

We r the toys: marketing plan

Business



It is late June, and Sandra, head of operations at Mintendo, and Bill, head of sales of We “ R” Toys, are about to get together to discuss production and marketing plans for the next six months. Mintendo is the manufacturer of the popular Game Girl hand-held electronic game that is sold exclusively through We “ R” Toys retail stores.

The second half of the year is critical to Game Girl’s success, because a majority of its sales occur during the holiday shopping period. Sandra is worried about the impact that the upcoming holiday surge in demand will have on her production line.

Costs to subcontract assembly of the Game Girls are expected to increase, and she has trying to keep costs down given that her bonus depends on the level of production costs. Bill is worried about competing toy stores gaining share during the Christmas buying season. He has seen many companies lose their share by failing to keep in line with the performance of their products.

He would like to maximize the Game Girl market share. Both Sandra and Bill’s teams produce a joint forecast of demand over the next six months, as shown in Table 1.

We “ R” Toys sells Game Girls for \$50 apiece. At the end of June, the company has an inventory of 50, 000 Game Girls. Capacity of the production facility is set purely by the number of workers assembling the Game Girls. At the end of June, the company has a workforce of 300 employees, each of whom works eight hours of nonovertime at \$15/hour for 20 days each month.

Work rules require that no employee work more than 40 hours of overtime per month. The various are shown in Table 2. Sandra, concerned about controlling costs during periods of surging demand over the holidays, pro-