

# New product launch marketing assignment

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Considering in 2014, its narrower segment operation profit grew 130 basis points year after year up to 20. 4%. This has surpassed 170 basis point of expansion in the prior year. Yet, it is believed Handbrakes' Innovate to Elevate platform is currently in its early stages. It is also estimated that Innovate to Elevate platform products account for less than 15% of its sales. Handbrakes' sees expansion in socks, intimates and kids' underwear as well as marketing tactics are increasing this penetration.

Additionally, it is determined that active wear is in earlier stages on Handbrakes' Innovate to elevate innovations at Maidenhood have not started yet. Furthermore, Handbrakes has been successful at using acquisitions in order to drive earnings growth. Considering, \$50 million is spent per year on research and development and 400 people globally that are committed to innovation, this has become a complicated model to replicate, in the view of Handbrakes that requires both scale and controlled supply chain.

What's more is that Handbrakes produces nearly 1. 9 billion units per year and has 70% of manufacturing employees in three of its lowest cost regions. This is also with less than 3% of its workforce in China. Also, when its manufacturing can internalize high volume styles, it is estimated that savings as much as 15-20% can be achieved. Furthermore, as Maidenhood, DAB and Knights are integrated; Handbrakes advisory believes it can drive an additional \$50 million, \$95 million and \$20 million in operating profit through synergies, respectfully speaking. Bridget Wishers. 04/24/1 5) In terms of competitive analysis, Handbrakes advisory believes it has a high degree of confidence in the defensibility of Handbrakes' competitive position, considering advantages that are complicated for competition to

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replicate including Handbrakes' large owned and controlled supply chain, core produce positioning in an area where brand is more important than price, in addition to economies of scale that are achieved through a growing portfolio of synergistic brands. (Bridget Wishers. 4/24/15) In terms of competitive analysis, Handbrakes advisory believes it has a high degree of confidence in the defensibility of Handbrakes' competitive position, considering advantages that are complicated for competition to replicate including Handbrakes' large owned and controlled supply chain, core produce positioning in an area where brand is more important than price, in addition to economies of scale that are achieved through a growing portfolio of synergistic brands. (Bridget Wishers. 4/24/15) Segmentation, Target Market, and Positioning Pricing and Distribution Strategies Handbrakes advisory currently thinks earnings per share could double in the next four to five years in terms of pricing premiums, further leverage of the global supply chain and additional acquisitions that are synergistic to core products. Additionally, it is believed that Handbrakes leverages extensive manufacturing capabilities in order to produce quality products, in addition to charging an economical price.

Furthermore, Handbrakes operates a large owned and controlled global supply chain which includes 60% of its operations in the Western Hemisphere and 40% in the Eastern Hemisphere, which is thought allows it to maximize low cost production and global distribution. Handbrakes has 72 facilities that produce 1.9 billion units. Considering it is wholly owned and operated, a research and product design and development team works on manufacturing processes in order to find the lowest cost production method

for new product innovations. Additionally, the production process is as much a priority as the new product itself.

Therefore, this integration in development and the benefits of scale afforded a synergistic brand portfolio those results in a competitive advantage.

Finally, it is believed that these manufacturing capabilities also allows Hands to deliver high returns on acquisitions, given the success of Handbrakes has accomplished in terms of integrating prior acquisitions that includes Maidenhood and Dapperly, in addition to the steady pace of acquisitions at approximately one per year. Therefore, it is also believed that acquisitions will be a core driver of returns for shareholders going forward. (Bridget

Wishers. 04/24/1 5) Marketing Communication Plan weathers. 04/24/1 5)

Financial Information Intended Marketing Objectives for Y 1, Y & Y We expect our 201 5 full year sales to be between \$5. 775 billion and \$5. 825 billion.

Interest expense and other related expense are expected to be approximately \$90 million to \$95 million. We estimate our full year effective income tax rate to be approximately 13% with slightly higher rates in the first half of the year. We expect cash flow from operations to be \$550 million to \$600 million, which reflects approximately \$100 million in expected pension contributions.

Net capital expenditures are expected to be approximately \$75 million and dividend payments are expected to be roughly \$160 million. The basic apparel market is highly competitive and evolving rapidly. Competition is generally based upon brand name recognition, price, product quality, selection, service and purchasing convenience. The majority of our core

styles continue from year to year, with variations only in color, fabric or design details. Some products, however, such as intimate apparel, activities and sheer hosiery, do have more of an emphasis on style and innovation.

Our businesses face competition from other large corporations and foreign manufacturers, as well as smaller companies, department stores, specialty stores and other retailers that market and sell basic apparel products under private labels that compete directly with our brands. Implementation Milestones Evaluation, Control Metrics & Performance Measurement All guidance for adjusted performance measures exclude charges related to the acquisitions of DAB and Maidenhood Brands, Inc. , and other actions. Hands' new guidance range for net sales is approximately \$5.350 billion to \$5.5 billion, up from previous guidance of approximately \$5.075 billion. The company increased guidance for adjusted operating profit by \$25 million to a range of \$735 million to \$755 million, up from the previous guidance range of \$710 million to \$730 million. Hands has increased its guidance for interest expense and other expense by \$5 million to approximately \$90 million to reflect the DAB purchase. While the DAB acquisition is expected to have a slightly positive effect on the company's corporate tax rate, Hands continues to anticipate the 2014 rate to be in the low teens.

The company expects slightly more than 103 million weighted average shares outstanding in 2014. Adjusted PEPS guidance for 2014 has been increased by \$0.20 to a range of \$5.40 to \$5.60, up from previous guidance of \$5.20 to \$5.40, reflecting the DAB contributions to sales, adjusted operating profit and the corporate tax rate, partially offset by higher interest expense. The company continues to expect net cash from <https://assignbuster.com/new-product-launch-marketing-assignment/>

operating activities to be \$500 million to \$600 million for the year. Any cash generated in 2014 by DAB is expected to be substantially offset by cash closing expenses for the acquisition.

The company continues to expect to make pension contributions of approximately \$60 million and net capital expenditures of approximately \$70 million. Contingency Planning The marketing contingency plan for Handbrakes includes a number of factors. The first factor is being aware of risk factors and vulnerabilities such as economic conditions that may negatively affect demand for Handbrakes' products and thus reduce access to credit and cause Handbrakes' customers, suppliers and other business partners to encounter financial hardship.

This can all have a negative impact on Handbrakes' business, results of operations, its financial condition and cash flows. Also, significant fluctuations and volatility in the price of various input costs including cotton and oil related materials, freight, utilities and wages, may result in a negative impact on Handbrakes' business, results of operations, financial condition and cash flows.

Additionally, the economic environment in which Handbrakes is operating continues to be uncertain and volatile, which can result in unanticipated adverse effects on its business and beyond. Handbrakes operates in highly competitive and fast evolving market and Handbrakes' market share and results of operations can be negatively affected if Handbrakes fails to compete effectively in the future. It is also important to be aware that

Handbrakes relies on a relatively small number of customers for a significant portion of its sales.

Also the loss of or material reduction in sales to any of Handbrakes' top customers could result in a material negative effect on its business, results of operations, financial conditions and cash flows. Finally, any disruption in Handbrakes' supply chain or adverse impact on its extensive network of operations may negatively affect its business, results of operations, financial conditions and cash flows.

Considering Handbrakes has an extensive global supply chain, a significant portion of its products are manufactured in or sourced from areas in Asia, Central America and the Caribbean. Therefore, potential events that may disrupt Handbrakes' supply chain operation include political instability, acts of war or terrorism; other security risks; operations disruptions; disruptions in shipping and freight forward services and interruptions in the availability of basic services and infrastructure, including power shortages, etc.