Schwinn marketing strategy

This is a case study for Schwinn bikes that addresses these issues: the strengths and weaknesses of Schwinn; the opportunites and threats that face the company. Evaluates Schwinn's strategy of selling bikes for prices from $100 to $2, 500, and Zell/Chilmark's decision to invest $50 million in Schwinn. Calculates the breakeven point and the payback period. Paper Introduction:

Schwinn Bicycles Two strengths of Schwinn are its name recognition and its brandloyalty Another strength is that Schwinn currently has a percent marketshare in the United States This percent market share can be used togenerate additional sales in the billion retail bike market incontrast to a start up company that would have to start at the beginning indeveloping brand recognition and demand Another strength of this companyinvolves the decades of experience that Schwinn has in marketing andmanufacturing which among other things has Text of the Paper: The entire text of the paper is shown below.

However, the text is somewhat scrambled. We want to give you as much information as we possibly can about our papers and essays, but we cannot give them away for free. In the text below you will find that while disordered, many of the phrases are essentially intact. From this text you will be able to get a solid sense of the writing style, the concepts addressed, and the sources used in the research paper. In contrast to the exclusive dealerships common in the past, Schwinn's products must now compete with other bicycle manufacturers inindependent bike retailers in side by side comparisons.

Schwinn is a leaner andmore agile company following layoff of about 4 percent of its workforce. On the other hand, Schwinn faces formidable competition from othermanufacturers with established reputations for selling the most currentbicycle designs and marketing them in such a way that they are able toattract individuals with the disposable income sufficient to pay $15 ormore for a mountain bicycle.

Thismeans that the company must engage in lean production, make good arketingdecisions, and convince potential customers that Schwinn’s high end bikesare comparable in features, performance and construction to the models thatcurrently dominate the market. The market share of the competitors of Schwinn is dramatically higher than Schwinn . This 7 percent market share can be used togenerate additional sales in the $2. 5 billion retail bike market, incontrast to a start up company that would have to start at the beginning indeveloping brand recognition and demand. Four percent of$2. 5 billion is $6. 25 million.

Schwinn has the opportunity to change both its image and itsproduct offerings in response to changes in demand. Schwinn Bicycles 1. By offering a range of models from the very lowprice and graduating up to the highest price, Schwinn’s marketing plan maybe to try to convince potential buyers to step up to the next level ofsophistication and at a higher purchase price. Schwinn must overcome the belief that theSchwinn brand is for older riders who are recreational rather than competitive riders and therefore not especially interested in state-of-the-art products and components.

The market share is based on technological advances and product improvements . There are pros and cons to the strategy of manufacturing bicyclesfor every price range. The payback period o a $5 million investment would be $5 , , divided by $1, 562, 5 or 32 years. Unfortunately, given the limited information in this case analysis wecannot calculate the breakeven point. Two strengths of Schwinn are its name recognition and its brandloyalty. The struggle for Schwinnselling bicycles on the high end of the salary range of $15 to $25 include these factors .

Schwinn has a 25 percent profit marginmeaning profits are $1. 5625 million per year. For its investment, Zell received an entree into the fast growingmountain bike business. Another strengthinvolves the fact that Schwinn has developed business relationshipsnecessary to ensure that the less expensive low-end bikes that it sells inthe United States can be manufactured in Asia and exported to the UnitedStates and still sold for a profit. Another strength is that Schwinn currently has a 7 percent marketshare in the United States.

Other companies have an established market share of high end units . . Schwinn will need to make investments to develop high tech innovations, and right now Schwinn is safeguarding its cash and operating “ on a shoestring. ” 4. Another strength of this companyinvolves the decades of experience that Schwinn has in marketing andmanufacturing, which among other things has allowed management to recognizethat the need for change is unavoidable, and that the business model fordistributing bicycles to retailers has changed dramatically in the lasttwenty years.

One of themost important is that Schwinn is operating on a financial shoestring. icycle market, and more importantly that Schwinndoes not make significant inroads into the high cost, high end models thatSchwinn must sell to be considered financially successful. 3. A threat that Schwinn faces is that itscompetitors will not stand idly by while Schwinn regains market share. Instead, the competitors may engage in a promotional, marketing andadvertising campaign intended to ensure that Schwinn remains a minorparticipant in the U. S. The retail market is $2. 5 billion. We would need to know fixed costs forSchwinn in addition to the variable costs per unit of production. There are a number of weaknesses that the company faces.