

Your instructor can customize the simulation scenario. The information below is specific to your industry.

The sensors your company manufactures are incorporated into the products your customers sell. Your customers fall into two groups which are called market segments. A market segment is a group of customers who have similar needs. The segments are named for the customer's primary requirements and are called:

- Low Tech
- High Tech

Customers within each market segment employ different standards as they evaluate sensors. They consider four buying criteria:

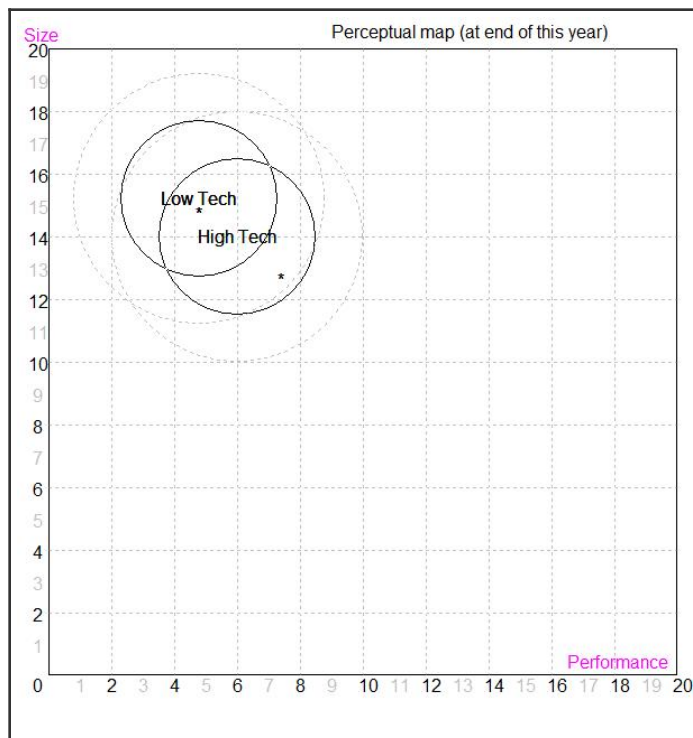
- Price
- MTBF (Mean Time Before Failure)
- Age
- Positioning

1 Positioning

Perceptual Map

Each market segment has different positioning preferences. This is illustrated by the sets of dashed and solid circles in the graphic below. Over time, these preferences will shift (see Section 2.1.5 in the Team Member Guide for more information).

Perceptual Map Form: Segment circles and ideal spots for Round 0 are shown below (see Section 3.1 in the Team Member Guide for more information about segment circles and ideal spots).



Drift Rates

Each year, the segments drift the length of the hypotenuse of the triangle formed by customers' desire for smaller and faster products.

Table 1 Segment Circle Drift Rates: Every year, customers demand increased performance (Pfmn) and decreased size. Note that the drift rates vary for each segment.		
	Pfmn	Size
Low Tech	+0.5	-0.5
High Tech	+0.7	-0.7

Segment Center

Table 2 Segment Centers at the End of Each Round: As shown in the Perceptual Map Form above, size is on the vertical axis and performance(Pfmn) is on the horizontal axis.				
Round	Low Tech		Hi Tech	
	Pfmn	Size	Pfmn	Size
0	4.8	15.2	6.0	14.0
1	5.3	14.7	6.7	13.3
2	5.8	14.2	7.4	12.6
3	6.3	13.7	8.1	11.9
4	6.8	13.2	8.8	11.2
5	7.3	12.7	9.5	10.5
6	7.8	12.2	10.2	9.8
7	8.3	11.7	10.9	9.1
8	8.8	11.2	11.6	8.4

The information in Table 2 reflects the segment centers at the end of the round. Therefore, the Round 0 positions can be seen as the Round 1 starting positions, Round 2 positions can be seen as the Round 3 starting position, etc. Each month during the simulation year, the segment drifts 1/12th of the distance from the starting position to the ending position.

Ideal Spots

Table 3 Ideal Spot Offsets: Customers prefer products located this distance from the center of the segment circle.		
	Pfmn	Size
Low Tech	-0.0	+0.0
High Tech	+1.4	-1.4

The information in Table 3 shows the Ideal Spot "offsets" or distances from the segment center. The ideal spot is that point where, all other things being equal, demand is highest. It is different from the segment center. Why are some ideal spots ahead of the segment centers? The segments are moving. From a customer's perspective, if they buy a product at the ideal spot, it will still be a cutting edge product when it wears out.

2 Segment Sizes and Growth Rates

At the beginning of the simulation, Low Tech sells more units than High Tech. Page 7 of the Foundation FastTrack, the Market Segment Report, displays total industry sales.

The market segments grow at different rates. Table 4 lists the beginning segment growth rates for your industry. The growth rates might change from year to year. Check the Segment Analysis reports in the Foundation FastTrack each round for the upcoming year's growth rates.

Table 4 Beginning Segment Growth Rates	
	Growth Rate
Low Tech	10.0%
High Tech	20.0%

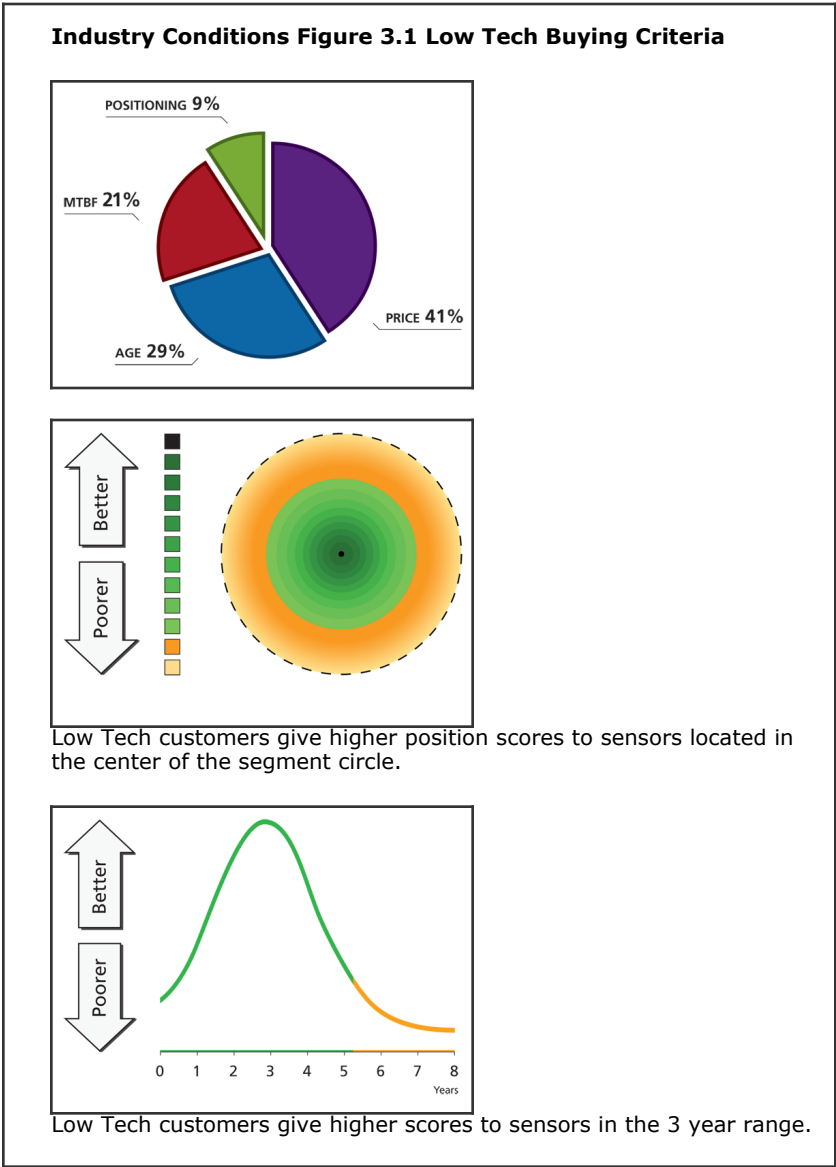
3 Buying Criteria By Segment

The buying criteria for each segment, in order of importance, are displayed below. Positioning and Age score information also display. Please see Chapter 3 of the Team Member Guide for explanations of Positioning, Age, Price and MTBF scores.

3.1 Low Tech Segment Buying Criteria (Round 0)

Low Tech customers seek proven products, are indifferent to technological sophistication and are price motivated.

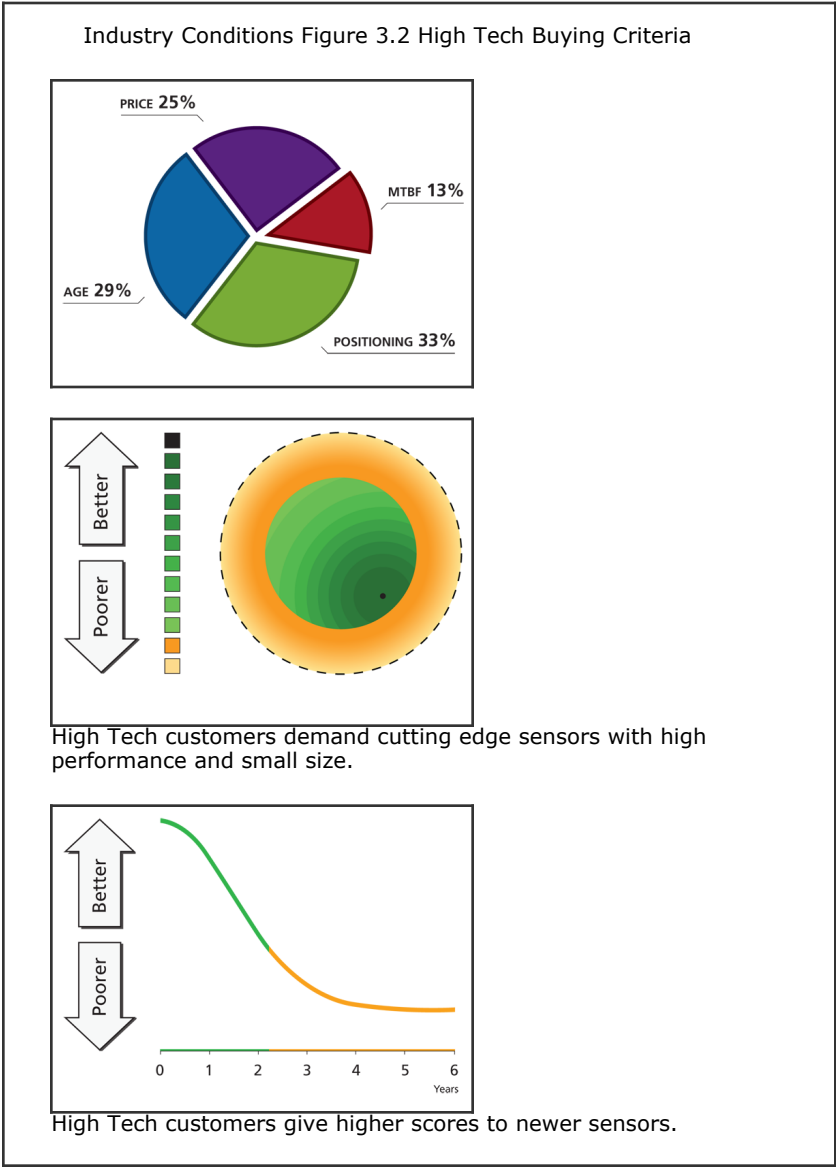
- Price, \$15.00-\$35.00 – importance: 41%
- Age, 3 years – importance: 29%
- MTBF, 14,000-20,000 – importance: 21%
- Ideal Position, performance 4.8 size 15.2 – importance: 9%



3.2 High Tech Segment Buying Criteria (Round 0)

High Tech customers seek cutting-edge technology in size/performance and new designs.

- Ideal Position, performance 7.4 size 12.6 – importance: 33%
- Age, 0 years – importance: 29%
- Price, \$25.00-\$45.00 – importance: 25%
- MTBF, 17,000-23,000 – importance: 13%



4 Projected Interest Rates

Prime Interest Rate Round 1: 7.0%