

Case Briefing

Promotion – Advertising & Analytics



The Situation

Atlas Sports, a sporting goods superstore, has been performing poorly. The location is good but customer traffic is still low. Product assortment and pricing are also good. It looks like the problem is with promotion.

Your Role

You have applied for and just gotten the job as Director of Advertising. Your boss wants an analysis of the cost efficiency of three types of advertising:

- Advertising on appropriate radio stations given the demographics of customers near your store.
- Newspaper circulars with featured items and sale prices for the week.
- Email campaigns that draw customers with specific offers and help build an “opt-in” mailing list for future use.

Learning Phase

Step-by-step instructions will guide you through the analysis requested by your boss. You will calculate the Return on Investment (ROI) for each of the options in this particular simulated community. Based on the analysis, two options will emerge as most efficient in the short-term. You will learn how the third can pay off long-term. In testing the email advertising option, you’ll also learn to avoid being labeled a “spammer.”

Challenge Phase

Your goal is to use a mix of the three options from the Learning Phase to meet a weekly profit target for Atlas Sports. You can assume that the advertising ROIs are similar to those in the practice city. You can spend as much as you want on advertising, but overspending will cut into profits and cause you to miss your goal. You can run for as many weeks as you’d like. Demand is not seasonal in this case simulation.

At the option of your Professor, you may be able to retry the Challenge Phase multiple times. Only your best grade will count.

Advertising & Analytics in the Simulation

In the simulation model, thousands of consumers evaluate where they will shop each day. They can be reached via email, print or radio. Each impression they get from a store increases the chance they will shop at that store. Different types of customers listen to different radio stations. Print specials have the potential to draw in customers with attractive product offers. Email offers the opportunity to purchase lists, then build free lists of loyal customers. As in the real world, simulated customers respond better to impressions from multiple sources better than multiple impressions from one source.

Discussion Questions

Which advertising option proved the most efficient in this simulated community in the short run?

Why has email advertising and building lists become such a priority for businesses? What are loyalty programs and how are they used to build lists?

Why might using several advertising options work better than concentrating all your budget on the option with the highest ROI?

Describe an experiment for calculating the return on investment of posting banner ads for college sweatshirts on the sports pages of your university’s website?