

# Capsim Help USA

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## Common Mistakes to Avoid In Capsim and Growth Opportunities for Digby Company

By CapsimHelpUSA.Com

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### **Introduction about team**

In this Capsim Simulation, our company name is Digby. There are four group members who have worked on this Capsim business simulation Foundation. Their names are AlAnood AlYousef, Almubti Fawaz, Noura AlSuhaibani and Nada Alhunayhin.

This paper is providing the most valuable information, what we did wrong in each round, which resulted in poor performance and loss of our company Digby and how to improve it going forward.

### **Mistake in Round 1: Setting up a lower price than cost**

As game started in round 1, our main focus was to get huge market share as compared to our competitors to get a competitive edge over them. So, we did some mistake.

Diby generated the highest sales of \$51,815 among its all competitors but still incurred the loss. Despite having huge number of sales, the main reason of loss was, that we set our price very low among all competitors which able to get more sales but we were unable to meet our expenses for example we spent highest amount \$8,468 on product awareness and availability as compared to our competitors.

### **Mistake in round 2: Not targeting a new product in High End Segment**

Our Major mistake was to focus on one product which was primarily belongs to low tech segment and its name was **DAZE** and was selling its few units in high tech as well, which didn't meet the fully requirements of that segment of clients those who required high performance and low size and in comparison to our main competitors who were launching another product for high tech segments and trying to buy its capacity for the next round. So, now we feel, that is our major mistake, because in that way, we were very late from our competitors in launching our new product **DREM** which was specifically competing in the high tech segment. We launched Dream in round 2 and started bought its production capacity for next round 2. So, we sold 0 Units until round 2 for Dream product.

### **Mistake in Round 3: Late Entry in High tech Segment and less Awareness about Product**

As, we were running our company in a very competitive environment, so, our competitors took an advantage over us by going early into the market of high tech. Late entry was the main reason for loss in this round because, they have already captured the good market share. It was very important to get the good market share of the High tech segment, due to its growth rate of 20% in comparison to low tech that was growing with 10% only. In addition, we can set higher prices for our product as higher price was not an issue to those clients. Until, round 3 our competitor's products awareness was very high because of early entry and it was very hard to grab a market share from them, Therefore, We invested a lot in customer awareness and sales budget to get some advantage which put pressure on our cost and ultimately still ended the round in loss.

### **Good Decisions and No mistake: First time in Net Profit of \$2,628**

Round 4 was the first round, where company ended up in a profit of \$2,627,634, first time in a simulation that was due to higher investments in awareness and sales, secondly meeting customer buying criteria and full availability of stocks for our products. In that round, we didn't do any mistake and achieved what we wanted.

## **Mistake in Round 5: Less investment in Human Resource development**

In Round 5 we still ended up in a loss of \$3,745,961 and the main reason of failure was here less skilled workforce as we invested less in our Human resource e.g. our main competitor Erie was spending \$5000 on human resource recruitment than we were only spending \$1000. In addition, our training hours were also less than Erie as they were giving 80 Hours of training and were giving 40 hours of training.

## **Future Strategy of Our Company Digby to overcome the Mistakes**

### **-Low Tech Segment**

Our company Digby goal will be to keep customers buying our products at low price as possible as we can afford and have good profits, by lowering our production and labor costs. We will invest greatly into the quality control and workers to keep the public satisfied at the lowest costs. By lowering my production and labor costs we will be able to pass savings onto the consumer. In that way, we can meet their main demand of low price which is 41% important for them to buy any product in low tech segment.

### **-High Tech Segment**

Firstly, Automation is very important for manufacturing good products for your customers, as our customer's main need in high tech segment was to have good performance and short size. R & D is very important to keep in touch and stay ahead of the competitors. In this way, we can forecast customer's preferences and choices and changes in customers buying preferences. So, Digby will invest a lot in automation and R& D to Stay ahead of the competition.

# Growth Opportunities for Digby

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Both low tech and high tech has growth potential for all the competitors as market is consistently growing with 10% for low tech and 20% for the high tech segment of customers. We think more growth opportunities for the high tech segment for two reasons, one is it has higher growth rate, and it is good to capture good market share despite the competition as the growth is higher.

Our goal when making decisions will be to look at the Currier reports to understand what customers are after in higher tech segment because with each round, they will want higher performance at a smaller size across the board for our product Dream. The number of products sold will continue to increase as it is growing with 20%. Therefore, it will require continuous investment in marketing and product placement to be able to keep customers interested. If we will notice a product becoming less popular with customers my plan is to re-plan the product, change the size and performance to exceed the requirements of the public, and increase investment in marketing. If this fails to have less than impressive results my plan would be to retire that product and invest in more profitable products. Our strategy will be to keep the public as close to 100% on accessibility and awareness, for all of our products. We will be doing this by investing into the marketing aspects of my company. Using the annual report to predict how much marketing is needed to raise the awareness and accessibility as well as make up for lost awareness from the previous year. Using the annual report to predict how much

marketing is needed to raise the awareness and accessibility as well as make up for lost awareness from the previous year. Another major issue may be keeping up with the demand for products with production, we believe people lose interest in a company quickly if it fails to meet the demand, they will find another product instead, and once they switch they may never be willing to switch back. So, it is important to tackle it at priority, if we really want to capitalize the growth opportunities in the high tech segment.

## Product Portfolio of Digby

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Our company has two products in its portfolio name as Daze and Dream. Daze is particularly competing in low tech segment which requires the product at low cost.

Dream is a product which was specifically targeting the segment of high tech which requires the high performance and short size of the product Dream.

### **Digby's Placement in Business Profile Product Portfolio Matrix**

## DigbyPortfolio Product Portfolio Matrix

		Stages of Industry Maturity			
		Embryonic	Growth	Mature	Aging
<b>Competitive Position</b>	<b>Dominant</b>				
	<b>Strong</b>			Daze Product	
	<b>Favorable</b>		Dream Product		
	<b>Tentative</b>				
	<b>Weak</b>				

Our product Daze is in mature stage of low tech segment and with strong competitive position. Because we have grabbed good market share in Daze, low tech segment.

Our product Dream is in a Growth Stage in High tech industry with favorable competitive position.

### **Digby's Placement in Product portfolio Environmental Analysis**

## DIGBY PRODUCT PORTFOLIO ENVIRONMENTAL ANALYSIS



In this picture, Product A is denoted as Dream and Product B is Denoted as Product Daze.

### Product A: Dream

We will categories our product Dream as Higher Risk and Higher Reward Product. Its main reason for higher risk is that we were already late in launching a new product in a industry as competitors have first mover edge over us. Secondly it is higher rewarding product due to and two reasons, one is higher growth rate segment and secondly, customers are willing to pay higher prices.

### Product B: Daze

It can be seen in picture above our product Daze is lying in as Low risk and Low reward matrix, as it requires low investment and we have strong product awareness and keep good market share but it is also a low reward as customers don't pay higher prices for the product and it manages very hard to cover its due expenses.