

# Understanding Customer Satisfaction through a Marketing Simulation Tool in a Postgraduate IT Class

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**Abstract.** The paper reviews the issue of understanding customer satisfaction by means of managing customer requirements during marketing strategy execution. For that purpose segment targeting decisions and marketing strategy adoptions through a Marketing Simulation Tool by Postgraduate IT students in four academic classes are represented. The central issue is inductively tackled from the perspective of a simulation-experience-sampled IT student, whose learning insights about the customer satisfaction causality are introduced.

**Keywords.** Marketing simulation, customer satisfaction, sales-force allocation, postgraduate IT students, qualitative assessment.

## Introduction

To delineate “understanding of customer satisfaction” in the marketing strategy context is a task of multi-level perception. Marketing reveals “customer satisfaction” as an amalgam of awareness, image perceptions and loyalty. But understanding it depends on the type of both the auditory and the modus of approach. Understanding customer satisfaction by using marketing simulation tool in educational context appears to be an insightful provocation of the individual ability to recognize and appreciate causalities behind analysis of quantitative and qualitative criteria.

The purpose of this report is to review the issue of understanding customer satisfaction by means of managing customer requirements during marketing strategy execution through a simulation tool. The ultimate goal is to dispose the issue as an inductively tackled one. The induction need to be introduced from “a sampled” point of reference that is to integrate simulation-playing-behaviors of Postgraduate IT student from four academic classes.

## 1. Definition of Customer Satisfaction as a Qualitative Criteria for Marketing Strategy Performance

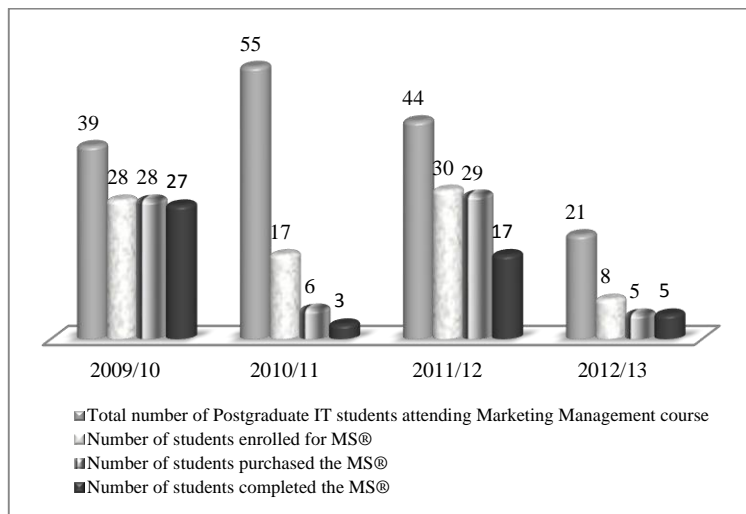
Customer satisfaction appeared to be a significant performance criterion of measuring tactical decisions. Spending on large-volume or small-volume customers, list price, channel discounts, and sales-force allocation by segment affected customer satisfaction predominantly with greatest effect on high-end switcher and lowest on low-end switcher [3]. Throughout the Marketing simulation, IT students measured the marketing strategy performance using both quantitative criteria – profitability, revenue, unit sales, and market share – and qualitative criteria referring customer satisfaction. The simulation provides IT students with a rich array of tactical decisions to retain a strong focus on marketing decision causality in terms of customer satisfaction [2].

Customer satisfaction studies explore issues related to the consumer and the firm. Empirical studies have investigated the relationship between customer satisfaction and customer loyalty, customer satisfaction and actual repurchase, which is often treated as another important means of measuring customer loyalty [4].

Although Marketing reveals “customer satisfaction” as an amalgam of awareness, image perceptions and loyalty, there are other factors that influence purchasing where satisfaction does not always play a role, i.e. lack of perceived differentiated competitors. Thus, customer satisfaction should not be the only goal for marketing practitioners [1]. Satisfaction is used as a common marketing benchmark of an organization’s performance, almost to the exclusion of other issues. Customer satisfaction is the key to success and makes the emphatic statement that a satisfied customer is a repeat customer. But ideally, an organization should include other key influencers of repeat purchase in their performance reports, for example attitudinal loyalty.

## 2. Marketing Strategy Adoptions through a Marketing Simulation Tool

*Marketing Simulation: Managing Segments and Customers*® has been adopted as a learning tool for developing marketing strategies in a Marketing Management course. The simulation has been conducted in series of Postgraduate IT classes along four academic years from 2009/10 to 2012/13, and an empirical data has been collected and analyzed.



**Fig. 1.** Postgraduate IT student intentions to participate in online-based Marketing Simulation for four academic classes (2009/10 – 2012/13).

Throughout the simulation, Postgraduate IT students made decisions regarding marketing strategy of a manufacturer of medical motors. They determined the market segments the company should target and adopted one of three general marketing strategies of the company: “Status quo”, “Price Increase” and “Commodity Play”. Table 1 represents the strategic rationale of the most probable market scenarios IT students determined during the simulation. Analyzing the customer purchasing requirements, IT students made strategic decisions, on which market segments to target at and respectively which strategy to follow.

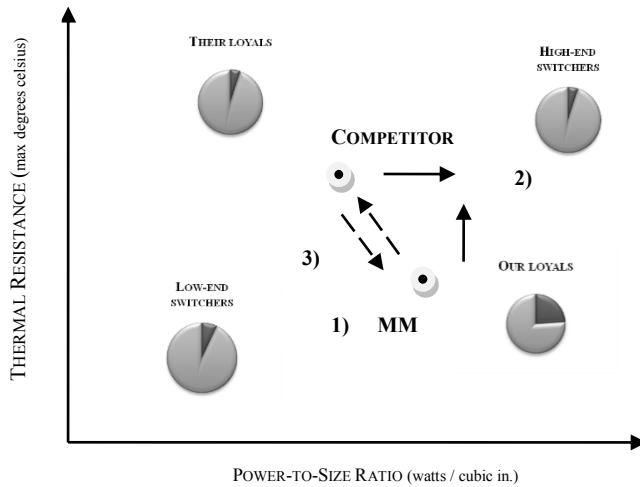
IT students predisposed themselves as conservative players because the actual point of reference in making their strategic decisions is targeting at the “Company Loyals” or the company-dominated market – Segment A. Consequently, they went in for “Status quo” strategy.

**Table 2.** Target segments approaches by segment definition, purchasing criteria analysis, channel conflict management, and company strategy adoption.

SEGMENT DEFINITION		PURCHASING CRITERIA	GENERAL COMPANY STRATEGY		
			“Status quo”	“Increase-Price”	“Commodity Play”
		TARGET SEGMENTS APPROACHED			
LARGE-VOLUME CUSTOMERS	SEGMENT A Company Loyals	<ul style="list-style-type: none"> <li>Product performance requirements: high “power-to-size” vs. lower “thermal resistance” ratios;</li> <li>Product customization;</li> <li>High level of sales-force competence and service.</li> </ul>	×	×	
	SEGMENT B Competitor Loyals	<ul style="list-style-type: none"> <li>Product performance requirements: high level of “thermal resistance”</li> </ul>			×
	SEGMENT C High-end switchers	<ul style="list-style-type: none"> <li>High product performance needs;</li> <li>Willing to pay very high price.</li> </ul>		×	
	SEGMENT D Low-end Switchers	<ul style="list-style-type: none"> <li>Relatively low performance levels in products;</li> <li>Price sensitive.</li> </ul>	×		×
SMALL-VOLUME CUSTOMERS		<ul style="list-style-type: none"> <li>Buy from distributors;</li> <li>Highly price sensitive.</li> </ul>	DISTRIBUTOR DISCOUNTS		
			→	↓	↑

Maintaining the “Status quo” strategy, IT students’ focus was not upon making investments in product-performance attributes, but more on retaining existing customers, rather than acquiring new ones, from Segment A and Segment D through using the firm’s sales-force time, deploying marketing resources for market research, and integrated marketing communications.

Any investment in product performance and an increase of the price was an attempt to pursue a position in high-end switchers’ segment or an adoption of the second broad – “Increase price” – strategy (see Fig. 2). Any engagement in “Commodity play” strategy suggested a combination of (a) stopping investment in power-to-size ratios; (b) making marginal improvements in thermal-resistance attribute of the product; (c) dropping price.



**Fig. 2.** Broad company’s strategy alternatives against an investment in product-performance attributes. The scheme is developed by Das Narayandas [2].

All in all throughout the simulation, IT students made important decisions, regarding company product design, pricing, discount structure, marketing expenditure, sales-force size that collectively supported their strategy approaches. They played the simulation by carrying out an overall marketing strategy designed to achieve a combination of sustainable revenues and profits over 12 fiscal quarters.

### 3. Understanding Customer Satisfaction in Managing Customers

Considering the IT students’ strategy adoptions per academic class from 2009/10 to 2012/13 empirical evidence is exposed in Table 2. The dominated strategy performed by any second IT student in learning how to execute a marketing strategy and to manage targeted segments and customers, is the “Status quo” one. Only one IT student from the 2009/10 class successfully experimented “Commodity play” strategy that was classified more like get-up-and-go attitude and ambition.

**Table 2.** Postgraduate IT students’ strategy approaches per academic class (2009/10 – 2012/13).

GENERAL COMPANY STRATEGY	STUDENT STRATEGY APPROACHES PER CLASS							
	2009/10		2010/11		2011/12		2012/13	
	Number	Share	Number	Share	Number	Share	Number	Share
“Status quo”	17	63%	2	67%	12	71%	3	60%
“Increase-Price”	9	33%	1	33%	5	29%	2	40%
“Commodity Play”	1	4%	-	-	-	-	-	-

“Increase-price” strategy adoption was pursued by the IT students as a “high product quality – high price” strategic goal rather than setting up as a high-end market leader. Despite

of that above 30 per cent of IT students per an academic class *purposefully* invested in product-performance improvements.

A quality assessment of the results obtained in Table 2 could serve for hypothetical build-up of a sampled IT student whose simulation experience is considered as an averaged strategy approach per class. The sampled IT student was averaged out on the grounds of both the embracement of the typically conducted simulation during the four academic years, and the individual experience and yielded insights from the “Status quo” and “Increase-price” strategy execution.

Understanding customer satisfaction was taken up then upon the decision causality among customer satisfaction in, customer buying patterns, customer loyalty, and company profitability. Predominance of the “Status quo” and “Increase-price” strategy adoptions required IT students to made decisions of receiving the highest levels of customer satisfaction in Segment A and Segment D during the three fiscal years of the simulation (see Fig. 3).

Market Share:	5.1%	
Cumulative Revenue:	\$51M	
Cumulative Profit:	\$3.4M	
Customer Satisfaction:	Segment A:	★★★★
	Segment B:	★★★☆☆
	Segment C:	★★★★
	Segment D:	★★★☆☆
	Small Customers:	★★★★

**Fig. 3.** Averaged results after completing the simulation by the four Postgraduate IT classes.

Assuming the recognition, the issue of “understanding customer satisfaction” is inductively concerned. The sampled IT student revealed a possible prevailing condition, which an adopted marketing strategy should take into consideration – namely, pursuing customer loyalty.

*“...I realized that customer satisfaction should not be a prevailing condition when one makes operations decisions in executing an adopted marketing strategy. But from other side it could explicitly reveal existing problems with customers... I also understood that to have sales drop-offs overcome, price reductions – instead of diagnose and solve other problems with customers – rarely bring effect on it.”*

## Conclusion

Understanding customer satisfaction through the interactive tool, *Marketing Simulation: Managing Segments and Customers*®, in Postgraduate IT classes proved to be uncomplicated and constructive task. The issue was taken up upon the appreciation of the relationships among customer satisfaction, customer buying patterns, customer loyalty, and company profitability. Assuming that recognition, the report made an attempt to dispose the issue of “understanding customer satisfaction” as an inductively tackled one. The induction was spoken from the perspective of a simulation-playing-behavior-sampled IT student. The student under consideration was averaged out on the grounds of both the embracement of the typically conducted simulation in four academic postgraduate IT classes, and the individual experience and yielded insights from the “Status quo” and “Increase-price” strategy execution.

The notion “customer satisfaction is a marketing driver” the sampled IT student perceived more or less as an assumption and a theory, rather than as an empirical proof. But undoubtedly, he stated it as an “action-reaction” determinant and measuring criterion. IT students preferably played the simulation in pragmatic manner managing segments by 1) using marketing research; 2) making investment in product performance; 3) leveraging by pricing decisions; and 4) managing channel conflict. Consequently, managing customers through using the firm’s sales-force time, deploying marketing resources for market research, and integrated marketing communications IT students understand as customer satisfaction. In that respect a qualitative assessment has been made and the outcomes convincingly reveal that students call themselves “conservative players” because they *usually* apply “Status-quo” strategy, and considerable number of them enhance to “Increase-price” one. They prefer to play with a low risk so as to keep the stated market position rather than acquiring new customers. A couple of open research questions have been answered addressing the mode by which students substantiate the customer satisfaction. A prevalent student statements claim that they understand customer satisfaction as a consequence of combined decisions. Predominantly postgraduate IT students enhance product performance, manipulate the price, configure the sales force concentration and pay for market research, before all to retain the company loyals. Moreover, their playing decisions are primarily based on checking the dashboards of customer satisfaction in each quarter that notably reflects the direction – up and down – of their inputs. That feedback has made them encouraged or discouraged to continue “keep customers satisfied”, which make them experience and meaningfully encounter the customer behavior.

## References

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