

Lucas Krull

BQOM 2521 Decision making in a complex environment

Professor Rokou

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Final

**Should BodyArmor invest in a recovery protein drink?**



**Abstract**

BodyArmor is an American made sports drink. This company was founded in 2011 by Lance Collins and Mike Repole. In 2013 the late Kobe Bryant purchased a large stake in this company. He became one of its first sponsors and was one of the main reasons for its popularity today. In 2018 Coca-Cola company also purchased a minority stake in BodyArmor. This sports drink is one of the most popular sports drink on the market today. Its competitors include brands and companies such as Gatorade and Powerade. What is so appealing to this sports drink is all the major professional athletes that sponsor this drink as well as the taste and uniqueness of the drink. Since the start of the company BodyArmor has continued to grow year in and year out. Beginning as just a basic sports drink. They now have created four different drinks. You have the regular sports drink, Ltye sports drink, Edge and Sportwater. The regular sports drink has a little bit of everything, The Ltye has no sugar and low calories, Edge has some extra caffeine and

Sportwater has higher alkaline and PH levels than regular water. But what is so special about these drinks is the electrolytes, coconut water, unique and thirst quenching flavors.

There is a strong competition between BodyArmor, Gatorade and, Powerade. They are all three heavily involved in sports drinks and hydration. One thing I believe that can separate BodyArmor from Gatorade and Powerade is the after workouts and games is the recovery. This could be a protein drink/shake that can help athletes recover from a workout or game and give them the proper amount of protein as well as hydration to help the body recover.

### **Decision Problem**

#### **Should BodyArmor invest in a New Product \*recovery protein drink\*?**

BodyArmor is a company that has been on an upward trend ever since it launched back in 2011. But currently they are still pretty far behind Gatorade and Powerade. To close that market share gap, something BodyArmor can do is launch a new sports drink which would be labeled as a recovery protein drink that allows athletes to take after a workout or game that helps them gain the proper hydration as well as nutrients to build muscle and endurance.

The current market share comparison, Gatorade takes the largest lead at 67.7% then Powerade at 13.7% and lastly BodyArmor at 9.3%.

Reference: <https://www.beveragedaily.com/article/2021/03/25/gatorade-powerade-bodyarmor-how-pepsico-and-coca-cola-are-playing-in-the-sports-drink-category>

### **Alternatives**

#### **1. Do not enter into a new market/product**

This alternative will keep BodyArmor where they are at in terms of products. As well as market share. They will continue to grow but the growth will be minimum compared to a new release of a product.

#### **2. Purchase an existing company**

This would require BodyArmor to buy out another company that sells a product such as a recovery and protein drink. This would allow them to take over that specific item and use their name to increase revenue.

### **3. Partner with an existing company**

In this alternative, BodyArmor can agree with another company to partner with and create a recovery and protein drink together. This would allow them to still create a new product by partnering with another company instead of buying out a company or creating their own new line of product.

### **4. Form a new product on their own**

Lastly, BodyArmor can create their own new product without partnering or purchasing a whole company to do so. This would allow BodyArmor to have all the rights to their new product, not share any revenue and also have the complete control over their new product.

## **Strategic Criteria**

### **1. Growth**

There is potential growth for BodyArmor as a company. If they were to add another product to their product line they will be able to see growth in revenue and in their market share. As well as growth in their company, an ability to hire more employees.

### **2. Competitive Advantage**

There are a few competitors BodyArmor has, including Gatorade and Powerade.

How can BodyArmor gain an advantage over their competitors?

### **3. Innovation**

Creating a new product will allow for new creation and allow innovation and potentially more innovation to come.

#### **4. Brand Recognition**

What is going to be the outcome of the company reputation and recognition with this decision?

#### **5. Health**

How can the health of BodyArmors customers be effected based on this decision?

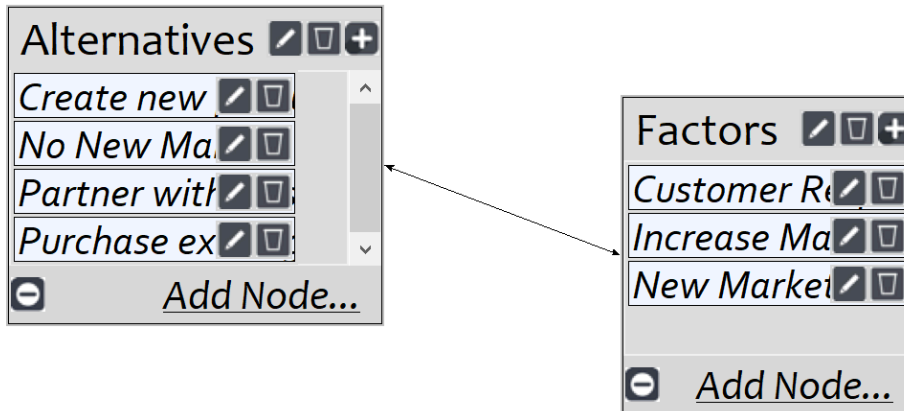
### **Control Criteria and Sub-Factors**

#### **Benefits**

The benefits focused on three different sub criteria, Economics, Organization and Financial. These are all further explained per subfactor individually below. All of these are short-term immediate actions that are looking to take place.

##### **1. Economic**

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 Network Judgments Ratings



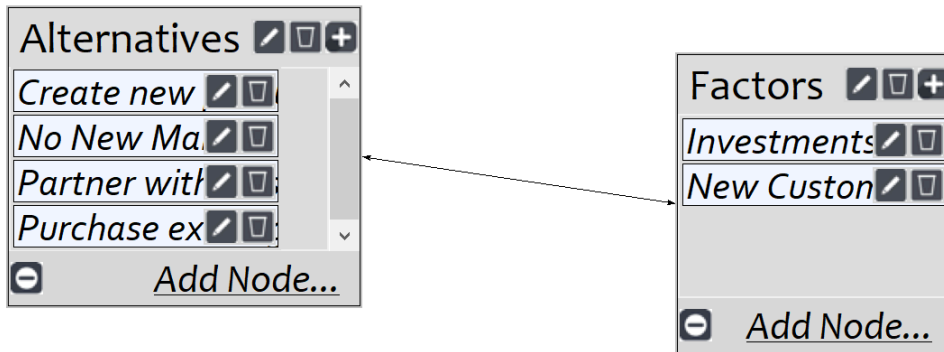
**Increase in market share:** If BodyArmor invested in a new product to help with recovery and protein intake. This would expand their company and profits allowing the market share value to increase.

**Enter a new market:** BodyArmors loyal customers will have a new product to continue to purchase if they were to enter a new market.

**Customer response:** Customers who are already purchasing BodyArmor drinks will be more than likely to try and appreciate the new product from BodyArmor.

## 2. Organization

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 network Judgments Ratings



**Investments:** BodyArmor may receive new investors and get more investments when they see a new product line and believe it in.

**Adding new customers:** With a new product, many people are likely to try it, if they are satisfied with the outcome they may gain new customers to their product and brand.

### 3. Financial

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 network Judgments Ratings



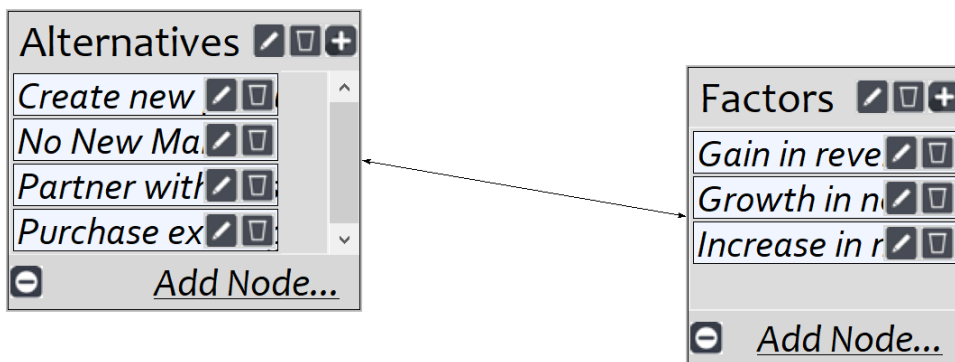
**Increase in revenue due to new product:** Currently BodyArmor already provides multiple products, with an addition to that product line and making it more diverse, BodyArmor will generate more revenue.

**Increased employment:** With a new product being successful, this may allow more opportunities to hire more employees because of revenue increase

## Opportunities

### 1. Economic

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network*      *Judgments*      *Ratings*



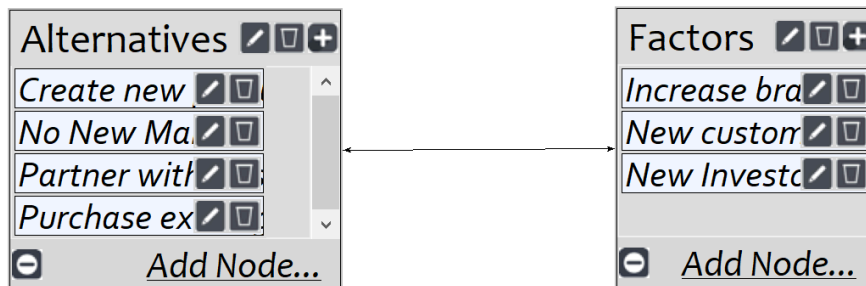
**Increase in market share:** Adding a new product will show a larger product line and therefore will create an opportunity to grow in the market share

**Growth in a new market:** With a new product being successful, this allows BodyArmor to have an opportunity to see gains in the competitive market

**Gain in revenue:** With the new product and a increase in the market share, this gives the company an opportunity to generate more revenue.

## 2. Organizational

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etwork* Judgments Ratings



**New customers:** If BodyArmor creates a new and popular product, this will allow people to spread this news to friends and family, allowing new customers to reach the brand and purchase products.

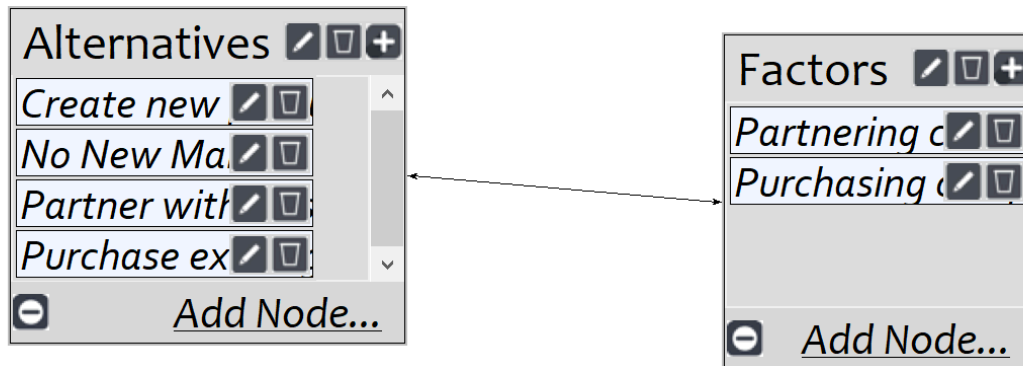
**New Investors:** New investors will become a reasonable opportunity for BodyArmor with the success of a new product

**Increase brand recognition:** BodyArmor already has a large brand recognition, but still not larger than its top competitors, with a launch of a new product, this will allow BodyArmor to likely increase its brand value.

## Costs

### 1. Economic





**Purchasing a company:** if BodyArmor were to purchase a company that had the new product they want to invest in, such as the recovery protein drink, then BodyArmor would have to spend the money to do so.

**Partnering cost:** If BodyArmor decided to partner with an existing recovery drink or a company to build one, they would have to bear that partnership cost.

## 2. Organizational



**Opportunity cost:** Any other projects, short or long term may be on hold or concluded to work on this new product

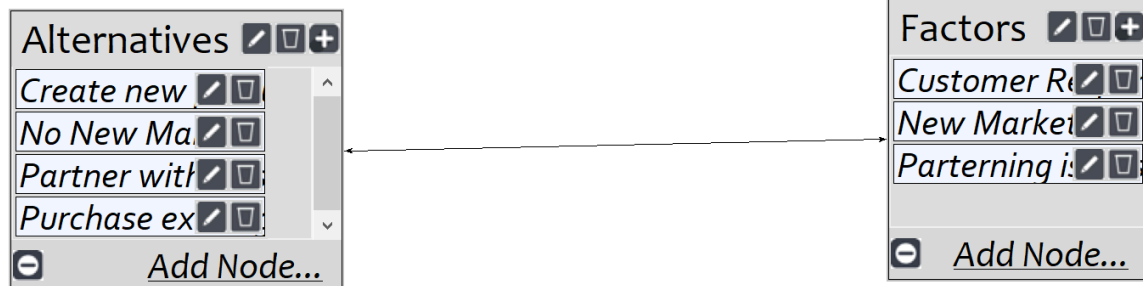
**Marketing expenses:** Creating a new product requires marketing it, therefore BodyArmor would need to begin promoting its new product.

**Additonal Employees:** Adding new employees would be beneficial and required when beginning large launch of a new product as much.

## Risks

### 1. Economic

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 etwork Judgments Ratings



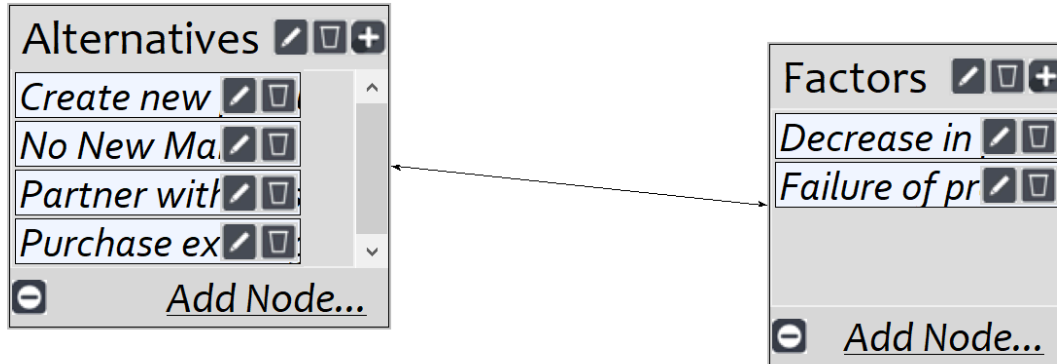
**New Market:** entering this new market from a sports drink can be very risky, there is little history of any sports drink companies doing so, expect Gatorade. This is a high risk the company much be willing to take

**Partnering issues/conflict:** If BodyArmor were to partner with another company for this new product and it does not go smoothly, this could affect further partnerships and investments down the road.

**Customer responses:** After the launch of the new product, customers do not seem happy or pleased with the outcome, could create a negative response.

## 2. Financial

Final.sdm: formulaic: ratings//Subnet under 4.Risks//4. Financial//  
network Judgments Ratings



**Failed product launch:** There is a lot of money and expenses that go into a new product launch. If not done correctly and perfect, this could result in a bad rating and failed launch which would risk a loss of money and potentially loss of a product line.

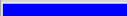



**Decrease in current products:** With the likeliness of a new product, this could take away focus from current existing products and create risk for potential loss in sales

## Analysis

Below you will see screenshots of each BOCR and its overall synthesis.





### **Benefits synthesis**

As you can see the top synthesis for the overall benefits is for BodyArmor to create a new product on their own. Not far behind that would be for BodyArmor to partner with an existing company.

Here are the overall synthesized priorities for the alternatives. You synthesized from the network Subnet under 1.Benefits				
Name	Graphic	Ideals	Normals	Raw
Create new product on own		1.000000	0.359782	0.887739
No New Market		0.285277	0.102637	0.253251
Partner with existing company		0.815710	0.293478	0.724137
Purchase existing company		0.678474	0.244103	0.602308

## Opportunity synthesis





You will see below that the best overall opportunity synthesis is for BodyArmor to create a new product of their own, closely after is for the company to purchase another company outright. Not a lot of opportunity for them to not enter a new market.

Here are the overall synthesized priorities for the alternatives. You synthesized from the network Subnet under 2.Opportunities				
Name	Graphic	Ideals	Normals	Raw
Create new product on own		1.000000	0.401243	0.991538
No New Market		0.228249	0.091583	0.226318
Partner with existing company		0.448136	0.179811	0.444344
Purchase existing company		0.815872	0.327363	0.808968

## Cost synthesis

Below the biggest overall cost synthesis would be for BodyArmor to purchase an existing company. Not far behind that would be for them to create their own new product.





Here are the overall synthesized priorities for the alternatives. You synthesized from the network Subnet under 3.Costs

Name	Graphic	Ideals	Normals	Raw
Create new product on own		0.840766	0.307133	0.840766
No New Market		0.307361	0.112279	0.307361
Partner with existing company		0.589339	0.215286	0.589339
Purchase existing company		1.000000	0.365301	1.000000

## Risk synthesis

The biggest overall risk synthesis shows for the company to create a new product of their own, this seems to be the biggest benefit and opportunity but also the biggest risk. This is much of a high risk high reward type alternative as you can see. But the next biggest risk would be for the company to partner with an existing company. The lowest risk would be for BodyArmor to not enter a new market.

Here are the overall synthesized priorities for the alternatives. You synthesized from the network Subnet under 4.Risks

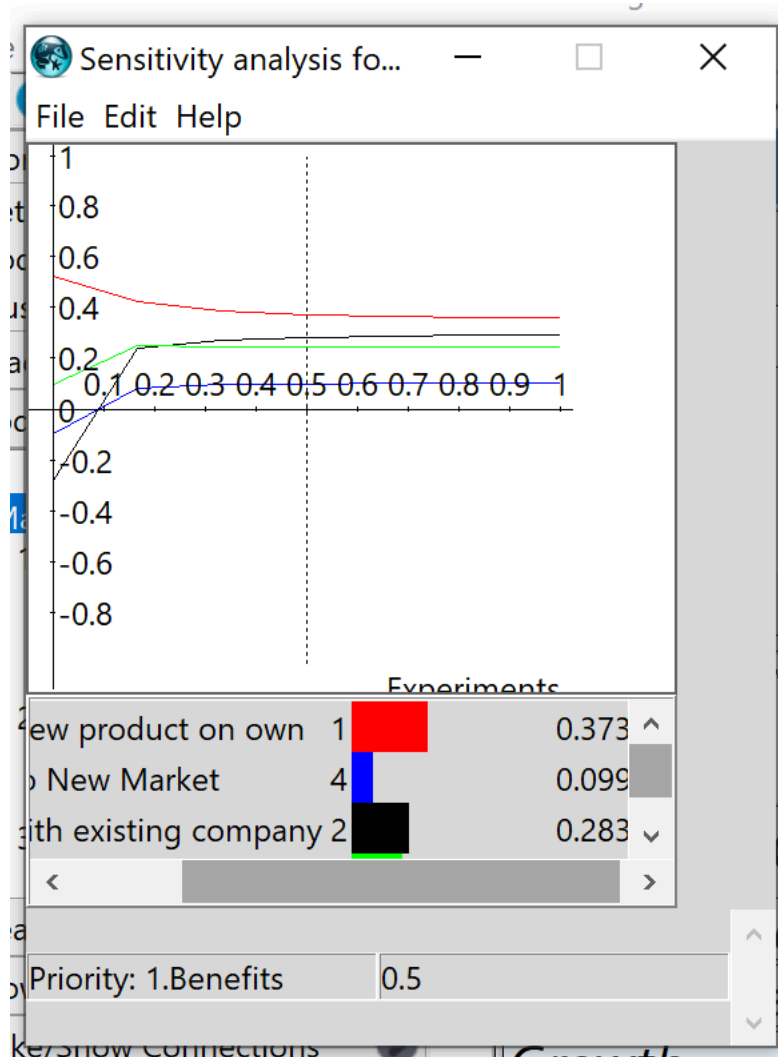
Name	Graphic	Ideals	Normals	Raw
Create new product on own		1.000000	0.416099	1.000000
No New Market		0.251355	0.104589	0.251355
Partner with existing company		0.654302	0.272254	0.654302
Purchase existing company		0.497619	0.207059	0.497619

## Sensitivity Graphs

I analyzed the sensitivity graphs per each node. Below you will see a sensitivity graph for Benefits, Opportunity, Cost and Risks.

## Benefits Sensitivity graph

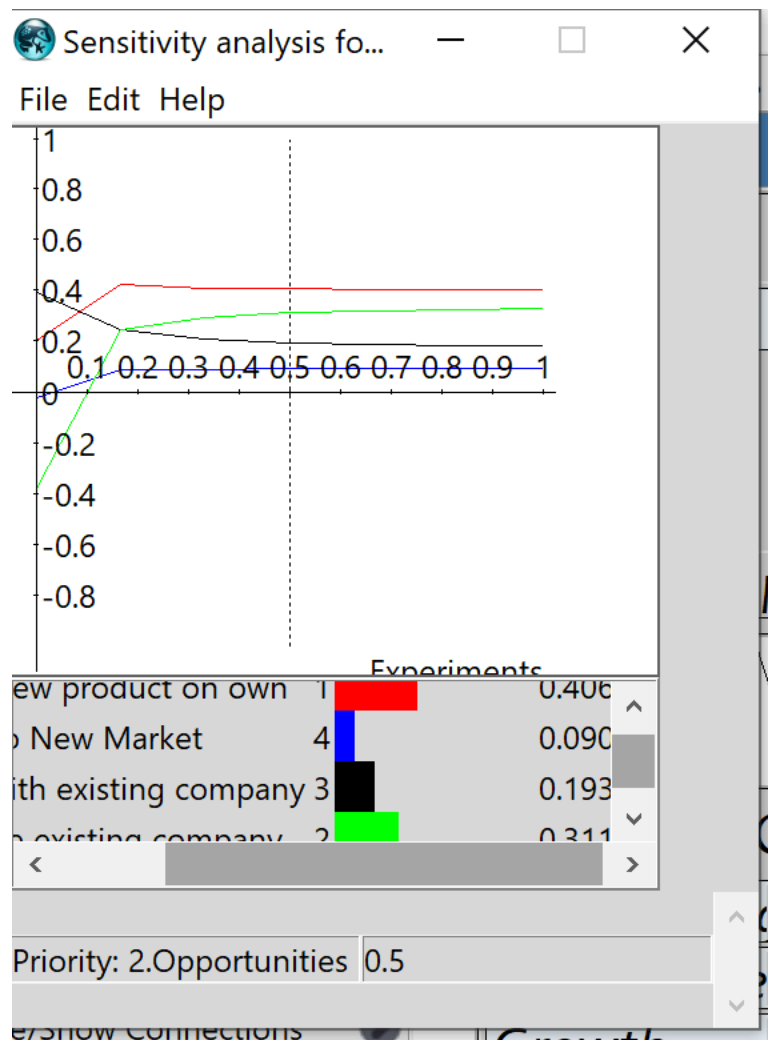
As you can see below, the graph shows Creating a new product on their own is the given top score. With no new market being the last with little competition. But for two and three, joining and existing company seems to have better benefits than buying one outright.



## Opportunities sensitivity graph

Below you will see the opportunities sensitivity, again, the pure leader and top choice being for BodyArmor to create its own new product. But you will see that purchasing an existing

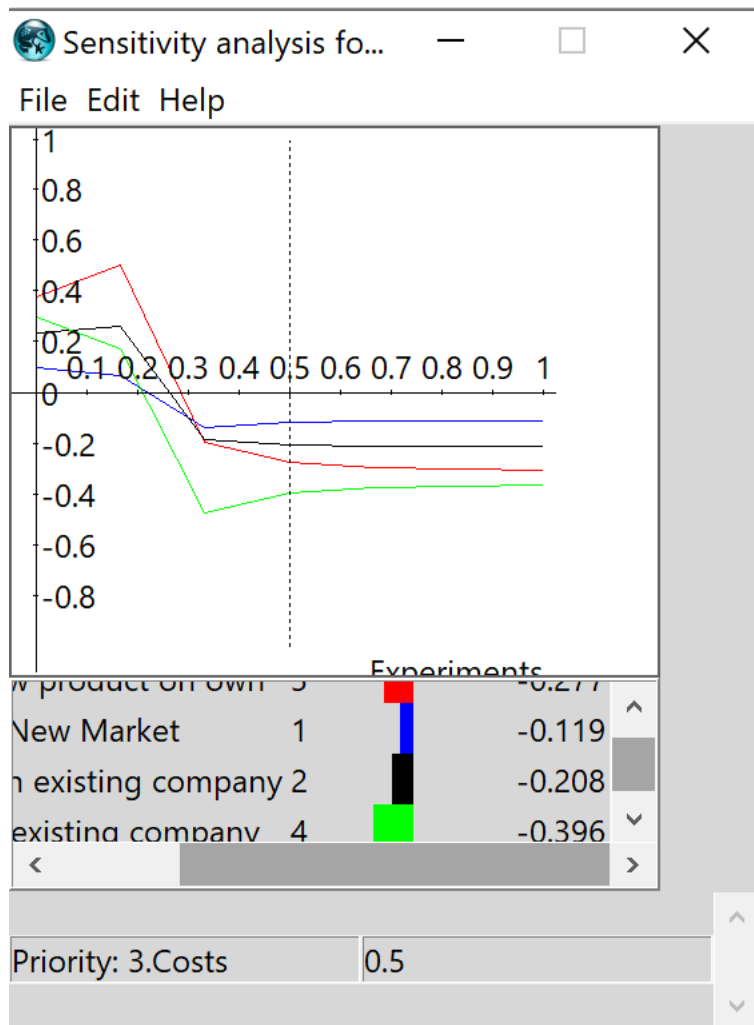
company comes in a near second. Below that is the black which is partnering with an existing company. Lastly you have no new market which doesn't give you as much opportunities.



### Costs Sensitivity graph

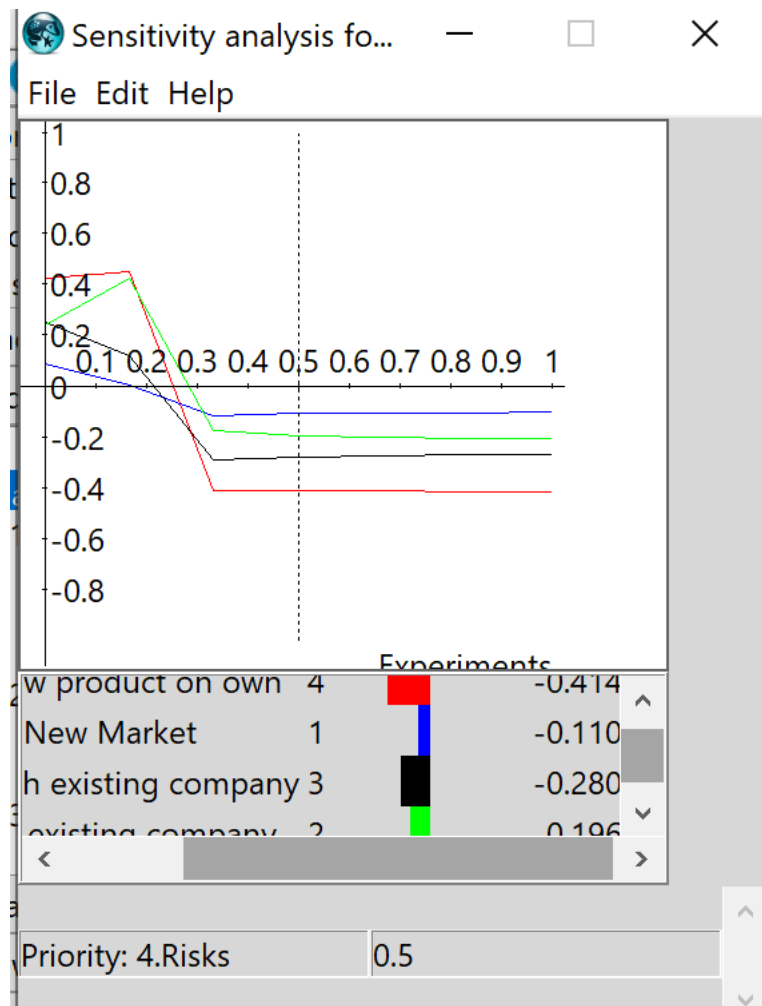
Below is the cost sensitivity graph, The biggest cost would to purchase an existing company, for obvious reasons this would be the biggest cost. But not far behind that would be creating your own new product, this will also take a good investment to create it. No new market would be the least cost of the four alternatives.





### Risks Sensitivity graph

Below is the risks sensitivity graph, the biggest risk would be to create your own product, this could be a disaster if not done correctly, Next biggest risk would be partnering with an existing company. This could create many issues because there are two companies with one product. The least risky alternative would be no new market.



## Ratings

Below you will see a screenshot of my ratings judgment scale. I compared the merit nodes with the strategic criteria.

Alternatives	Priorities	Totals	Brand Recogniti... (0.2031)	Competitive Adv... (0.1742)	Growth (0.2241)	Health (0.0658)	Innovation (0.3328)
3.Costs	0.2234	0.5465	Med	Med	Med	Lo	Hi
4.Risks	0.0874	0.2138	Med	Med	Med	Lo	Hi
1.Benefits	0.3446	0.8432	Hi	Med	Hi	Med	Hi
2.Opportunities	0.3446	0.8432	Hi	Med	Hi	Med	Hi

## Overall Synthesis

When doing the overall synthesis this then revealed what the best alternative for the goal set by the company would be. As you can see below, Both of the solutions which involve additive (best long term solution) and multiplicative (best short term solution) came out with the same top choice, which was for BodyArmor to create their own new product.

### Additive Synthesis

Here are the overall synthesized priorities for the alternatives. You synthesized from the network Main Network: Final.sdmmod: formulaic: ratings				
Name	Graphic	Ideals	Normals	Raw
Create new product on own	<div></div>	1.000000	0.423017	0.372464
No New Market	<div></div>	0.200428	0.084784	0.074652
Partner with existing company	<div></div>	0.574214	0.242902	0.213874
Purchase existing company	<div></div>	0.589331	0.249297	0.219504

### Multiplicative Synthesis

Here are the overall synthesized priorities for the alternatives. You synthesized from the network Main Network: Final.sdmmod: formulaic: ratings				
Name	Graphic	Ideals	Normals	Raw
Create new product on own	<div></div>	1.000000	0.290620	1.046934
No New Market	<div></div>	0.708622	0.205940	0.741881
Partner with existing company	<div></div>	0.797036	0.231634	0.834444
Purchase existing company	<div></div>	0.935262	0.271806	0.979158

### Conclusion

After completing this project, I got the overall outcome that the best thing for BodyArmor to do would be to enter a new market and create their own product which will allow them the best overall opportunity. This was also my hypothesis, I assumed this outcome and it held true.