

COMBAT

FLIP FLOPS

Buying and Merchandising Operations Research Event

Jake Harper - Bryan Khoo - Aditya Padmaraj

Skyline High School

1122 228th Ave SE Sammamish, WA, 98075

April 2021

Table of Contents

1	I. Executive Summary
4	II. Introduction
5	III. Research Methods Used In the Study
7	IV. Findings and Conclusions of the Study
11	V. Proposed Strategic Plan
16	VI. Proposed Budget
19	VII. Bibliography
20	VIII. Appendix

I. Executive Summary

Business Overview

Founded in 2006, Combat Flip Flops is a veteran-owned business founded by Washington State residents Matt Griffin and Donald Lee. Inspired by the abundance of sandals and flip flops used during their service in Afghanistan, Griffin and Lee sought to recreate the comfort of "army sandals" in the commercial market through using high-quality material. With each pair of flip flops being made of military-grade nylon, they provide unmatched durability. Now producing their own flip flops, Combat Flip Flops looks to replicate the army flip flop to provide the same traction and durability while creating unmatched comfort by using materials that will conform to the shape of the foot.

Problem

As a hired consultant for Combat Flip Flops, we have been tasked with devising a solution to help **Combat Flip Flops** recover from the disruption caused by the COVID-19 pandemic. During our research, we were able to identify multiple opportunities for growth and diversification to address CFF's longstanding problem of an over reliance on seasonal sales.

Research Methods

Throughout the research process a multitude of quantitative and qualitative methods were utilized to discover and implement new information (as portrayed in the graphic below).

Chief Operating Officer Interview	Customer Survey	Focus Group	Secondary Research
<ul style="list-style-type: none">•Conducted on 10/1/2020•1 Participant	<ul style="list-style-type: none">•Conducted From 9/6/2020 - 9/16/2020•57 Participants	<ul style="list-style-type: none">•Conducted on 10/13/2020•9 Participants	<ul style="list-style-type: none">•Conducted From 10/20/2020 - 11/1/2020

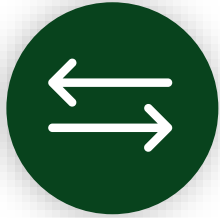
Findings of Research Study

At the end of the bottom-up driven approach to collecting research for CFF, we noticed key similarities between the stakeholder's perceptions, and were able to explore solutions with the use of supplemental secondary research. In the graphic below, each of our primary findings have been highlighted. Refer to section 4B for more details on each strategic objective and their associated rationale.



Proposed Activities & Timeline

Operation S.H.O.E.S (below) seeks to synthesize elements of marketing, customer engagement, and pricing to effectively increase customer loyalty. The operation will launch in June of 2021 and will take three years to fulfill. The plan will ultimately drive Combat Flip Flops to an investment-worthy position through customer-oriented methods and goal-driven work.



Shift Online Presence



Help Enter New Market



Organize Partnerships



Employ Rewards



Start Exploration Benefits

Below are the proposed goals for **Operation S.H.O.E.S**. Each item is designed to help CFF recover from the disruptions caused by the COVID-19 pandemic and help fix their long-standing problems of an over-reliance on seasonal sales. **Each goal seeks to revitalize the metrics impacted the most by COVID-19.**

1

Loyalty: Increase repurchasing levels by 30%

2

Revenue: Increase yearly revenue by 25%

3

Demographics: Increase the number of international customers to make up 50 % of CFF's total customer-base

4

Charity: Increase the amount donated by 25%

S.H.O.E.S is set to initiate in early September 2021 and will finish unrolling its primary events in early November of 2021. As seen in the graphic below, there are four core activities implemented to generate customer loyalty. By November 1st, 2021, operation S.H.O.E.S will be in full effect for appropriate market penetration into Australia.

September 1st, 2021

- Have deal with SDC international shipping ready to ship CFF products to Australia
- Start the use of Penetration Pricing

September 30th, 2021

- Begin magazine marketing

September 15th, 2021

- Unveil the CFF mobile app and rewards program
- Start the exploration benefits promotion

November 1st, 2021

- End the penetration pricing promotion
- Analyze CFF's progress and respond accordingly

Proposed Budget

Operation S.H.O.E.S and the facets of its activities will have costs that will be accounted for through a reallocation of CFF's ineffective winter advertising budget as mentioned in section 4.B. This will allow CFF to retain their summer advertising budget in the US, which has been extremely cost effective, and only change their winter budget, which has been extremely lackluster. With this plan, CFF can conduct operations **without the large financial shift** that typically accompanies businesses looking to globalize. The following table includes the costs associated with each proposed activity and the returns expected for each proposed activity. When necessary, all costs associated with labor have been factored in to create the most realistic estimate possible. Operation S.H.O.E.S will cost \$64,820, which is 87% of their former winter budget of \$74,505.

Activity	Cost	Returns	ROI ((return-expense)/expense)
Expand online shipping to Australia	\$14,340	NA	NA
Penetration Pricing	\$16,000	\$56,320	252%
Magazine Marketing	\$16,480	\$45,000	173%
Customer App/ Points system	\$1,500	12,560	737%
Exploration Benefits	\$16,500	\$33,500.	103%
Total	\$64,820	\$147,380	127%

Below is the breakdown of the first year of sales in Australia after factoring in the benefits of the penetration pricing model. For a comparative analysis of our revenue without penetration pricing, refer to Section 6.

First Two Months

- \$60 Penetrational Price
- 400 New Customers Each Month

Next 10 Months

- \$80 Standard Retail Price
- 312 New Customers Each Month

Total

- \$297,600 First Year Sales

With Operation S.H.O.E.S, CFF seeks to recover from the disruption caused by COVID-19. Globalization was prioritized over domestic improvement because expanding to Australia (where the seasons are flipped) will help **CFF permanently solve their long-standing issue of seasonal dependency. By acquiring new loyal customers through expansion, CFF can effectively offset revenue losses incurred by COVID-19.** Through the use of market penetration tactics and customer engagement strategies, CFF is expected to **bring both new customer acquisition and loyalty metrics back to pre-COVID-19 levels.** Additionally, the average customer profile of Australian residents matches with CFF's target market, indicating a frictionless expansion. By rearranging CFF's wintertime budget and using it to fund Operation S.H.O.E.S, this operations research plan sets up both long-term success and a short-term rebound for CFF.