Customer service and marketing at mm

Business, Marketing

MM possesses a competitive position in this segment in terms of quality product offering and close customer relationships wrought high level Of customer support. 2. With intensive improvements in power-to-size ratios and customer service, we saw potential to regain and grow our market share in Segment A and anchor them as our main business. Initially, we contemplated pursuing sales from Segment D and small customers. However, Segment Ad's main concern turned out to be solely on price. To maintain them, as key customers, we would need to reduce list price substantially.

This would prevent us from maximizing revenue and profit from other segments. As for small customers, we recognized an issue of channel inflict as these customers purchased through the distributor channel. We learnt through the simulation that distributors would vary their profit margins freely, and could at times sell the motors lower than our prices to large customers. Hence, to avoid this conflict, we decided not to focus on small customers. Furthermore, we also learnt that we could encounter low market share and decreasing profit margins if we tried to target more than 2 customer segments.

So therefore, we decided not to pursue Segment D and small customers. How does customer satisfaction change over time? How do you balance hard reference metrics such as revenues and profits with soft metrics such as customer satisfaction? The segment of the motor industry in which MM operated was highly competitive, with over 1 00 participants. Over 70% of M's revenues were generated from customers that placed large-volume orders. The relationship between MM and its customers was a close one, involving a constant dialogue between many participants.

The quality of these relationships and the benefits gained by both sides were critically important to MM. However, customer interviews suggested that large customers were tarring to be dissatisfied with the quality of M's sales team. We chose to allocate 90% of our sales force to the large customers since nearly all our sales volume were attributed to them whereas only 10% was allocated to small customers to provide space for our distributors to implement their own marketing and sales efforts.

As we progressed, the volume we received from small customers dropped while that for large customers increased, in line with M's marketing positioning. Hence, we further increased the proportion of sales resources for large customers to 98%, and also pumped in more ending on sales support for them. Since Segment A was our primary target segment, we allocated the largest proportion of our large customer sales support hours, I. E. 41 %, to them. Segment D, our secondary target segment was given 40%.

We also gave 10% to Segment B, because we deemed that while Segment B continued to buy from MM, we should try to improve their satisfaction level, so as to avoid negative word of mouth in the market. The least attention, 1 0%, was given to Segment C, since they responded more to prices than sales support. The quality of sales representative interaction with Segment A was extremely high due to the large number of hours spent on them. The interaction with Segments B and C were good whereas the interaction with Segment D was fair.

We managed to make Segments A and C " very satisfied" and Segment D " satisfied" at the end of the Simi lotion. Segment D did not register higher satisfaction due to the higher price compared to their expectations. Segment B remained " dissatisfied", due to the lower thermal resistance offered by Our product. Given M's market share and revenue challenges, our team determined the short- and long-term equinesgoalsfor MM as follows: 1 . Short-term goal: Acquire high market share in primary market segments. 2. Long-term goals: Attain consistently high profit margins and maintain market share.

To achieve these objectives with a limited budget, M's marketing strategy had to centre on value provision. Building on M's original strengths, we saw the opportunity to delight customers with superior power-to-size ratio. We identified Segments A and C as ourprimary and secondarytarget segments, as their needs fell within the optimal zone where our product positioning could provide a preference. With the need to reverse declining market share and boost customer satisfaction, aggressive investment in M's R&D was necessary to build a strong and positive brand name for our power-efficient motors and manage internal costs.

This allowed us to price our motors to create value for customers while extracting value for our business. Enhanced increased in our sales representatives and marketing communications were identified as critical in communicating MM motors' value to customers, and formed the key differentiators in managing M's dual sales force and distributor channels. How does customer satisfaction relate to customerloyalty? Retention is a reflection of a customers willingness to remain with a particular company's service or products and is useful to measure customer loyalty.

The relationship between MM and its customers was a close one, starting to be dissatisfied with the quality of M's sales team. For the split between customer retention and acquisition, we learned that having a higher focus on customer retention produced much higher overall sales. Experience from earlier runs indicated that a high investment in new customer acquisition did not trigger proportionate increase in new customer sales. This could be due to channel conflict with distributors seeking to gain new customers as well.

Therefore, our eventual strategy focused on customer retention as to protect our market share, and consequently, still generate new sales through referrals from existing customers. Our heavily trained sales force did a very good job in acquiring nevus customers despite their limited time on new customer acquisition and due to our high retention rate we could rapidly expand our market share in Segment A shows the sales split teen existing and new customers. How should you manage MM pricing? What does it take to justify price increase? How does price discounting affect the outcome?

Market research proved to be an important tool for us to determine pricing. Initially, We thought keeping prices constant would help us gain market share that would compensate for the margin. However, we learnt that by adjusting our prices according to customers' price expectations for Segments A, B and C was more effective in maximizing our revenues. Exhibit shows that as time passed, there was generally an increase in willingness to pay across these segments. Therefore, we increased our prices slowly to extract value for MM, while we aggressively increased power-to-size ratios to create value for our target segments.

This enabled us to increase market share. Given Segment Ad's price sensitiveness, we gave them maximum discount allowed as a sales strategy and attempt to claim market share in this segment. We kept our discount rate for the distributors constant so that the distributors can better plan their distributor margin depending on their business needs. Over the course of the simulation, our pricing (across all segments) increased by a total of 2%. A conscious effort was made to increase price at a slow and incremental pace to prevent price shocks and allow the market to stabilize in response to each price increase.

Although flexibility in setting prices acts as a quick fix for the management to achieve short-term targets, it would send mixed signals to the market and hence should be avoided when possible. We observed that our competitors reacted to our price increases in the same direction but consistently kept their rates lower than ours. From these reactions, we realized that competing on prices would have a detrimental effect on our refits. How do you balance short-term and long-term investments?

We invested heavily in enhancing our product's power-to-size ratio as to build a strong brand name and gain a competitive advantage over our competitors. The market research was valuable to help us keep track of our product performance over competitors and against customer expectations, so that we can moderate our research investment over. Our strategic positioning on power-to-size ratio shown success as we observed from the market research that, after 4 quarters of the simulation, our competitors started to position homeless in producing high thermal resistance products and decreased their focus on power-to-size ratio.

While we limited investments on thermal resistance to improve company financial, we were able to manage the thermal resistance performance against customer expectations such that sales and customer satisfaction of our product were not affected. In addition, we gradually increased our investment in manufacturing efficiency in order to keep the cost of goods sold under control in the long run How does channel conflict figure into your pricing decisions? How do you minimize channel conflict?