

Marketing management simulation assignment

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Marketing is used to do research and determine what society and customers want out of products or services and then find a way to make changes and decisions that will satisfy the customer. This is accomplished by implementing a marketing strategy that helps to identify the objective(s), customer targets, competitor targets, core strategy, and marketing mix that will be most beneficial to the company. Minnesota Microdots is a medical motors device manufacturer that has suffered a decrease in sales during the third quarter (SQ) of 2012. As the new Chief

Executive Officer (CEO) it is important for me to develop a new marketing strategy that will focus on the issues at hand and determine what needs to be accomplished to turn it around and become a better competitor in the market. The total revenue between the second quarter (SQ) and SQ decreased by 1.01 percent with all the loss generating from the revenue from our large customers while the revenue of our small customers increased by .01 percent (Maryland, 2013). To determine what needs to be adjusted and fixed I reviewed other financial statements and then I listened to recordings of customer satisfaction surveys.

By listening to the customer's feedback on their experiences it has given me a better understanding of what changes the company needs to focus on and in what direction to move. Our customer in segment A and segment C were satisfied with the quality and value of the product and that it met their minimum requirements, but both were concerned and displeased with the service, support, and sales people not having the knowledge necessary to answer their questions and concerns (Maryland, 2013).

The segment 8 was dissatisfied because the shipment of motors they received overheated during a surgery and they said that because of the malfunction they will no longer do business with us (Maryland, 2013). The customer for segment D was dissatisfied because of terrible customer service, the sales representatives continued to offer more features than the customer was asking for and that they could get better pricing and understanding from the support staff somewhere else (Maryland, 2013).

The review from a lady in our small customer segment was very satisfied with the post sales customer support, because we replaced the defective motors at no cost to her (Maryland, 2013). After reviewing the responses from support staff and sales representatives, because most of the customers had issues with the lack of knowledge and support they provided. Our next focus will be to increase product development costs on power-to-size ratio and thermal resistance, as well as deciding whether the costs per unit should be decreased.

To make the necessary changes I have reduced the number of sales people to 10 from 11 because I find that if the sales people are not focusing on their jobs it is easier to work with a smaller number to help improve their skills and knowledge. By eliminating one sales person \$50, 000 was made available that will be used toward improving services and products. I used \$10, 000 to increase the spending on Marketing Communications and Training which will provide the necessary training for my sales staff and therefore they should be able to assist customers better.

I allotted \$50, 000 to market research because it is essential to know what customers are expecting and wanted from our products. Now that I have 10 sales representatives their primary focus needs to be on the large customers and retaining the ones we have. To help accomplish this I will use the market penetration strategy which is where we target our current customers that have already purchased our products (Winner ; Dear, 2011). Due to the fact our large customer segments A, B, C, and D decreased in revenue that means our current large customer base has issues and we need to fix it.

The sales budget will allow equal spending of \$250, 000 on both small and large customers and I allotted \$162, 500 for spending on retaining our large customer segments, while only allotting \$87, 500 for spending on acquiring new large customers. If we cannot retain our current customers and meet their needs then it will be unlikely to secure new customers until the issues are resolved. Of course reaching out to new customers is the only way to have the business grow but focusing on the current customers to fix the issues is the first step in the right direction.

To go along with the changes in the budget for allotment of money for specific needs the percentage of focus for the sales representatives will be generated according to the needs of each segment. Segment A suffered the greatest decline in researches from SQ to SQ so I determined that 31 percent of all sales representatives' focus will be directed to that segment. Segment B and C will require 27 percent of their focus while segment D will only receive 15 percent of the focus because this segment is the only one that had a slight increase in sales.

The other three segments have lost sales and in order to meet the customer's needs the focus has to be directed at them. As for the list price of the motors and the discounts that are given to each section I made a few changes. The list price remained the same so that there would not be a age decrease in the profits of each items sold. The distributor's discounts I left at 12 percent because that is where our sales from small customers come from and they usually do not focus on buying or investing in products that are specifically designed for the designs of tools.

Segment A's discount was reduced to 11 percent from 12 percent and segment B was reduced to seven percent from eight percent. The reason I decreased their discount is because they were willing to pay more for the products if it would increase the quality, as well as the power-to-size ratio and the thermal assistance. Both segment C and D remained the same at four percent and 16 percent is willing to go to a different manufacturer if the prices and customer support are not fixed.

Due to the fact that the quality has been a concern for a few segments it is necessary to make the appropriate changes in regards to the budgets for research. With the extra \$40, 000 from relieving a sales representative from their job I applied \$10, 000 to each the power-to-size ration and the thermal resistance feature for research and development which put the budget for each at \$70, 000. Manufacturing Efficiency Improvements are extremely important because it helps to reduce the waste and miscalculations of a process to help lower wasted costs.

In order to improve the efficiency I allotted \$20, 000 to the manufacturing efficiency improvement. I made small changes in the necessary areas from the information and research given from the customer satisfaction surveys and the financial reports that seem to have made a positive impact on sales. In figure 1. 1 that is at the bottom of the paper will show the impact the changes to the budgets and focus made on sales. In all segments across the board the customer purchases increased from SQ to the fourth quarter (SQ) in 2012.

The market share increased in each segment as well with segment A at 0. 3 percent, segment B at 0. 1 percent, segment C at 0. 2 percent, segment D was at 0. 4 percent and the small customer segment increase by 0. 1 percent. Due to the fact that there was more of a budget to spend on research and development on features for the motors the performance level of the power-to-size ratio went from 16. 08 in SQ to 16. 12 in SQ. As for the thermal resistance feature it went from 125. 6 in SQ to 125. 23 in SQ.

There is still much room for improvement in thermal resistance considering the competitors are at 145. 31, but we are moving in the right direction and over the next few quarters I am sure more adjustments will be made that will slowly, but surely increase all aspects of service, support, and products. A few adjustments that I will probably make in the next quarter will be to increase the budget for research and development on thermal resistance which will possibly lead to meeting the customer's expectation a little better.