

EXTERNAL ENVIRONMENT

CURRENT ECONOMIC CONDITIONS

Currently, the United States Gross Domestic Product (GDP) is approximately 19.39 trillion USD as of 2017 which aligns with the steady increase in GDP that has been occurring over the past nine years. This benefits Spectrum as consumers now have larger amounts of disposable income, or income that can be spent on consumption. In fact, national disposable personal income increased by \$51.4 billion (0.3%) and national personal consumption expenditures increased by \$46.4 billion (0.3%) as of August 2018. An increase in consumer spending shifts the aggregate demand curve favorably which indicates higher price levels and a higher real GDP. Therefore, Spectrum can charge higher prices due to the expanding economy.

The national unemployment rate has hit 3.7% as of September 2018 which is the lowest unemployment rate in the United States since December of 1969. With more individuals in the labor force, employment has specifically increased in professional and business services, the health sector, and transportation/warehousing (Bureau of Labor Statistics). The increase in employment within professional/business services and health sectors appeal into our target market as they may have higher income ranges. In September of 2018 alone, approximately 134,000 jobs were created thus showing that there may be a newer set of millennials entering the labor force. This again ties into our target market as individuals within the ages of 22 and 27 are likely to host parties and utilize a smart phone that requires charging. The larger labor force indicates that there are more potential customers for Spectrum with a larger range of purchasing power.

In terms of the local economy, a similar economic strength is displayed. Cook County and Will County demonstrate unemployment rates of 3.7% and 3.4%, respectively. Furthermore, families in Will County had an average median income of \$85,488. On the other hand, individuals in Cook County had an average median income of \$65,039. Although the target market of Spectrum involve individuals with a median income of \$110,000, this is mainly the income of upper middle class and lower upper class individuals. As of 2018, it was reported that 52% of American adults were in the middle class and 19% were in the upper class. In 2016, the median income for middle class individuals was \$78,442 whereas for the upper class individuals it was \$187,872. Spectrum highlights individuals in the upper 10% of the middle class and lower 5% of the upper class. Spectrum is able to satisfy the middle range of this scale by charging the perfect amount that balances the two groups.

Currently, the inflation rate of the United States centers at 2.28%. This is lower than the inflation rate last year which is a healthy rate. This will encourage individuals to spend and invest outward which may be beneficial for the company. Therefore, this inflation rate will benefit Spectrum.

The current maximum interest rate on loans ranges from 5.04 to 5.25%. The average for the interest rate on a loan is between four to six percent. Therefore, current maximum interest rates are not unusually high or low. In fact, they are currently in the middle of the typical range. Therefore, Spectrum theoretically could take out loans without having a large interest rates as a burden if need be. Yet, considering the stable economic conditions, this should not be necessary.

Consumption is typically 70% of the Gross Domestic Product. Gross private domestic investment and government spending typically each make up 14% of GDP. This indicates that

net exports must be - 4%. The - 4% establishes that imports are greater than exports. Spectrum does not benefit from this fact as it means that GDP is never as much as it could be if we operated in a state where our exports exceed imports, which is favorable. Therefore, it is important that Spectrum also keep in mind the balance between revenue and expenses by keeping the revenue larger than the expenses. Spectrum will benefit from the overall development of the economy and increase profits in parallel with the increase in consumer spending.

INDUSTRY ANALYSIS

REAL

Spectrum's party packages falls under the consumer goods industry which has been growing at a steady rate over the past few years. Yet, there have been multiple shifts in terms of the way consumers think. According to a report by Clarkston Consulting, as of 2017, 12% of consumers are above the age of 60. This number is expected to continue growing and reach 17% by 2030 and 22% by 2050. This is a potential challenge that companies like Spectrum, who target younger individuals, may face. Yet, millennials still account for approximately 24% of today's U.S. population. It has been clear that millennials have a significant impact on patterns of consumption due to their volatile tastes and preferences. The enjoyment of parties does not seem to be disappearing in this group of individuals. According to a 2016 study by Meredith Research Solutions, 56% of millennials love hosting parties and entertaining at home. Since this group of individuals falls within Spectrum's target market, this is likely to benefit the company as these millennials will allow the consumer goods industry to grow.

Clarkston Consulting predicts that by 2020 Generation Z will compose of 40% of the U.S. consumer base. In fact, 35% of these individuals claim to have monthly gatherings. Therefore, with most of the U.S. consumers regularly hosting parties/get-togethers, Spectrum can maximize its profits.

VIRTUAL

The virtual enterprise international economy consists of approximately 15,000 employees in over 19 states in the US and 34 countries in the world. There are over 600 firms in the US alone and many more globally. There are three companies that clearly rival Spectrum in terms of their party packages. Yet, they do not offer the variation and global reach that Spectrum has been able to offer. The average median income of employees is \$49,000. With this median income, it is likely that employees will be willing to spend money on party packages as these individuals are typically between the ages of seventeen and eighteen and more outgoing in nature. Furthermore, the multiple holidays and seasonal changes will change consumer tastes and preferences in favor of Spectrum's products which will allow demand to increase. Thus, Spectrum will be able to make a larger profit. As company's make larger profits, it is possible that they will have employee raises. Therefore, individuals will have larger disposable incomes because wages increase. Spectrum will benefit because they can charge higher prices and therefore, increase revenue.

COMPETITIVE ANALYSIS

Although packages seem to be a popular trend amongst many VEI firms, there are few that exclusively focus on party packages. Spectrum's primary competitor involves Electric Avenue who also sell party packages. Yet, Electric Avenue only involves six party package options. Spectrum aims to eventually include ten to fifteen different party experiences to expand its reach in the VEI community. Furthermore, Electric Avenue's party packages are primarily generalized and not customized based on season/weather. Spectrum modifies and markets new party packages based on the time of year and season in order to satisfy all customer needs. Another company, Outside the Box, also sells packages. Yet, this firm does not primarily focus on party packages. They sell a party package as one of their products. Therefore, they would not be able to provide as large of a variety for consumers. Since Spectrum devotes most of its resources towards these party packages, it is able to change based on demand. Likewise, the firm, What's in the Box, also sells a small collection of entertainment packages. Yet, these are mostly for individuals and not for a larger group. Therefore, Spectrum is able to have better appeal because of how the products are not only applicable to individuals, but also to groups and families.

Electric Avenue, being Spectrum's primary competitor, will not be able to have as large of a geographical reach as Spectrum. Due to the extravagant features in their packages, such as a petting zoo, hula food servers, and fireworks, their firm may be limited in terms of the locations that they can cater to. Feasibility in transporting animals and flammables is questionable. Yet, Spectrum has ensured that all of its products can be delivered regardless of location. Food will be

sourced from local businesses based on the location of the order. Therefore, Spectrum not only caters to the local population, but also the national/international population.

Most of Electric Avenue's party packages are geared towards individuals who are between the ages of 17-18. Yet, Spectrum's party packages include items that would be applicable to all ages. For example, it is unlikely that a millennial would have a petting zoo at their birthday party or even host an extreme sports party. Yet, Spectrum also targets these individuals with the NFL Sunday Football package and the "Saturdays are for the Boys" package. Therefore, Spectrum's party packages are for all ages and not limited to teenagers.

Since Electric Avenue's party packages may serve as a substitute for Spectrum's party packages, Spectrum aims to offer more for less. Therefore, Spectrum does not become exclusively for individuals who are in a high income range. Furthermore, this goal allows individuals to be more willing to have their party needs covered by Spectrum rather than doing it independently. Overall, Spectrum is able to offer better party packages at a lower price.

In terms of Spectrum's wireless charger, competition in this technology sector is fiercer. Companies such as A-1 Enterprises and A.I. Energy also sell unique technology that are highly appealing due to the increase in technological developments. Yet, Spectrum's concept of a wireless charger is unique in itself. Therefore, these firms do not pose as large of a threat. Spectrum will be able to keep selling this charger as it is not available elsewhere in the market.

TARGET MARKET

Spectrum's products primarily appeal to families and individuals looking to host a party with "all the fun, none of the stress". Event planning is considered the fifth most stressful job in the world due to the extensive time-management skills that are required. Considering this, families and individuals alike can easily use Spectrum's party packages to have all their party needs covered. These packages are primarily geared towards individuals who are part of the upper-middle class and lower-upper class with median incomes ranging from \$100,000 to \$120,000. Individuals within this income range are more likely to host parties and therefore pay more if all services are included. Additionally, Spectrum pinpoints individuals with outgoing and extroverted personalities as they will be more willing to host parties. Certain packages are intentionally designed to appeal to a specific segmentation such as sports fans or millennials. The seasonal packages allow large families to celebrate holidays without the hassles of cooking, assembling, and cleaning. Thus, Spectrum satisfies a large range of individuals and families seeking to simply enjoy their party without the burden of planning it.

Secondarily, Spectrum's party packages appeal to businesses and firms as a whole. Companies with grand openings, new product launches, or successful earnings reports may host celebrations that can now be easy for any administration team. These firms will most likely have larger profits to spend on promotional events or company parties. Due to the percentage of

potential international customers, Spectrum also uses holiday and generalized parties in order to widen its reach.

In terms of the wireless charger, Spectrum mainly targets ages twelve and above. These individuals are most likely smartphone owners; they seek a charger that will allow them to move around while making calls and having their phone charged. This is also useful for businesses as they may seek to charge company phones or employee phones more efficiently. Businesses and families may find this product beneficial as it takes away the hassle of a cord. Individuals who are constantly on the run may utilize this often.

MARKET SEGMENTATION

Primary

Ages: 17-60

Estimated Income: \$110,000 median household income, \$49,000 VEI median income.

Psychographic: This target market will primarily include individuals and families who are sociable and outgoing. These customers often host parties and therefore, seek to have an easy way to host and have the logistics taken care of. In order to appeal to this group, Spectrum will utilize television commercials and social media to appeal to the age range of younger teenagers to middle-aged adults. Individuals with this type of median income will be more willing to spend on luxury and convenience.

Marketing Strategies: Social media, website, commercials, email blasts, trade shows.

Buying Patterns: In terms of the teenage and millennial individuals in the target market, they will be more likely to purchase packages for birthdays and sports games. Yet, more people will likely

purchase the party packages during holidays or seasonal events. The charger will have year-round appeal.

Secondary

Geographics: International and domestic

Types of Customers: Firms with 16-20 individuals, Adults who are planning parties (facilitators)

Income: Firms who are doing better financially (can afford because our product is a *want* not a *need*)

Psychographics: The party packages will appeal to larger firms who either have proficient company comradery or are working on developing camaraderie within the business. Facilitators who are looking to reward companies for their efforts and work may also be potential customers. International customers may be seeking an American experience with the Sunday Football package or graduation party.

Marketing Strategies: Advertise party packages with cultural themes for other countries, use business packages in coordination with other business benefits, trade shows

Buying Patterns: Firms will be likely to purchase the party packages at the end of their fiscal year as that is when promotions and sales reports will be released. International customers may buy closer to holidays that are universal such as during the holiday season. Facilitators will also most likely purchase after trade shows or before holidays.

PRODUCT

Spectrum decided to make packages that allow the consumer to throw parties without any of the stress. The packages will include all the necessities for the certain type of party that one wants to throw. The company decided to make five different packages, four of which are party themed. Each party themed bundle gives the client the option to pay for set up and clean up. The last package will include a brand new wireless charger. Spectrum designed these products to appeal to all different types of consumers, but primarily to teenagers ages sixteen to eighteen.

These packages are designed for “last-minute” events that allow a consumer to have all the fun, with none of the stress. The “Birthday Bash” package was built to appeal mainly towards the female consumers and it includes balloons, tables, chairs, a disco ball, and decorations. The VIP package will include a DJ and stereo, a dance floor, and a light set. The base package will have two sandwich platters, while the VIP will have three. Both the base and VIP bundles will include two cookie platters, along with lemonade, water, and two 2 liter bottles of soda. The “Saturday Tailgate” package was designed to appeal towards the male consumers and the teenage demographic. The tailgate themed bundle was made to allow anyone to throw a quick party outdoors. It includes a set of bags for entertainment, a portable grill, a pop up tent for

shade, foldable chairs, a cooler, a speaker, and the “Saturdays Are For The Boys” flag. The package will also include chips, hot dogs, burgers, buns, solo cups, and soda. Similar to that bundle is the “NFL” package that will allow anyone to throw a small party for the big game. It will include two foldable tables, twelve foldable chairs, 100 wings, two party size bags of potato chips, four 2 liter bottles of coke, and plenty of solo cups. The VIP package will include a projector and a 135 inch outdoor screen. Jerseys may be added to the bundle later. The last party themed package is the “Graduation” bundle which will include foldable chairs, tables, a photo booth, balloons, a tent, and a DJ. In the near future, Spectrum hopes to develop a business package for firms to host celebrations of sales reports or employee promotions. The VIP package will include a projector, a screen, and a dance floor. Both bundles will have a sandwich platter, soda, lemonade, a cookie platter, and a cupcake platter. Our last product is the brand new wireless charger that will be offered as a “Home” package of five units and individually.

PRICING

NFL Sunday- Base w/o cleanup: \$449.99 Base w/ cleanup: \$599.99 VIP w/o cleanup: \$1,049.99 VIP w/ cleanup: \$1,199.99

SAFTB- \$349.99 (plus \$150 cleanup fee if purchased)

Sweet 16- Base w/o cleanup: \$499.99 Base w/ cleanup: \$649.99 VIP w/o cleanup: \$599.99
VIP w/ cleanup: \$749.99

Grad Party- Base w/o cleanup: \$1,399.99 Base w/ cleanup: \$1,549.99 VIP w/o cleanup: \$1,699.99 VIP w/ cleanup: \$1,849.99

Wireless Charger- \$45.00 Bundle of chargers(5): \$200

For each of our packages, Spectrums marketing and finance team finalized our prices based on profit and how much it costed to purchase all the items within the package. The finance team researched and found the most efficient and high-quality products to provide to customers, such as the electronics, food, and furniture. Since each package has different items, customers can visit the company website and view the list of items that come within the package. Spectrum also wanted to provide customers with a product that can be purchased separately, but goes well with the main product of party packages. Spectrum's wireless charger, priced at \$45.00 individually, serves as another source for profit.

PLACEMENT:

Spectrum will be making all of their profits from the website and trade shows throughout the year. The accounting and finance team came up with projections for each period. In the first quarter 35% of the sales will come from the website since it is just being introduced, while 65% is being brought in from trade shows. However, in the third quarter Spectrum will be attending two trade shows which will bring in 80% of our sales that period.

PROMOTION

Spectrum plans to promote products using different social media apps, posting flyers or posters around the school, and a well organized and easily accessible website. Using both Twitter and Instagram, Spectrum can post promotional pictures or tweets of the products and services to show what is being sold. Also, the company will have links to the website on the social media accounts. This will allow customers to view products on social media and then go straight to the

website to order them. The website will show what is included in each package and the prices for both the base and VIP bundles. With an easy to navigate website, Spectrum can draw in consumers to buy the party packages or chargers. Posting promotional flyers around schools in the district could be a good way to promote to VEI companies around the area.

POSITIONING

Spectrum offers a variety of different packages, targeting to all types of customers. The company offers high quality products at reasonable prices, so it's easily affordable. Spectrum wants to appeal to potential customers to make parties trouble-free.

Spectrum's logo and color scheme were carefully picked and created in order to appeal to a large market of consumers. Being that the primary target market is families and individuals looking to throw a party, Spectrum decided on a professional and clean visual appearance that will grab the attention of adults. While creating the logo, Spectrum wanted people to be able to recognize the company and the product clearly. The black in the logo looks sleek and modern and can represent the company's wireless phone charger, while the gold symbolizes the bright and upbeat pop up parties.

Spectrum wants to create an image that allows customers to enjoy a party without having to plan or set it up. This image will appeal to potential customers because throughout the year there are plenty of occasions that people will want to throw parties for. Spectrum offers a variety of different packages, targeting to all types of customers. The company offers high quality

products at reasonable prices, so it's easily affordable. Spectrum wants to appeal to potential customers to make parties trouble-free. Spectrum's logo and color scheme were carefully picked and created in order to appeal to a large market of consumers. Being that the primary target market is families and individuals looking to throw a party, Spectrum decided on a professional and clean visual appearance that will grab the attention of adults. While creating the logo, Spectrum wanted people to be able to recognize the company and the product clearly. The black in the logo looks sleek and modern and can represent the company's wireless phone charger, while the gold symbolizes the bright and upbeat pop up parties.

BUSINESS RISKS

Spectrum's primary product, the party package, will be heavily dependent on the time of year. Customers will most likely purchase the product closer to holidays which indicates that Spectrum must constantly develop new products to keep pace with the seasonal changes. This could add a sense of unpredictability with financial projections therefore causing significant risks for loss of profit. Yet, Spectrum could battle this by developing multiple stable year-long party packages, such as birthday parties or family dinners. This would ensure that even in off-holiday season, profits would be generated.

Another risk that Spectrum faces is the possible lack of appeal that party packages may have to teenage customers. Teenagers generally do not plan their own parties. Therefore, it is difficult to predict whether this product will constantly appeal to them. Yet, Spectrum's charger will always be in demand due to the consistent development of technology. Spectrum can use the demand for the charger to battle any losses that may be faced by party packages if demand for

them falls. Incentives to purchase the party packages could also be made. For example, Spectrum could offer a home package with every birthday bash.

Due to the recent popularity of packages of goods, Spectrum faces competition from other firms that may be selling similar products. Yet, this competition could be used as an advantage by creating business partnerships with other companies. Spectrum could pair the party packages with other packages from other companies. Although the competitive nature of the market would remain, Spectrum could use this competitiveness to benefit its circumstances.