Marketing Simulation: Managing Segments and Customers
Prepare Tab Video Transcripts
How to Play Video and Initial Customer Interview Videos

“How to Play” Audio Script

In this simulation, you are the newly appointed CEO for Minnesota Micromotors, a medical motors device manufacturer. You must determine the company’s overall marketing strategy and make critical decisions around Minnesota Micromotors positioning relative to ever-changing market segment needs and behaviors. These include setting the list price and segment discounts, determining sales force allocation, setting the marketing budget and allocating money to product development.

When you first log-in, the “Prepare” section provides you with basic information on Minnesota Micromotors and how the simulation works, including specific information regarding your scenario. Note, that there is a downloadable PDF file you can print if you’d like a reference guide on how to play.

Make sure to review the Foreground Reading and view all of the Customer Interview videos contained on this page before beginning the simulation as they provide crucial background information on company and industry trends and data.

The “Analyze” section presents numerous sources of information to help you make your marketing strategy decisions every quarter. The simulation begins in quarter 4 of 2012. You will begin with three quarters of historical data to analyze and, as CEO, you need to make quarterly decisions affecting company marketing over the next 13 quarters. The timeline on the right side of the screen will track your progress throughout the simulation.

The Dashboard is a great place to start your analysis. It provides a high level view of your market share broken down by segment, quarterly revenue, unit sales, profit margin, net prices and spending on features.

In order to make informed decisions for your strategy, review the details contained in the Analyze sub-screens.

The Net Prices screen shows both your price history and your competitors’ price history broken down by segment. On any of the Analyze screens, you can toggle between “view graphs” and “view data”. The data view shows the same information in tabular form. Clicking on “copy to clipboard” pastes the data from that screen to the clipboard on your computer. You can then paste the data into your program of choice, most typically Excel.

Next, the Customer Purchases by Segment screen tracks the number of motors that you have sold per segment over time.

Unit Sales tracks how many units have been sold to new and existing customers. The data is further separated by sales to large and small customers.
The Income Statement can be viewed in a variety of ways, including by dollar volume, per unit, or by percentages. You can also view the gross margin detail to view profitability by segment.

On the Market Research page, you can view an animated graph displaying the growth of your market share by segment and view how you stack up against your competitor. Your specific market share is shown in color and your competitor’s is shown in gray. The overall size of the pie chart indicates how large the market is for that segment. Movement on the graph signifies –

One – the expansion or contraction of your share for each segment over time, and

Two - how specific segment tastes are evolving and your company’s position relative to the overall market

You can change the x and y axes and the data shown on the graph, by clicking on the buttons on the right hand side of the page. You can also view the small customers segment data separately by selecting the “Small Customers” button. Note that if you do not invest in Market Research on the Decisions page during the previous quarter, this page will not be visible to you.

Product performance allows you to compare feature performance of both power-to-size ratio and thermal resistance relative to your competitor’s product.

Customer satisfaction displays the current level of satisfaction, as well as a historical range, for each customer segment. The current satisfaction level is indicated by a thin, black vertical line and the historical range of satisfaction, obtained over the course of the sim, is indicated by a thick, shaded bar. Click on the icon next to the segment to view a short video of the customer expressing their view from this quarter.

Sales Force Report shows the number of sales support hours by segment and the quality of the interactions that your reps are having with the customers.

The current news can be accessed at any time by clicking on the number icon next to the news tab. A number will appear indicating new unread news items. You can also access the news archive by clicking on the tab. This page will reflect all past news.

After you’re done conducting analysis, navigate to the “Decide” tab to make your decisions for the quarter. More information regarding each potential decision input can be obtained by clicking on the question mark symbol located next to each input box. You must set the list price for the motor, then set the segment discounts. You can use the “Net Prices” calculator to assist you in figuring out the correct percentages to assign. All of the entries in the net prices calculator will be transferred to the “Decisions” screen. Next, adjust the sliders in order to allocate sales force emphasis. Finally, allocate your budget allotments for next quarter.

There are three main sections that make up the total budget – the sales budget, the marketing budget, and the product development budget. As a reference, you can navigate to the “Decisions History” screen to view all of your past decisions.

Finally, once you’ve made all of your decisions in accordance with your overall strategy, click “Submit Decisions”. The simulation will advance and you’ll see how your decisions played out in the next
quarter. You’ll do this for every quarter until you reach the end of the simulation. Good luck determining Minnesota Micromotors’ marketing strategy!

Customer A
Well, I’ve been working closely with Minnesota Micromotors for years now. I’m consistently impressed by how well their engineers develop motors that work effectively in our cutting edge orthopedic devices and how accurately their design teams understand our evolving needs in a motor. I’m proud to say, our devices are known in the marketplace for having the highest power-to-size ratio-- We’re the go-to company for orthopedic surgeons who do complex and long surgeries. Motors from Minnesota Micromotors are definitely a source of competitive advantage in our devices. We feel loyal to Minnesota Micromotors and highly value our ongoing partnership with the motor design team and sales reps. It’s absolutely essential that our company maintain its reputation for providing the best products on the market, so for us, the most important purchase criterion is definitely the motor’s performance and the vendor’s ability to customize their best possible motor for our particular device. Yes, of course price is something we consider, but the quality that Minnesota Micromotors provides is really the most important factor in our decision making. The less expensive motors on the market simply don’t compare to what Minnesota Micromotors provides.

Customer B
In this industry, we’re dealing with life or death situations. It’s incredibly important that our orthopedic devices can operate at high speeds without compromising motor function. You can’t have neurosurgeons or orthopedic surgeons dealing with failing motors or malfunctioning devices at the operating table. Because motor performance is so critical to device performance, we are willing to pay more for a motor than other customers--especially if a price increase will improve a motor’s thermal resistance. Generally, we’ve worked with vendors whose motors maintain performance levels at higher temperatures than yours. We’ve worked closely and loyaly with our vendors to help them design motors that will work best in our devices—and they’ve been able to service us on multiple dimensions. As a result, we haven’t been particularly active in looking for alternative vendor relationships.

Customer C
We pride ourselves on manufacturing the highest-end orthopedic drills available to surgeons. Our devices perform strongly across-the-board on all performance measures; most importantly, they have a high power-to-size ratio and high thermal resistance. Surgeons rely on our drills for the most precise and challenging types of orthopedic surgery. We are not willing to compromise performance on any feature. We work only with vendors that can meet our very restrictive motor performance requirements. Because of our leading quality reputation among surgeons, they and their affiliated hospitals are willing to pay more to use our devices. For us, a motor’s price is the least important purchase criterion. We will immediately drop a vendor who can’t meet our performance requirements or if there is any failure in a motor that’s incorporated into one of our devices.

Customer D
We’ve been in the business of manufacturing orthopedic devices for a long time and have extremely good relationships with hospitals, group purchasing organizations, and surgeons. We’ve always offered our customers very good prices on our orthopedic drills. Recently escalating healthcare costs have required our customers to become more cost-conscious, so our economical prices have been more important to our clients than ever. We produce the cheapest orthopedic drills on the market, but not at the expense of quality. Our drills also perform well on motor speed. Customers have repeatedly reported that our drills offer them the best value in the marketplace, both on performance and price.
We have experience working with many vendors over the years, and because of our commitment to keeping prices reasonable for our clients, we prefer to work with vendors that can offer us good pricing deals. We tend to purchase motors in very high volumes.

**Small Customers**
Since we’re a smaller company, we have always purchased our motors through distributors, given the relatively low volume orders we place with motor manufacturers. We usually can’t work directly with the dominant motor manufacturers to design motors customized for our devices. So we tend to purchase motors that both meet our general performance requirements and our price constraints. Although we have held our own in the motor device marketplace against some of the large competitors, honestly it can be a struggle for us in situations when our component costs are relatively higher and the components are less customized to our devices. In order for us to gain access to the larger motor vendors, we would be required to purchase at volume levels we simply can’t meet.