

$$\text{ROIC} = \frac{\text{Net Operating Profits After Taxes}}{\text{Total Invested Capital}}$$

$$\text{ROMI}\% = \frac{\text{Incremental Revenue} \times \text{Contribution Margin \%} - \text{Investment}}{\text{Investment}}$$

$$\text{Investment} = \frac{\text{Incremental Revenue} \times \text{CM}\%}{\text{ROMI}\% + 1}$$

$$\text{Incremental Revenue} = \frac{(\text{ROMI}\% + 1) \times \text{Investment}}{\text{CM}\%}$$

$$\text{Contribution Margin \%} = \frac{\text{Price} - \text{Variable Cost}}{\text{Price}}$$

$$\text{Break even volume} = \frac{\text{Fixed costs}}{\text{price} - \text{unit variable costs}}$$

$$\text{Brand Z Value} = \text{Branded Earnings} \times \text{Brand Multiple} \times \text{Brand Contribution}$$

$$\text{Branded Earnings} = \text{Corporate Earnings} \times \text{Attribution Rate}$$

$$\text{Financial Value} = \text{Branded Earnings} \times \text{Brand Multiple}$$

$$\text{Brand Value} = \text{Financial Value} \times \text{Brand Contribution}$$

$$\text{Brand Equity Index} = \text{Effective Market Share} \times \text{Relative Price} \times \text{Durability}$$

$$\text{Relative Price} = \frac{\text{Brand Price}}{\text{Average Market Price}}$$

$$\text{BDI} = \frac{\frac{\text{Brand Sales in group}}{\text{Population in group}}}{\frac{\text{Total Brand Sales}}{\text{Total Consumers}}}$$

$$\text{Population in group} = \frac{\text{Brand Sales in group}}{\text{BDI} \times \frac{\text{Total Brand Sales}}{\text{Total Consumers}}}$$

$$\text{Brand Sales in group} = \text{BDI} \times \text{Population in group} \times \frac{\text{Total Brand Sales}}{\text{Total Consumers}}$$

$$\text{Total Brand Sales} = \frac{\frac{\text{Brand Sales in group}}{\text{Population in group}}}{\text{BDI} \times \text{Total Consumers}}$$

$$\text{Total Consumers} = \frac{\text{Total Brand Sales}}{\frac{\text{Brand Sales in group}}{\text{Population in group}} \times \text{BDI}}$$

$$\text{Penetration Share (\%)} = \frac{\text{Customers who have Purchased the Brand (\#)}}{\text{Customers who have Purchased a Product in the Category Penetration Share (\%)}}$$

$$\text{Penetration Share (\%)} = \frac{\text{Brand Penetration}}{\text{Market Penetration}}$$

$$\text{Heavy Usage Index (I)} = \frac{\text{Market Share Percentage}}{\text{Penetration Share} \times \text{Share of Requirement}}$$

$$\text{Share of Requirements} = \frac{\text{Market Share Percentage}}{\text{Heavy Usage Index (I)} \times \text{Penetration Share}}$$

$$\text{HUI} = \frac{\text{Avg Total Purchases in Category by Brand Customers}}{\text{Avg Total Purchases in Category by All Customers for that Category}}$$

$$\text{ROIC} = \frac{\text{Net Income} - \text{Dividends}}{\text{Total Capital}}$$

(for ROIC we ignore short-term debt, and add together the long-term debt; then add stockholder's equity to be the total capital)

$$\text{ROI (Return on Investment)} = \frac{\text{Pretax Profit}}{\text{Investment}}$$

Compound Annual Growth Rate

$$\text{CAGR}\% = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{\text{\# of years}}} - 1$$

$$\text{Cannibalization Rate} = \frac{\text{Sales lost from existing products (\#, \$)}}{\text{Sales of new product (\#, \$)}}$$

$$\text{Penetration}(t) = [\text{Penetration}(t - 1) \times \text{Repeat}(t)] + \text{First-time Triers}(t)$$

Sales Projection(t)

$$= \text{Penetration}(t) \times \text{Average Frequency of Purchase}$$

$$\times \text{Average Units of Purchase}$$

Why products fail?

-Sales below expectation: no differentiation advertisement, poor market definition, and lack of channel support

-Profit below expectation: production costs underestimated, low sales volume, selling costs high

Situation Analysis:

5C's: Customers (**decision making process:** problem recognition, info search, evaluate alternatives, purchase decision, post-purchase evaluate); Context (**macro:** demographic, economic conditions, socio-cultural environment, political/legal, technological, natural environment); Company (business model, competitive strategy); Collaborators & Complementors; Competitors

5 Forces Model of Competition:

-Rivalry among competitors 同行业竞争程度: equal-sized, growth rate, price-based competition, differentiation

-Potential new entrants 潜在的新入行者: economies of scale, capital, government regulation

-Bargaining Power of Buyers 买家的还价能力: indirect buyers, concentration, knowledge, switching costs, seller's product unique

-Bargaining Power of Suppliers 生产商的议价能力: (strong) unique inputs, labor unions, no substitutes, buyer group, information

-Substitutes 替代品: the unanticipated competitor, technology, switching costs are low, cost vs. benefits

SWOT: Strengths & Weaknesses; Opportunities & Threats

SPESTLE: 社会文化 (Social-cultural: demographic, lifestyles, education, live conditions)、科技 (Technological: research, inventions and innovation, IT, Internet, energy costs)、经济 (Economic: interest rate, government spending, unemployment, taxation, exchange rate)、环境/自然 (Environmental/Natural: resource availability, waste, by-products and environmental impact)、政治 (Political: employment laws, contract laws, trade union, consumer protection)、法律 (Legal: employment laws, contract laws, trade unions, consumer protection)、道德 (Ethical:

bribery, client confidentiality, transparency)

Strategy:

-Cost leadership: low cost, broad target

-Cost focus: low cost, narrow target

-Differentiation: different products, broad target

-Differentiation focus: different products, narrow target

Types of supply market: Oligopoly 寡头垄断 (一种由少数卖方(寡头)主导市场的市场状态), perfect competition 完全竞争 (农产品市场), monopoly 垄断, monopolistic competition 垄断竞争 (牙膏、洗发水、成都小吃店、鞋店、加油站)

7P's: Product, Price, Promotion, Distribution, Physical evidence, People, Process

Brand Z top10 2016: Google, Apple, Microsoft, AT&T, Facebook, VISA, Amazon, Verizon, McDonald's, IBM

Branding: Brand name, URLs 网址, Logos and symbols, Characters, Slogans, Jingles/Sounds

Consumer Adoption Cycle: Innovators, Early Adopters, Early Majority, Late Majority, Laggards

Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost.	Align the whole system of a firm's activities in pursuit of differentiation and low cost.