

RG BRANDS



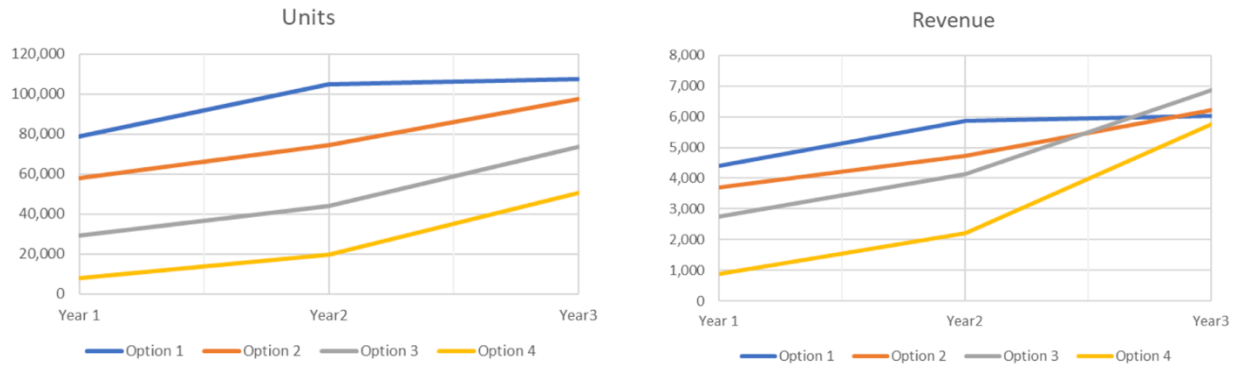
G-FORCE ATHLEISURE - MARKETING PLAN DEC - 2021

PRODUCT



Athleisure is becoming increasingly popular to consumers, and it appears to be the best option for a new product launch to save a brand like G-Force. Based off the data summary, Athleisure has a steady 3-year projected growth in revenue and units, which is a sign of reliability. The predicted three-year growth in revenue is \$3.8 to \$6.1, with units growing from 59,000 to 99,000. This a 62% growth prediction in revenue which is significant. The overall revenue estimate is \$14,784,000. The ROI% for Athleisure is forecasted to be 85% which is a significant return after initial investments while having a lower break-even point and high profit margin. If this is the ROI% after 3 years, it is expected to increase as units and sales increase providing us with higher returns on investments annually. The gross margin percentage is 30%, and the profit margin is 14%, both leading numbers in comparison to the other options. This is important to consider when measuring investments, given Athleisure requires the highest investment. In usual situations, we would consider a high investment something to avoid with a tight budget, however the number on returns is promising for success of the brand.

Regarding FIT with Brand Equity, RG brands currently has LOTUS which offers athleisure clothing; however, it doesn't offer a footwear line. G-Force currently tailors to outdoor enthusiasts but doesn't give many options to urban or suburban dwellers that are looking for versatile products. Offering an athleisure brand to G-Force would provide a high-quality versatile product, while still offering specific activity footwear for the outdoor enthusiasts we market towards. To continue upholding brand value and quality, the Athleisure line would be targeted towards Metro Athletes that live in urban or suburban areas that are driven by convenient exercise. While there may be some cross over between Athleisure being directed towards Metro Athletes and Leisure Lovers, G-Force currently targets outdoor enthusiasts, so it wouldn't make sense to completely downgrade our new product launch to a completely opposite target market. Metro Athletes are one step down from Outdoor Enthusiasts that would appreciate and be appealed to a casual option that is just as high quality and functional. Metro Athletes 3 year predicted growth is 3-5%, and currently covers 38% of the market. This means there is not as much competition, and still room to stand out from other brands while obtaining significant growth.



The chart above shows the unit and revenue growth for all 4 options. Option 2 represents Athleisure which is showing a steady growth in both units and revenue over the course of 3 years. With starting off strong, revenue goes from \$3.8 to \$6.1, and units of 59k to 99k. Comparing it to option 1, Entry Level, Athleisure starts off bringing in less revenue, but ends up surpassing Entry Level after three years. With Entry Level plateauing, it is hard to predict continued growth and success if there is stagnation after just 1 year. Athleisure shows promising growth in units and revenue combined making it a secure option.

3-Year Pro-Forma Financials							
Income Statement	Urban Walking Shoes	Urban Walking Boots	Multi-Sport	Trail Sneakers	Urban Cross Trainers	Commuter Cycle Shoes	Totals
Sales Estimate (units)	20,000	20,000	48,000	48,000	48,000	48,000	232,000
Wholesale List Price	\$64.50	\$79.50	\$49.50	\$64.50	\$69.50	\$64.50	\$63.72
Goochland Revenue	1,290,000	1,590,000	2,376,000	3,096,000	3,336,000	3,096,000	14,784,000
Unit COGS*	\$46.00	\$59.00	\$35.00	\$45.00	\$49.00	\$44.00	\$44.84
Total COGS	920,000	1,180,000	1,680,000	2,160,000	2,352,000	2,112,000	10,404,000
Gross Profit	370,000	410,000	696,000	936,000	984,000	984,000	4,380,000
						Total Fixed Costs	2,362,000
						Net Profit	2,018,000

*Unit COGS = PDD Estimates based on preliminary designs

Fixed Costs

Item	(\$)	Comments/Assumptions
Equipment/Setup & Tooling	350,000	One time investment. Useful life = 3 yrs
Building/Plant expansion	140,000	One time investment. Useful life = 3 yrs
Personnel	1,512,000	(12 dedicated employees @ full compensation) x 3 years
Utilities	360,000	(10K\$ per month electric, gas, water, sewer) x 36 months
Total	2,362,000	

The wholesale list price for an Athleisure footwear product is \$63.72. In the footwear industry, they typically double the wholesale list price for the Manufacturer Suggested Retail Price (MSRP). In that case, the MSRP would be \$126. While the fixed costs are relatively high for Athleisure, the net profit is \$2,018,000 which is the largest profit out of all 4 options presented.



Based off the consumer research, our target market for the Athleisure line would be the Metro Athletes. The segment size of the Metro Athlete is 38% of the market. It's predicted growth is 3-5% within 3 years. The Metro Athlete is an average age of 36-year-old primarily made up of the male gender (65% male/35% female). The average income is 57k annual, and they generally buy 2 pairs of shoes a year on average. They are not driven by a particular sport. They tend to be busy professionals that look for convenient exercise such as cross-training and have a growing acceptance of casual wear in the office. Their top reason for purchasing new shoes is because their old pairs wore out. Their qualifications for new shoes are product quality, experience with brand, and design for specific activities. Our Athleisure line is specifically designed to function well in a variety of exercise situations (e.g., trail walking/jogging, bicycling, cross-training, floor exercise, etc.) and to coordinate with other casual/athleisure outerwear (such as LOTUS). With Metro Athletes, we would be able to tailor to a target one step down from our current Outdoor Enthusiast consumer base, while maintaining our quality and value, further expanding our brand awareness and reputation.

PRICE

Income Statement	3-Year Pro-Forma Financials						
	Urban Walking Shoes	Urban Walking Boots	Multi-Sport	Trail Sneakers	Urban Cross Trainers	Commuter Cycle Shoes	Totals
Sales Estimate (units)	20,000	20,000	48,000	48,000	48,000	48,000	232,000
Wholesale List Price	\$64.50	\$79.50	\$49.50	\$64.50	\$69.50	\$64.50	\$63.72
Goochland Revenue	1,290,000	1,590,000	2,376,000	3,096,000	3,336,000	3,096,000	14,784,000
Unit COGS*	\$46.00	\$59.00	\$35.00	\$45.00	\$49.00	\$44.00	\$44.84
Total COGS	920,000	1,180,000	1,680,000	2,160,000	2,352,000	2,112,000	10,404,000
Gross Profit	370,000	410,000	696,000	936,000	984,000	984,000	4,380,000
						Total Fixed Costs	2,362,000
						Net Profit	2,018,000

*Unit COGS = PDD Estimates based on preliminary designs

G-Force currently prices their product at Premium. This is because G-Force provides specialty footwear made for Outdoor Enthusiasts that are professional about their outdoor experience and

sport. The variety includes climbing gear targeted towards dedicated outdoor athletes. G-Force provides customers with a specialty footwear they can rely on for their specific sport. Tailoring to the design necessary, customers can rely on G-Force to understand the needs of their movement, grip, balance, and overall reliability of their footwear.

The average **sell price** for Athleisure footwear is \$63.72. The price ranges from lowest \$49.50 to highest \$79.50. Athleisure is priced at Premium as well due to the functionality and versatility it provides. Customers that invest in Athleisure are not only investing in high quality materials and designs, but reliability in several uses such as cross-training or casual situations. The versatility brings a sense of luxury to their everyday life providing lower effort in the convenience of owning the footwear, as well as the popularity with Athleisure becoming increasingly desirable.

PLACE

Sales/Revenue by Key Accounts (Retailer)

Channel to Market	Examples	# Store Locations	Total Revenue (K\$)
Online Retailers	BackCountry.com	N/A	272
	Zappos.com	N/A	194
	USOUTDOOR.com	N/A	117
	Campmor.com	N/A	78
	EMS.com (Eastern Mountain Sports)	N/A	47
	TheClymb.com	N/A	23
	Mountainhardware.com	N/A	23
	outdoorresearch.com	N/A	16
	mountainwarehouse.com	N/A	8
		0	777
Sporting Goods Chains	Cabelas/Bass Pro	177	288
	Foot Locker	3,310	270
	Sierra Trading Post	34	234
	REI	154	216
	Dicks Sporting Goods	850	180
	Big 5 Sporting Goods	420	162
	Dunhams Sports	230	144
	Modells	150	126
	Orvis	99	108
	Sportsmans Warehouse	93	72
		5,517	1,800
Independent Specialty Dealers	Tier 1 (>\$2.5M)	300	2,773
	Tier 2 (\$1M to \$2.5M)	625	1,513
	Tier 3 (<\$1M)	1,250	756
		2,175	5,042
Dept Stores	Kohls	1,158	195
	Macys	108	117
	Dillards	292	84
	Burlington Coat Factory	500	67
	Belk	300	67
	Nordstrom/Neiman Marcus	415	28
		2,773	559
Discount Stores	DSW	500	193
	Shoe Carnival	405	105
	Walmart	4,177	53
		5,082	352
Total (K\$)			8,530

Based off the Sales and Revenue by Key Retailer Accounts, the three best **Channels of Distribution** for Athleisure are Independent Specialty Dealers, Sporting Goods Chains, and Online Retailers.

Independent Specialty Dealers are the first best channel of distribution because G-Force is a premium priced brand with a specialty product tailored to a specific segment. Premium priced brands are typically higher priced, and exclusive to specific trends and purposes. G-Force is aimed at Outdoor Enthusiasts looking for specific products for their sport tailored to their design and functionality needs. The Athleisure line tailored towards Metro Athletes should also be distributed in Independent Specialty Dealers to retain its exclusivity and value. Based on the revenue for all distribution channels, Independent Specialty Dealers bring in the highest amount of revenue for G-Force at 5,024(K\$) leading it to be a reliable outlet for the Athleisure line.

The second-best channel of distribution is Sporting Good Chains. This channel brings in the second highest amount of revenue at 1,800 (K\$) which is a good start for the G-Force brand. Athleisure products are designed for cross training as well as casual settings, so can reach a greater target audience with its versatility. Sporting Good Chains are a great way to generate awareness and provide options to the general athletic market. Sporting Good Chains such as Cabela's/Bass Pro Shop, Foot Locker, and Sierra Trading post are bringing in the largest revenue, so it would be beneficial to position the Athleisure line in those stores.

Online Retailers is the third best channel of distribution. Online Retailers have provided a revenue of 777 (K\$) and are a great way to promote further sales and generate extra revenue. With online retailers, a large segment of customers that are looking for specific products can be directed to the sites that carry the products they are looking for. Specific online retailers that carry sports and outdoor products would be best for G-Force and their athleisure line to reach such as BackCountry.com, Zappos.com, and USAOUTDOOR.com.

PROMOTION: Mass

When promoting the Athleisure line, the two advertising vehicles to use to build awareness and interest are Celebrity/Influencers and Events.

Celebrities and Influencers can be a great outlet to promote the G-Force Athleisure line mainly because it will reach the Metro Athlete target market we have identified. Athlete celebrities such as David Beckham, Lance Armstrong, and Channing Tatum could influence the demographic age of 25–35 to become aware of the specialty outdoor athletic footwear that can also be worn casually and used in versatile settings. Promoting working in urban areas, then exercising outdoors in the same footwear can promote the general awareness of the quality and value of the Athleisure line.

The second advertising vehicle that can be used to build awareness and interest are events. This would be specific to athletic events such as marathons, triathlons, and grand openings of training and sport arenas. Specifically, it would be tailored to events in urban settings to reach the metro athlete audience who are working professionals and casual sports enthusiasts/athletes. By

promoting the Athleisure line at these events, it can bring in the specific target audience that are attracted to the value and durability of the product, upholding the value of our product in the consumer's mind.

PROMOTION: Digital

To drive traffic to the website and advance growth of the Athleisure line, utilizing SEO/SEM and Instagram will fuel awareness and interest for the new products.

With SEO/SEM, the two "key words" that would be used for the new Athleisure line would be **Outdoor** and **Casual**. This would boost the landing spot on the search engine results page because online retailers that sell outdoor products such as footwear will be presented in the results page. Casual footwear will also be provided, so several casual outdoor footwear products will show up. Top results will feature top brands known for Athleisure, then Sporting Goods Chains, then specialty online retailers.

Instagram is a strong outlet to use to advance growth and awareness mainly because its ability to segment the target audience and direct advertisements to your specific market, such as Metro Athletes. With the use of influencers and celebrities as well, Instagram provides the ideal platform for users to see the celebrities they engage with promote new product on the market. With Athleisure growing in the overall market, Instagram is an essential tool to get ahead of competitors and flood pages with promotions on the new Athleisure line. Utilizing Instagram can also promote engagement with the consumer allowing them to have a personalized feeling with the product, further promoting brand awareness and loyalty.