

PUMA Company Analysis of Casual Footwear Performance and Market Impact

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Summary

PUMA Company manufactures products like casual and sports shoes and t-shirts. The company founders prepare for a presentation for investors about a new casual footwear brand. The founders seek more funds to boost their production in units and also get new ideas on how to expand casual wear sales. The company provides financial records to help calculate product margin per unit and analyse expenses and sales. The new casual footwear captures the hearts of many people, especially youths. Puma has established stores in international markets; customers trust its brands.

Introduction

Every company needs money to buy raw materials and manufacture products. Companies seek investors' help through sales of securities or impressive product presentations. New companies lack the trust of many people and might find it difficult to get investors. Banking institutions give loans to start a business. Investors invest money in a business with a higher probability of success in the future, and their interest is key. The interests of company founders or directors and shareholders at times conflict. Product presentation captures the audience's attention and wins their money.

Companies acquire funds for a new product from investors through the sale of securities. An excellent and unique market gap gives a company success, but poor product selection makes a company fail. It is vital to provide product details, identify product impact on the environment, society and economy, and point out the strengths and weaknesses of the way a product is presented to the audience.

Overview

PUMA Company produces casual footwear, which it sells from its main offices and online. The raw materials used to make footwear are natural, unique and true to life in comparison with those of its competitors. The founders have many employees, and at the end of each month, they pay salaries to themselves and their employees. The cost of shipping material is \$2 per unit out of 700 units. PUMA Company advertises footwear through social media platforms, costing \$1000 every month. In this month alone, the company produced and sold 1000 units of casual footwear. One piece of casual

footwear retails at \$120, and this month, the total sales are equal to \$120000. The company uses the internet to connect with footwear customers on social media (Facebook, Twitter, and WhatsApp), which costs 90 dollars (Clor-Proell, Proell & Warfield 2014, p. 45).

Finances made from selling footwear products are deposited on a daily basis, and on withdrawal, a cost of 100 dollars is incurred. Each month, the company spends \$150 on utilities. The managers use a total of 1000 dollars to travel, thus establishing a market for casual footwear. The contribution margin per unit of company sales is 82 dollars, which gives a total contribution margin of \$49200. The company founders plan to acquire a new machine costing a total of \$50000 to aid in the production of casual footwear. New equipment purchased speeds up the production process, giving cash flows of \$15000, \$28000 and \$49000, respectively, for the next three years. The company purchased raw materials on credit and has retained earnings of \$4500. The company looks forward to hiring a part-time employee to handle packing and shipping at a rate of 9 dollars per hour for 38 hours in a month, costing a total of 342 dollars (Aspara & Chakravarti 2015, p. 948).

Product Social/ Economic/Environment Impact

Casual footwear products have an attractive look and are comfortable to wear. The products have some effects on the environment and also have social and economic effects. Some people in society love the products, especially youths. Most youths abandon other footwear products for Puma casual footwear. The products protect a person's feet and keep them warm. Youths prefer good-looking shoes that are comfortable (Clor-Proell, Proell & Warfield 2014, p. 66).

Casual footwear is economical, as both low-income and high-income individuals can afford to purchase the product. Low product cost provides an opportunity for many people to enjoy the product's benefits. Some youths attracted to the footwear are unemployed due to either being at school or seeking a job. The low cost of the product contributes to its high sales despite it being new in the market. Customers praise the company for offering footwear products at a fair price. If the company increases the cost of the product, some people will reject the product and embrace its competitor.

Rubber doesn't decompose but can be recycled. Disposed shoes trap water, which becomes a breeding ground for mosquitoes that infect people with malaria. Rubber also produces a chemical when heated by the sun, thus causing the deaths of creatures like ants. Some people get rid of disposed shoes by burning them, releasing smoke and harmful gas into the atmosphere. Smoke and gas result in [global warming](#), causing great seasonal and weather changes. Footwear manufacturers use a natural product of rubber-producing trees. Using trees as product raw material leads to destruction and cutting down of trees. Destroying forests and cutting down trees reduces the amount of rainfall, leading to drought. Forests are natural habitats for animals, and destroying a forest causes wild animals to migrate to other parts of a continent. The tourism industry collapses as there are no animals for tourists to see.

Strength And Weakness Of Product Presentation And Preparation

During the footwear product presentation to a team of investors, we prepare handouts with short information about the company's product. When planning for an exhibition, we keep tight to the scope of the presentation. Financial statements are the first step in making it possible to calculate product margin and the total contribution of the product per unit. An excellent and detailed product report builds confidence. Preparation helps in understanding more about the product, competitors and financial records of the company (Latham & Tello 2016, p. 85). At times during preparation, a person may leave out essential details that may win the hearts of investors. Preparation, at times, makes people overconfident, thus losing a chance with investors. Preparing a lengthy report sometimes wastes time and bores investors, thus causing them to lose interest in boosting the sales of casual footwear products. Preparation is done through practice, standing in front of students in class, thus gaining confidence and correcting mistakes.

Presentation of footwear products requires us to have confidence in ourselves and our product. The display gives the audience a clear picture of the product. Bringing forward a sample of casual footwear offers investors (audience) a chance to experience the product for assessment. The presentation gives more details about the product's performance in the market and future estimates of sales. Every company's aim is to make large sales and thus earn good profit returns. Investors try to negotiate a specific stake plus loyalty in the company in exchange for their investment. The presentation gives an opportunity for clarification between investors and company owners. Confidence and faith in the success of new casual footwear products make investors trust the product. During a presentation, the founders second-guess themselves.

Conclusion

Before the presentation of a product to the audience, a person should practice and prepare well to avoid freezing in the middle. Some people get nervous in front of an audience, thus forgetting crucial information and making investors shy away. Investors value their money a lot as they have to invest in a profitable business opportunity. Investors pay attention to the market trend; therefore, it is easy to predict the future of a product in the market. PUMA Company, a casual footwear company, despite being new in the market, is already making progress. The company distinguishes itself from others through the use of unique and durable materials to make casual footwear. Customers are always attracted to products that are unique and long-lasting, thus making companies like Puma estimate high sales proceeds. The managers know how to take care of company finances by minimising expenses that the company has incurred every month. If company managers make sound decisions, there is success and company expansion. If the founders consider putting measures in place to reduce the cost of casual footwear production, the monthly sales will increase further. Rudolf Dassler believes in hiring professionals in the production field to help in company management. The

company's new product will record high sales internationally, as customers trust its brands. Puma casual footwear is especially useful during winter and rainy seasons.

PUMA should also establish more offices in towns where many people can access them. For the company to make a good profit, it has to increase its sales and cut some of the high fixed costs, such as conference fees. The company has to improve its marketing strategies to convince people about the importance of the new product. For customers to adopt a product, they first have to try it out and see if it satisfies their needs or not. The company should listen to customers' complaints, which will help it to make changes to less satisfying factors. The company should offer a discount to promote sales to customers, thus boosting its sales. The company should treat its customers well so that they recommend the new casual footwear to friends and family; the company's sales will increase with time. The company's share has performed well in the market, meaning its demand is high.

Bibliography

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