

Industry Conditions Report

The information in your Industry Conditions Report will help you understand your customers. Your customers fall into different groups, which are represented by market segments. Customers within a market segment have similar needs. The segments are named for the customer's primary requirements such as:

- Traditional
- Low End
- High End
- Performance
- Size

The Industry Conditions Report lists market segment sales percentages and projected growth rates unique to your simulation. The Industry Conditions Report is published once at the beginning of the simulation.

Each simulation industry is unique. As your simulation starts, the Industry Conditions Report will outline the beginning business environment, including customer buying criteria. The Industry Conditions Report is available from your simulation Dashboard.

Buying Criteria

Customers within each market segment have different standards as they evaluate products. They consider four buying criteria: Price, Age, MTBF (Mean Time Before Failure) and Positioning

1. Price

Each segment has different price expectations. One segment might want inexpensive products while another, seeking advanced technology, might be willing to pay higher prices.

2. Age

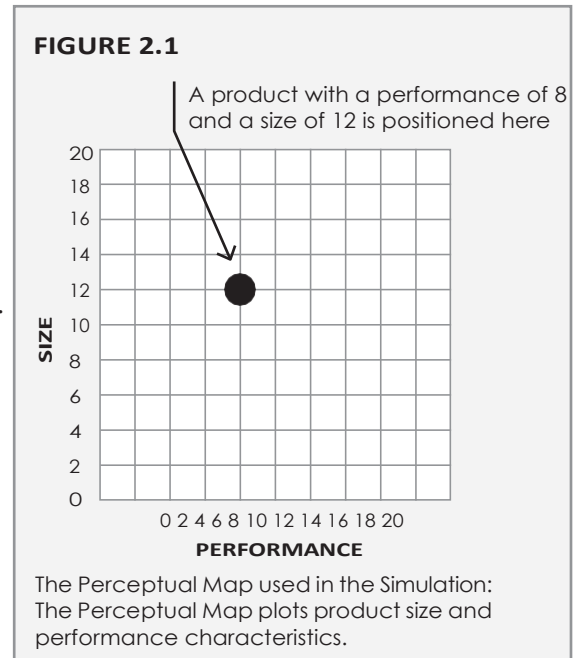
Each segment has different age expectations, that is, the length of time since the product was invented or revised. One segment might want brand-new technology while another might prefer proven technology that has been in the market for a few years.

3. MTBF

MTBF (Mean Time Before Failure) is a rating of reliability measured in hours. Segments have different MTBF criteria. Some might prefer higher MTBF ratings while others are satisfied with lower ratings.

4. Positioning

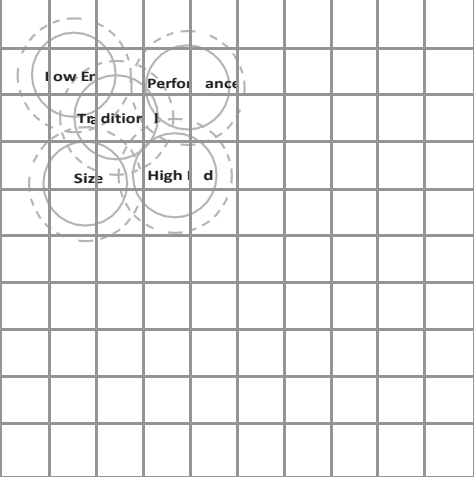
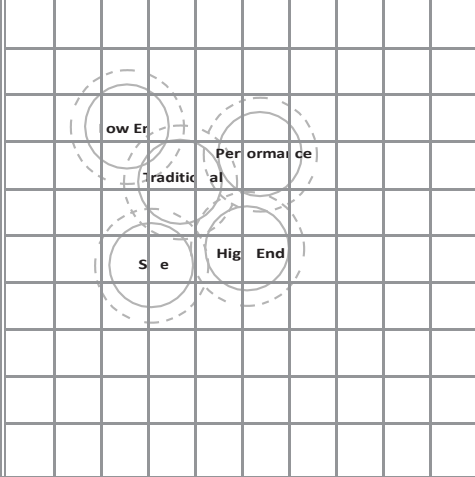
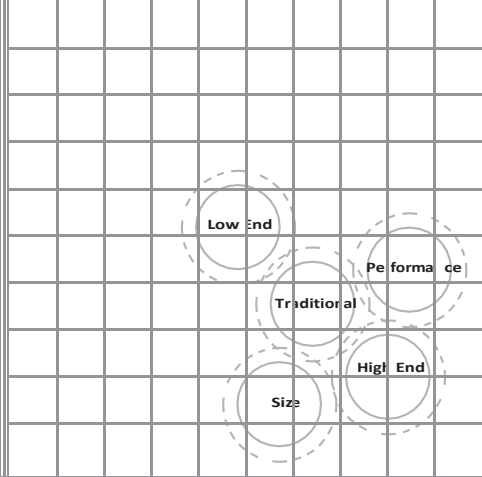
Sensors vary in their dimensions (size) and the speed/sensitivity with which they respond to changes in physical conditions (performance). Combining size and performance creates a product attribute called positioning.



Positioning is such an important concept that marketers developed a tool to track the position of their products and those of their competitors. This tool is called a perceptual map. Note the perceptual map in Figure 2.1. You will see this map quite often through the course of the simulation. The map measures size on the vertical axis and performance on the horizontal axis. Each axis extends from 0 to 20 units. The arrow in Figure 2.1 points to a product called Able with a performance measurement of 8.0 and a size of 12.0.

Market Segment Positions on the Perceptual Map

Market segments have different Positioning preferences. The Low End segment is satisfied with inexpensive products that are large in size and slow performing. It wants products that fall inside the upper-left set of dashed and solid circles in Figure 2.2. The High End segment wants products that are faster performing and smaller in size. It wants products that fall within the lower-right set of dashed and solid circles. Over time, your customers expect products that are smaller and faster. This causes the segments to move or drift a little each month. As the years progress, the locations of the circles significantly change. The example in Figure 2.3 shows the location of the market segments at the end of the fourth year. Figure 2.4 shows the segments at the end of the eighth year.

Figure 2.2	Figure 2.3	Figure 2.4
		
<p>Beginning Segment Positions: At the beginning of the simulation, segment positions are clustered in the upper-left portion of the perceptual map.</p>	<p>Segment Positions at the End of Year 4: The overlap between the segments decreases because the Low End and Traditional segments move at slower speeds.</p>	<p>Segment Positions at the End of Year 8: The segments have moved to the lower right; very little overlap remains.</p>
<p>These are examples! See your Industry Conditions Report for exact segment locations</p>		

Buying Criteria Per Segment

Buyers in each segment place a different emphasis upon the four buying criteria. For example, some customers are more interested in Price, while others are more interested in Positioning. Positioning and Price criteria change every year. Age and MTBF criteria always remain the same. Buying criteria for the previous year are reported in the Capstone Courier's Segment Analysis pages. As you take over the company to make decisions for Round 1, your reports reflect customer expectations as of December 31, Round 0 (yesterday). The Industry Conditions Report displays the Round 0 buying criteria for each market segment. Here are two example segments.

Example 1: Customers seek proven products at a modest price.

- Age: 2 years – importance: 47%
- Price: \$20.00-\$30.00 – importance: 23%
- Ideal Position: Size 16.0/Performance 4.0 – importance: 21%
- MTBF: 14,000-19,000 – importance: 9%

Example 2: Customers seek cutting-edge technology in Size/Performance and new designs.

- Ideal Position: Size 11.1/Performance 8.9 – importance: 43%
- Age: 0 years – importance: 29%
- MTBF: 20,000-25,000 – importance: 19%
- Price: \$30.00-\$40.00 – importance: 9%