a product and serve that segment successfully. We were unwilling to deviate away from our main products; instead, we preferred to invest those funds to ensure we are market leaders with our current brands. This decision has proven to work well as we have seen our competitors pour resources into the crowded traveller segment, hindering their ability to invest high amounts into the segments in which they compete with us directly. In the meantime, we have solidified our position well throughout all our segments, distancing ourselves from our competition.


In addition to the above mentioned, we chose segments to target as many possible while delivering improvements at the most cost-effective expense. Targeting our 4 segments has allowed the company to use its research and development on more than one product (figure 3). This allows for a better, less costly investment for the company while ensuring it adds high levels of value to our brands. Additionally, we have noticed that the market has started to become more demanding, wanting products that offer more for lower prices. Our brands position us well to continue satisfying our increasingly demanding customers, allowing us to pass on research and development currently used on some of our more premium-priced offerings, down to our more affordable ones, as higher quality R&D becomes available. You can find an example of this in figure 4.

Furthermore, with a total investment of \$10,9 million into R&D (figure 5), we have managed to become the industry's technical leaders, and we should focus resources on maintaining this lead. This benefits Compify in two ways. The first is that we gain a considerable advantage over our competitors, specifically Macrosoft, when targeting the innovator segment due to them valuing vendors being the technical leader as their second-highest want, with a rating of 129. Secondly, it ensures we can keep up with the ever more demanding industry, improving our brand judgements along the way. Moving forward, I would recommend speeding up the 'touch screen,' special feature R&D, to strengthen our P-Life and Power brand judgements as those are currently the ones with the lowest rating, before starting other projects, such as fingerprint security (figure 6). We are confident that a continued focus on research and development will lead to substantial further growth.

In addition to coordination with our VP of Finance to ensure all brand investments are viable, we learnt that it is also imperative to coordinate thoroughly with our VPs of Sales and Manufacturing. For example, introducing a new brand should only be done when we are sure we won't be forced to thinly spread our salespeople between brands, ultimately resulting in lower sales for the products we prioritize. A new brand targeting the Traveler segment should be considered once Compify has solidified its position as a market leader in our four current segments and when operating capacity allows us to have an adequate level of salespeople per segment.

Moreover, it would be wise to start investing in at least one R&D such as, long battery life, before launching the new brand. Additionally, coordination with our VP of Manufacturing has allowed us to maintain our original pricing strategy while adequately reacting to industry demands and market trends, lowering prices throughout the company's lifecycle. It is essential to coordinate increases in fixed capacity and investments to achieve greater economies of scale, with a possible reduction in our product prices. By doing so, you can ensure that a price reduction makes sense in the current environment and that brand profitability does not get substantially impacted. As a benchmark, per cent of brand revenues should not drop below 40%.

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In terms of advertising, I initially focused our marketing efforts on local ads, highly limiting the number of regional placements, as we did not have a large enough footprint in any region. Regional ad placements have increased since we started to grow our presence, specifically in NORAM and Europe. As the company continues to solidify its presence in various markets, it is recommended to continue following this path. Furthermore, we learn that using 2 advertising mediums per brand with high ratings but low to moderate costs and focusing our marketing efforts allows Compify to benefit from high marketing effectiveness while maintaining costs low (figure 7).

Further, market research indicated that our customers want to buy online, which is why we were excited to open two web sales offices, allowing us to advertise our new e-commerce platform, improving the efficiency in which we target, acquire, and retain our customers. A "Compify" advertisement was implemented to advertise our web sales offices, showcasing the top features of the company, calculating which ones are valued the most by getting the cumulative ratings of each feature (figure 8). "Likes to buy on the web" has a rating between 114-120 for our segments. This is not high enough to replace any of our current features in our product advertisements as we aim to have features with ratings above 120. However, it is high enough to bring value to the company, and therefore worth advertising. To market this ad successfully, I looked at which mediums were rated above 105 for each segment, taking similarities, costs, and ratings into account (figure 9). This ad did relatively well across all segments, scoring a 68, 79, 83, and 77, benefiting the company as predicted.

Lastly, the number of priorities included in ads should not surpass 7. We took this decision after experiencing decreasing ad judgements. Customers have more demanding wants in the advertisements they are exposed to, with it being increasingly hard to capture their attention. It is essential to continue only advertising highly rated ad features mentioned above to ensure that what our target audience is reading captures their attention. The improvements of our brands should continuously be represented in our ads. Furthermore, improvements to our web sales office security should be looked into as a possibility to begin advertising. Moreover, in-depth market research should continue to identify market demands and wants, allowing Compify to maintain the high advertisement judgements we have generated throughout the quarters (figure 2).

I look forward to seeing Compify continue to succeed and grow under your leadership. Please don't hesitate to contact me at NicolasCamacho@Compify.ca if you wish to discuss any of these points further.

Sincerely,

Nicolas Camacho

VP Marketing & Business Analytics



Figure 1: Compify Overview vs. Rest of Industry

	Compify	Macrosoft	AURUM	OASIS
Number of Segments Targeted	4	5	3	5
Market Share - Total	42%	26%	20%	11%
Market Share - Costcutter	38%	41%	11%	10%
Market Share - Innovator	45%	18%	20%	15%
Market Share - Mercedes	81%	n/a	4%	14%
Market Share - Workhorse	39%	29%	24%	7%
Average Price	\$ 3.083	\$ 3.429	\$ 3.159	\$ 2.881
Total Local Inserts	160	59	141	65
Total Regional Inserts	72	78	72	57
Product Reliability	85	77	77	69
Marketing Effectiveness	0.763	0.777	0.733	0.732
Market Performance	0.355	0.299	0.287	0.217

Figure 2: Overview of Brands

Brands	Type	Segment	Brand Judge.	Ad Judge.*	Price Judge.	Price (NORAM)
P-Life	Desktop	Costcutter	68	84	100	\$ 2.049
Trailblazer	Desktop	Innovator	77	84	100	\$ 3.499
P-Max	Desktop	Mercedes	72	89	100	\$ 4.799
Power	Desktop	Workhorse	77	84	100	\$ 2.949

*Judgement

Figure 3: Multiple Uses for R&D

Brand	Fail-proof Ultra Cap	High Speed Networking
P-Life	×	×
Trailblazer	✓	✓
P-Max	✓	✓
Power	✓	✓

Figure 4: Before & After R&D Become Available (Ultra-Fast Computing Power)

Brand	Before	After
P-life	Budget computing power	⇒ Mid-Range Computing Power
Trailblazer	High-Speed Computing Power	⇒ Ultra-Fast Computing Power
P-Max	High-speed computing power	⇒ Ultra-Fast Computing Power
Power	Mid-range computing power	⇒ High-Speed Computing Power

Figure 5: R&D to Date

Category	R&D Feature	Total Cost	Invested to Date	Status
Hard Drive	Fail-proof ultra cap.	\$ 1.788.252	\$ 1.788.252	Completed
Computing Power	Ultra fast	\$ 3.553.212	\$ 3.553.212	Completed
Networking	High-Speed	\$ 1.669.036	\$ 1.669.036	Completed
Operating System	Professional hi-tech	\$ 3.465.944	\$ 1.732.972	Available - Q10
Special Features	Touch Screen	\$ 1.912.246	\$ 956.123	Available - Q10
Cloud Storage	Large & fast	\$ 2.390.306	\$ 1.195.153	Available - Q10
Total		6 \$ 14.778.996	\$ 10.894.748	

Figure 6: Potential R&D Projects

Category	R&D Feature	Related Want/Demand*	Segment(s) Targeted	Rating(s)
Case	Slim (laptop)	Small footprint/size - slim design	Traveler	121
Office Software	Pro - upgrade	Word Processing	Workhorse / Traveler	125 / 122
Monitor	23" high res. (desktop)	Monitor is easy on eyes	Workhorse	120
	17" advanced (laptop)	Monitor is easy on eyes	Traveler	121
Computing Power	Massive power	Ultra fast, handle large tasks	Innovator / Mercedes	122 / 129
Special Features	Uninterruptible power	Security - able to back up data	Innovator / Mercedes / Workhorse	121 / 129 / 116
	Video conferencing	Want to use live video	Innovator / Workhorse / Traveler	117 / 116 / 118
	Fingerprint security	Peace of mind-safe,secure,no hassle	Costcutter / Workhorse / Traveler	132 / 124 / 119
Networking	Global high speed	Fast network/internet	Traveler	118
Battery	Long-life (laptop)	Can use on the road	Traveler	126
Operating System	Pro with ease of use	Easy to use	Costcutter / Workhorse	127 / 122

*R&D feature might contribute to more than one demand, the ones included above are those with the highest rating

Figure 7: Regional Media Placement Decisions

Regional Media Placement		Rating	Cost
Costcutter	Sports Magazines	140	\$ 24.500
	Leading Trade Journals	126	\$ 7.500
	General Business Magazines	109	\$ 16.000
	New Venture Magazine	407	\$ 9.000
Innovator	New Venture Magazine	148	\$ 9.000
	Computer Magazine	130	\$ 5.000
	Science & Technology	109	\$ 15.000
Mercedes	General News Magazines	139	\$ 16.000
	Science & Technology	124	\$ 15.000
	Business Newspapers	122	\$ 23.000
	Computer Magazine	113	\$ 5.000
Workhorse	General Business Magazines	127	\$ 16.000
	Sports Magazines	120	\$ 24.500
	Leading Trade Journals	116	\$ 7.500
	Business Newspapers	114	\$ 23.000

Figure 8: "Compify" Ad Development

Order of Ad Features	Costcutte r	Innovato r	Mercede s	Workhor se	Total Rating
Local Sales and Support	124	105	121	124	474
Fail-proof Data Storage	108	121	129	116	474
More Reliable Than Any Other PC	114	115	123	119	471
High Speed Network/Internet	102	120	129	117	468
Buy Online at Our Website	114	117	116	120	467
Bargain Price Under Market Average	123	93	89	120	425
Technical Leader, Most R&D	68	129	107	99	403

Figure 9: "Compify" Ad Media Placement Decisions

Regional Media	Costcutt er	Innovato r	Merced es	Worhor se	Avg. Rating	Cost (NORAM)
Sports Magazines	140			120	130	\$ 24.500
Leading Trade Journals	126			116	121	\$ 7.500
General Business Magazines	109			127	118	\$ 16.000
New Venture Magazines	107	148			127,5	\$ 9.000
Computer Magazines		130	113		121,5	\$ 5.000
Science & Technology		109	124		116,5	\$ 15.000
Business Newspaper			122	114	118	\$ 23.000