

OSTROM, GAME 3

Participant Name 1

Participant Name 2

Participant Name 3

Participant Name 4

Participant Name 5

FINAL DECISION QUESTIONS

GLOBAL B2B

MARK 3001

PERIOD 2(DECISION ROUND 1): SEGMENTATION

1.What is a constraint within the context of marketing?

In Marketing, constraints represent a limitation a firm has to conduct business. Targeting these shortcomings help a business flourish. An example of a constraint is time. Time is something that can't be bought. Acting in a timely manner with clients is essential. The production and distribution of products must be kept in line to achieve maximum efficiency. When time is wasted, it reflects poorly on other areas of a firm. Other examples of possible constraints are: quality of workforce, supply, mistakes in pricing and promotion, and lack of an appealing marketing campaign.

2.Define and discuss business to business (B2B selling processes)

Business to Business is business between businesses, as opposed to individuals or government entities. An example of this would be a packaging company selling cans to a beverage manufacturer, like Coca-Cola. The B2B buying process can be broken down into six stages. First, a firm identifies an unfilled need in the market. Second, the firm will identify how it can provide a good or service that will fulfill the need in the market and the firm's goals. This comes in the form of product specification. The organization will look for a business with goods and services that specifically suits them and what they require. Thru this process, firms can find their target audience. Third, after an organization has found suitable companies it would like to do business with, they do a Request for Proposal (RFP). Thru this proposal, the firm can present its products and the benefits of engaging in business. Stage Four is Proposal Analysis, Vendor Negotiation, and Selection. This follows the RFP when the organization considers the value that a certain business is providing. Giving the information from the Request for Proposal the client considers such things as price, quality, and experience along with the vendors ability to work with them, then decides the best course of action. Stage Five is Order Specification, this happens when the buyer purchases with its preferred supplier. The order includes details on price, goods, dates, and even fines for failure to meet expectations. Stage Six and the final stage is Vendor Performance Assessment Using Metrics. This happens when an organization does an in-depth analysis of their supplier in hopes of using it for better decision making in the future. The metric is usually broken down into a scale for each column based on key issues, importance score, vendor performance, and then importance x performance.

3.Define market segmentation and how segmentation is used in target marketing

A) List and distinguish among the requirements for effective segmentation: measurability, accessibility, substantiality, and actionability

B) How is the market segmented within the context of the GlobalB2B simulation?

Segmentation represents the divisions from which a market is based on. In the GlobalB2B simulation, we can see segmentation in the market divisions by countries and by products. Each segment exists with its own needs. These characteristics must be measured to assess how the business can execute the most efficient and profitable course of action. Understanding each client is crucial. Accessibility also plays a substantial role, as the availability of a product to a customer will increase its sales and brand loyalty. More so, the segments of the market must be sustainable. If they are not, your profits suffer. Segments of a market must sustain themselves to be seen for profits. Finally, firms must have a healthy relationship with clients. Actionability represents the capacity to interact with individual firms/people and bring them over as potential clients.

4. How does a national culture and its influences affect buyers' needs and wants?

Cultural stigmas and traditions shape the buying habits of consumers. Different markets have different expectations. This is based around historical and societal rules. National culture is a deciding factor for buyers, because it represents a distinct background that prioritizes certain characteristics of business over others.

5. Discuss PEST Analysis and how is the tool used by Marketers

The PEST analysis framework was created in 1967 by Francis Aguilar, a professor from Harvard University. Its primary purpose for Marketeers is to give a breakdown of external forces that will affect a particular business. The PEST model also contributes to risk management and strategic design planning. The acronym stands for "P-olitical, E-conomic, S-ocial, T-echnology". Each part plays an important role in determining external factors. Under political, information such as government incentives and tax credits are considered. Economic factors include inflation rates and labor costs. In the social category, companies can evaluate socioeconomic conditions in the marketplace. Lastly, technology allows companies to grow at rapid rates or provide aggressive competition. Each company's PEST analysis should be different, as each firm's place in a market should be different.

6. Discuss how the Porter Five Forces Framework is used in simulation to analyse the competition

Porter's Five Forces represent five elements indispensable to the analysis of business. Based on these factors, one should consider the decisions that are executed. One of the biggest considerations during the simulation is Industry Rivalry. Working against our classmates creates a particular environment of overdoing each other and trying to outperform our work. This is the biggest threat during the simulation, as opposed to something like the threat of new entrants, that will not occur because every single person in the classroom is already participating. The bargaining

power of buyers can be seen under performance and the needs of each buyer. Of course, with the competition that exists between groups, there always exists the threat of being substituted.

7. Discuss Dr. Philip Kotler's market coverage strategy and how it is used?

Dr. Philip Kotler's market coverage strategy is to not only market to customers through their hearts and their brains but also through their spirit. Dr. Kotler believes that by connecting to the customer in a spiritual way, it will create stronger customer loyalty. Dr. Kotler also mentions the importance of understanding your competitor's strategy. A firm that is able to understand what their competition is trying to do can better react and have better insight on the behavior of a market. He also believes in permission marketing as a way to grow your market coverage. In this, you turn strangers into friends and then friends into customers. By doing this, you will build a relationship outside of the business relationship which will create a good CRM with those customers.

8. How well developed is the organization's Mission Statement in the simulation?

The organization's Mission Statement in the simulation is very well developed. There are a lot of things that we can learn from and understand about the company from the Mission Statement. For example, the Mission Statement states "experience in all aspects of motion control" which allows us to see that Ostrom is an organization who focuses on electrical and hydraulics systems and not so much on software. The mission statement also gives us insight in that Ostrom is an environmentally friendly company by saying they look for "greener solutions." Another thing that we can take away from the Mission Statement is that our organization is focused on the customer achieving greater application. This is beneficial because the customer can see that the company is focused on them and has their best interest in mind. The Mission Statement in the simulation tells us a lot about our organization.

9. What is a KPI (Key Performance Indicator)?

A) Discuss the difference between a feedback and a feedforward KPI

B) Discuss how the feedforward KPI metric is used in the simulation?

KPI (Key Performance Indicator) allows for companies to measure their performance against critical business objectives. In other words, it is a measure that values how effectively a business is completing their goals and objectives. A feedback KPI is when a company reflects on past key objectives and analyzes their status on those objectives. They reflect back to see how they were able to complete or how they were unable to complete their goals. Feedforward KPI is creating new key objectives for the business to achieve based off of the past KPI. If a company

was able to meet and exceed their expectations substantially, then a company would set a higher goal to achieve. Feedforward KPI metric is used in the simulation because companies will be able to see where they need to improve on in their business objectives from their KPI and will use feedforward KPI to see those improvements.

10. Define return on sales (*ROS*) or operating profit margin ratio and discuss how the ratio is used to evaluate operating performance in the simulation

Return on Sales is calculated by using (Net Profit/Net Sales). Return on Sales determines how much profit is being made on each dollar of sales. Return on Sale is a key indicator for the financial health of a company. When the Return on Sales is positive then the company is in stable financial health and making profit. But if the number is low then it is a warning that more money needs to be made.

11. Why is important to conduct a financial statement analysis of a company's accounting reports to gauge its past, present or projected future performance?

It is important to conduct a financial statement analysis of a company's accounting records in the past, present, and future for many reasons. When evaluating current financial status of a company it allows for better decision making for the allocation of money throughout the business. It is also essential that each member of management knows how to interpret the financial standing of the company so they can adapt the division's plan if need be. If the company is publicly traded these financial statements are important to investors and must be correct.

12. Discuss the differences between a Market Strategy and a Marketing Plan?

Market Strategy is the brainstorming ideas behind a marketing plan. Marketing Strategy includes things like goals and objectives. The Marketing Strategy is the roadmap of how to execute a marketing plan. The Marketing Plan on the other hand is how the Marketing Strategy is achieved. It is the plan a group uses to carry out the goals and objectives of the Marketing Strategy.

PERIOD 3(DECISION ROUND 2): TARGETING

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1. What processes or analysis tools did the team use to develop the market strategy?

After deeply reviewing the research reports, we created a detailed list of the attractive pieces of each segment and the parts that we need watch out for, for example the upcoming fear of China's segments slowing.

2.Explain how companies identify attractive market segments and choose a market-targeting strategy

As we are a European company we decided to focus on the European segments of the market. Equally, as stated in our mission statement we are a green driven company and want to focus on the customer experience. With that in mind we put a lot of money in our maintenance and electrical systems especially in Europe.

3. Has the team identified new product opportunities in the simulation?

Maintenance by far is the most profitable of the groups. We decided to focus on maintenances as it is a staple of providing the best customer experience as outlined in our mission statement. We also have decided to focus on electrical systems as it is one of our stronger areas. We were surprised in how well electrical are doing for us as we control 3 of the 4 segments. We plan to continue with our plan of maintenance and electrical systems as that seems to be working very well for us.

4. Define and discuss market entry strategy?

Market entry strategy is the planned strategy to deliver goods and services to a new market. In the simulation this comes in the form of acquire/own, export, or a joint venture. However, in more general terms market entry strategy is how a company breaks into a market and the strategy that sets them up to compete in that market.

5. What processes did the team use to identify develop a strategy for a target a market?

From the beginning, we saw it crucial to invest in the highest profit markets. By taking the lead in Europe, we were able to establish a comfortable lead, boxing out the rest of the market to less profitable sectors. This was done by examining the value and profitability of each market.

6. What are the different market entry options in the simulation?

The market is divided either by service/product or by region

A) What are the relative strengths and weaknesses of each?

Europe and China's growth rates are falling behind, despite being the most profitable of the sectors. The US and Japan are growing strong. The key is to try to profit from what is working now, so down the line that money can be used to adjust.

B) Has the team identified new market opportunities in the simulation?

Maintenance has always been very important, especially in Europe. To level out the fall in growth from hydraulics and electrical, we decided to spread some of our efforts to Japan and specifically the United States.

There are many different market entry options in the simulation. Any team could enter the market through either of the four regions (US, China, Japan, and Europe) and within the following segments, electrical systems, hydraulic systems, software, and maintenance. Entering into markets such as EU and China are very tempting due to the large market size and potential for profits. However, the down side in these markets is the increase in competition. The market is so big that many competitors enter making it difficult to grow and control. Markets such as the US and Japan are much smaller than the other markets but can provide a lot of success due to the lack of competitors in the market. The team has planned to control the market in Europe and emphasize our segments of electrical and hydraulic systems in that area. These segments, we believe will allow us to be more profitable than our competitors. Another marketing opportunity that we focused on and continued to focus on is the USA. With a low amount of competition, our team hopes to continue to control and be profitable from the US. We have had good success so far and see no reason to change it until we feel necessary.

7. How did the team develop a viable market segment(s) for future opportunities?

We were able to write down information and break down market segments in the beginning of this simulation. We looked for homogenous characteristics to make our decisions. Because we took these steps early on, we are able to look back at our decisions so we can better develop our viable market segments in the future.

8. Using Mintzberg's intended, emergent versus realized strategies as a guide, how is the strategy changing?

According to Mintzberg's intended, emergent versus realized strategies, our team has not disengaged from our intended plan. Our team came up with an efficient plan and we have executed that plan to perfection. Our realized strategy after following our intended strategy has been better than we anticipated. Our team is doing very well in the simulation as we are attaining profits doubled of the other teams. We have come across possible emergent strategies but due to the risk, we have not acted on them. As for right now, our intended strategy is doing better than we

anticipated and we do not feel the need to adapt it until we feel necessary. Our current strategy has led to a great amount of success so we will continue to follow it.

9. Are there any key assumptions which the team has not identified or did the team make the wrong Assumption?

We as a group made some assumptions in the simulation that we will look to fix in the future. For example, we were not afraid to spend our money given on opportunities that will benefit us in the long run. This in result seems to have paid off but it has increased our costs to close to 600,000 dollars.

10. Discuss how could the Ansoff Matrix -Product/Market Expansion be used?

A) How much of future profits will come from each of the Ansoff quadrants? What are the Implications?

Market Expansion can be used to decide what markets are more profitable to participate and focus your efforts in. Be filtering out where funds and resources should be allocated, you can better decide how to act accordingly. This with the information in the reports is extremely helpful

Most of the profit will still come from the “Cash Cows” of the matrix. We can expect however growth in other sectors. The implication is that the market is ever changing, and we must differentiate each of these changes for better results.

PERIOD 4(DECISION ROUND 3): POSITIONING

1. Define and discuss the reason why marketers use Value Maps

- A) How well is the team positioned on the Value Maps?
- B) What does the team need to do to improve its position?

Value maps quantify elements in the market and present it to marketers. It allows them to do decisions based on facts and data. This can be seen in the European and US market, where the team is doing particularly well. Although underperforming in other areas, Electrical systems is still a strong suit. The team’s best course of action would be to maintain the current lead while also competing against the other teams more profitable assets.

2. Define what a Value Proposition is

- A) Discuss the Value Proposition ranking in the key segments/ opportunities?
- B) How could the team position to move to a higher ranking?
- C) Are there any segments/ opportunities where the team is over-performing?

The value proposition is the intended value from benefit the consumer gains from a product. In key segments in Europe, we are either to par or over-performing, as opposed to places like China where we are severely lacking. If we can up our value without affecting our other markets, we could expand even more. Europe comes to mind when talking about overperformance, although that over-performance has also granted us a substantial lead.

3.) Discuss the process of collecting and analyzing actionable information about competitors and the marketplace to form a business strategy

As a team we have done an excellent job collaborating and breaking down actionable information on other companies and the marketplace to better form our business strategy. Actionable information first off is primitive to our effort because the information we use directly affects us as a competitor. As a group we can utilize this information by looking at risks other teams took and their statistical data to see if they were successful or not and decide if we want to do the same. It gives reassurance to our business strategy but can also help us create our own risk through business opportunities that we deem achievable but see nobody else doing, which in result will give us a higher capitalization rate.

4.) What analysis tools did the team use to identify the right segments/ opportunities?

The analysis tools the team used to identify the right segments/opportunities range from the DPM tool to the Industry surveys that were purchased. The team used many tools to decide which segments we would pursue and then execute from there. By using the DPM tool, the team was able to see not only what markets were attractive but also how competitive those markets were. By seeing this, we were able to decide which markets we would pursue based off our belief that our company would succeed versus our competitors. Another tool the team used was the BCG tool. By using this tool, the team was able to see the potential growth size of profitability for segments which was crucial in deciding which segments we would target. The bigger the area covered by the segment the higher the potential profitability was for that segment according to our company. We knew that our BCG could be different from our competitors, so we just had to focus on our company while using this tool. Another analysis tool we used in identifying the right segment was the industry reports. By using the industry reports, we were able to see which segments would be successful or not in which upcoming periods. This was very useful because it allowed our team to invest money in segments we knew were going to grow and not invest in segments where they were going to decline. The industry reports allowed for our team to be certain about the decision we were making and allowed us to predict what we thought would happen.

5. Discuss the Competitor Profile the team developed in the Marketing Plan?

A) How could the profile be used to develop the competitive strategy?

We worked under the assumption that our competitors did not properly read the given documents like the market reports. As a team we looked at our strong suits and our competitors' strong suits. We obviously wanted play to our best areas while avoiding our competitors' strengths. For example, our group has decided to pull out China all together because our team felt SES had a significant advantage and the money in China could be used elsewhere. We have used this profile to mark what we should be focusing on and what we are not as strong on. The profile provides an in depth look into what other companies are likely to pursue. We use the competitor profile to look that the market landscape from our competitors view.

6.What happens with a poorly developed market strategy however great execution?

Great execution stems from many essential areas such as the organization's culture, and the how precise and efficient the implementation is by employees. If there is a poor market strategy but great execution, what will happen is our goals for company improvement and penetration for growth won't be met. There will be wasted time and energy because even though it was executed well the time put in wouldn't be worth the result.

7. How would the team describe its risk tolerance versus the competitors – higher, lower, just right?

The team would describe our risk tolerance to be higher compared to our competitors. We believe this because of the amount of profit we have accumulated throughout the four periods, should allow us to take risks that other competitors cannot. The team should be able to fund any potential marketing move due to the sufficient amount of profit that we have already established. Even if we take the risk and it does not work out, we still have a sufficient amount of profit. Unlike our competitors, where a risk that does not work out well could turn their small profits into debt. In conclusion, we believe that because of the amount of money we have attained, that we can take risks without receiving as big as of consequences that our competitors might.

8.What are the key risks the team faced and what steps take to mitigate the risk?

We were mostly worried about the risk we might take by overextending ourselves in terms of how much we spent and where. If we fail to spend money wisely then that puts us in a very poor position against our competitors. In order to limit this risk, we invested heavily in Europe and electrical systems. We figured we could control Europe and be the best at electrical systems therefore giving us two options for revenue instead of gambling on one. On top of that we keep a little money back each period for future use. The extra money is “safe” money that we can use to adjust our position if we don't like where we are at.

PERIOD 5(DECISION ROUND 4): PLANNING

1. A dominant company typically competes differently than does a smaller company. How is the team planning to change the strategy based on the current position?

The best plan for action would be to maintain our current stance while trying to reduce costs and being aggressive against our competitors other sectors. By increasing our rate of success, we would be able to increase profits. As the leading company profit wise, using our advantage to dominate is crucial.

2.How could the team be more efficient in allocating the budget?

Communication and research/reaction are the best way we can improve the allocation of our budget. With clear communication every member of our team is aware of what we are spending, where, how much, and why. Communication is key to successfully carrying out our marketing plan within the game. It is also important that we read the research report for each period as well as the updates Market 2 Win gives us after each period. This will help us stay in touch of what is happening in the market as well as how we can adjust accordingly.

3. How could changing the market entry options improve the team's profitability?

By entering markets that are more profitable than others, we as a team could become more profitable. For instance, if the industry report for the 3rd period said that electrical systems in the US would have a growth of 6%, then it would be in our teams' best interest to try to enter that market more than we had been before. This could allow us to control more of that market and therefore be more profitable in comparison to our competitors. If our team just stayed in the markets that we originally entered, then our team would be stagnant and too reliant on one market. By changing our market entry options, we will be able to stay aware of potential profitable markets. We will be able to become more dynamic and it would increase our competitive advantage.

4. Should the team develop a three-year marketing plan with annual objectives?

Developing a plan with annual objectives is a good idea as a course of action, but this should not be done without the realization that markets can change any time. Certain goals, aspirations and methods to reach them are key, but not as much as adaptability and being able to still move towards those goals when situations change.

5.Discuss the marketing, sales and profit objectives developed for the next 1 to 3 years?

For the next 1-3 years we will market continue to market in a diversified way and prominently be in Europe. We continue to drive our sales higher, but we are continuing efforts to mitigate the amount of cash outflow for the period. In result will lead to better sales margins.

6. How could the marketing objectives be split by product group?

A) What resources and actions are needed?

Marketing objectives can easily be split up based on our company's strengths and weaknesses. Since the beginning we as a group have been focusing on electrical systems and

maintenance, in turn we are not so strong on software. If we split these up, our goal for our strong areas could be to earn top spot in every region. However, a goal for our weaker areas might be to have the 4th or 3rd best value proposition. As a group our goal is to continue to provide the greatest value for our services. The resources required to maintain top value is money that we can invest into our strengths.

7. How will the team measure and review performance?

The team will measure, and review performance based on our profitability and our market share compared to our competitors. If the team sees a high amount of profit, then the team will consider that market performance as successful. However, if the team notices a lack of profit or no profit then the team would consider that performance to be a failure. The team will also measure performance based off market share. If the team can control most of the market for the markets we enter, this would be considered a success. However, if the team is unable to control the entered market, the team must consider implementing resources elsewhere. We will have goals that we hope to achieve and with the help of our balance sheet and market share, we will be able to measure the success of those goals.

PERIOD 6(DECISION ROUND 5): IMPLEMENTATION

1. How will the team balance the need for short-term profits versus long-term results?

We will put much more emphasis on long term profit over short term, luckily our focus and strategy with long term-oriented goals has still allowed us to be very profitable in the short run. Short Term profits can only be a means towards long-terms results. By utilizing the momentum of short-term profits, a plan of long-term growth can be enacted.

a. Will the market strategy build or destroy shareholder value over the next 3 years?
An efficient plan of using short term profits for long term growth would increase shareholder value.

2. Review the budget to determine if the budget has been applied to the most viable opportunities

The budget was carefully selected for maximum profitability. This can be seen in places like China and India, where the tradeoff for participating in those markets is less than the US, per example.

3. Discuss why the objectives and actions were chosen for the final period?

The objective of the final period was to maintain the lead previously established, but to also grow even further. Investments were pulled from areas such as China and Japan, where participating in the market is less profitable. We then allocated the money to stronger markets such as Europe and the US, where revenues are more profitable and steadier.

4. Does the team need to develop or update the 3 Year Marketing Plan?

Unless if the market changes drastically, the 3 Year Marketing Plan can stay around the same.

5. Discuss the operational issues within the context of the strategy?

Operational issues can pop up all the time. It is very easy to plan something on paper, but it is harder to execute. Any number of things can happen that might throw off the execution of the strategy. The most important thing is to be ready for the unexpected and be able to adjust accordingly.

6. How could the team break down the future implementation into phased steps (e.g. Plan, Pilot, Roll-out, Refine)?

The team would break down the future implementation into phased steps several different ways. First, we would review the future forecasts of what our market is and then plan a way to enter that market. We would roll out our plan in order to execute it and we will refine our plan if we feel we need to. If something in the market changes, we need to be able to refine our plan on spot to make sure we are still doing the best we can to be profitable. If we do not refine our plan and something in the market changes, we will face an error in our judgement and will receive consequences for the lack of adaptability.

7. Does the team need a separate implementation plan?

The team should have a backup implementation plan in case our original plan was to fail or derive from what we thought would happen. In this case, our back up plan would prepare us for if that situation were to occur. This would allow for the team to stay on track and not make an error in judgement if we made a mistake in our implementation plan. This would put the team in the best-case scenario to succeed.

8. What other implementation challenges may need to be addressed?

I think the two big implementation challenges are capital and competition. With the first we have limited capital which means we must get creative with how and where we can implement our strategy. This is true of any company not just ours. Second, we face difficult competition when it comes to implementation. A plan may look good on paper, but when the plan is implemented the competition might be better in certain areas and could force a change in implementation. The key is to continue to revise and improve.