

# Music2Go

A MARKETING SIMULATION



## Music2Go Quickstart Guide



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**Music2Go** is a Principles of Marketing simulation where you will plan and implement a Sales and Marketing campaign for the Portable Music Player (MP3 Player) division of a large Consumer Electronics Corporation.

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## Getting Started

- 1 Read this Quickstart Guide in full. It contains hints and tips to get you started.
- 2 Go to [www.smartsims.com](http://www.smartsims.com) and log in using the login and password provided by your Instructor
- 3 Watch the Screenshot Demonstration of Music2Go (5 mins)
- 4 Download and read the Players Manual. This contains a lot of demographic and Media reach information that you are going to need.
- 5 Windows Users should download and install the Music2Go software (if available) from the Music2Go menu. This will install both the Single-Player and Multi-Player on your PC. Mac Users should use the Online version of Single-Player and Multi-Player. (See the Windows vs Mac section below).
- 6 Open your Single-Player and start practicing. This will allow you to get used to the simulation before your Multi-Player competition begins.

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## Single-Player vs Multi-Player

The Music2Go Single-Player allows you to practice against a single computer controlled competitor. You are able to roll forward into the next decision period / year, or roll back as you wish in order to test and change your decisions. Your goal is to generate more Net Marketing Contribution than your opponent.

In the Multi-Player you will compete against other student teams in your class to create the highest Net Marketing Contribution (see 'goals' section below). Moving from one year (decision period) to the next is done by automatic rollover on preset dates. Before each of these scheduled times your team needs to have all decisions for the upcoming year entered into the Multi-Player version.

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## Windows vs Mac Users

Windows PC users can download and install the software version of the Music2Go Single-Player and Multi-Player. This software will not run on a Mac.

For Mac and Linux users we have an Online version which runs inside your web browser. All you have to do is to log into our website, go to the Music2Go menu, and click the blue Launch button to open your firm. Note – we may have to create this for you, so just let us know if you are a Mac user and can't find your Online Single-Player.

The software and the online version have the same functionality, but we recommend that Windows users use the software version if possible.

Note: Some courses will be set up so that all students use the Online version. If this is the case then the software download link will not appear on your webpage and Windows users should use the Online version instead.

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## Your Goal – Net Marketing Contribution

You are the Vice President of Marketing for the Portable Music Player (MP3 Player) division of a Consumer Electronics Corporation. You will be competing against either a single computer controlled competitor (Single-Player), or your classmates (Multi-Player) who are marketing similar music players. Your challenge is to build your company to the dominant player in the Portable Music Player market by maximizing Net Marketing Contribution.

Net Marketing Contribution is a measure of how profitable a firm is as a result of its strategic marketing plan. It is the amount of profit remaining after manufacturing (cost of goods sold) and marketing expenditures have been deducted. The only costs still to be deducted are other functional overhead costs for the firm, e.g. finance, administration etc. Positive Net Marketing Contribution occurs when Sales Revenue is greater than Marketing Expenditure.

The Industry Benchmark Report under Industry Overview shows how you are performing relative to your competitor(s).

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## Summary of the Music2Go Scenario

You assume the role of the Vice President of Marketing for the Portable Music Player division of a Consumer Electronics Corporation.

After every rollover the Year Ahead report outlines new developments in the scenario and gives general hints and tips for the coming year. We strongly recommend you read the Year Ahead report after each rollover so you are aware of new developments in the Scenario.

You are given a fixed budget every year with which to plan and implement your Sales and Marketing campaign. The amount of your budget will vary depending on how successful you are and it is the larger of \$25m or 50% of your gross margin. In addition, whenever a new product is launched your budget will increase by \$10m for a single period to allow you to build initial awareness for your new product.

The Forecast Results->Budget Spending Report allows you to see what your current budget is, and how much you have used. It will also show the adjusted budget limit if you choose to launch a new product.

There are three market segments in Music2Go – Standard, Youth, and Sports (Multi-Player only). These segments have different preferences, demographics and sizes. The Players Manual contains important information on advertising reach and demographics.

There are a variety of Market Research reports available for purchase every year, and effective use of Market Research is critical to succeeding in Music2Go. We **strongly** recommend you familiarize yourself with the available Market Research reports in the Single-Player before your Multi-Player competition starts so you can purchase wisely.

You start with a single MP3 Player product in the Standard market segment. But over time you and your competitors may improve your existing product or launch additional products into new market segments. Note that the preferences of the markets may change over time, so you may need to make some improvements to your existing products just to keep them attractive to your customers. Look at the Product Development screens to see approximately where your products sit within each segment, or purchase Market Research for more specific details.

Accurate forecasting of demand and Inventory Management is important. If you purchase too little stock you miss out on easy sales. Too much, and you will incur inventory holding costs. Too much stock on hand also means that product modification can be expensive because you will have to dump any finished goods you have below cost before modifying your product.

Your Sales Promotion strategy will need to vary with the Life Cycle of your product. For instance, Trade Shows and Sales Force training will be important at a new product launch, but progressively less so as the product ages. See chapter 3 of the Player's Manual for more information.

You have three distribution channels – Consumer Electronics, Department Stores, and Discount Stores. You need to analyse the shopping habits of your target markets to see where they prefer to shop to decide how to best make use of your sales force.

The most successful students will be those who can combine research from multiple sources to create an effective marketing campaign, and who continually review in order to refine their campaign.

Chapter 1 of the Player's Manual gives background information on MusicGo. Most of that is covered by this QuickStart guide.

Chapter 2 gives advice on Strategic Planning and setting objectives. Your team may find this useful in formulating your strategy.

Chapter 3 gives a detailed overview of:

- consumer demographics
- market segments
- product life-cycle
- advertising media channels
- sales promotion activities
- distribution channels

**You WILL need the information in Chapter 3 to succeed in Music2Go.**

Chapter 4 gives an overview of the decision screens

Chapter 5 gives an overview of how to evaluate your performance via the available reports and Market Research. This will assist you in assessing your progress and in making decisions for the next rollover.

## FAQs

*Help! My Decisions aren't being saved!*

- Make sure you always click the Apply button after changing a decision
- If you change your Advertising Agency then all your Media Planning Decisions will be replaced by the default decisions made by your new Advertising Agency. So you should always review the Media Planning Decisions after changing agencies.
- Always check the Current Decisions report under Forecast Results after entering your decisions to make sure you haven't missed anything.
- Always check the Forecast Budget Expenditure report under Forecast Results to make sure you are within budget.

*I checked my decisions last period and I tried to spend \$Xm on Advertising Strategy or Sales Promotion Strategy, but after the rollover it appears I actually spent less than that. What happened?*

Remember that you have a fixed budget each year. If you exceed that budget, then your spend will be reduced. Always check the Budget Spending Report under Forecast Results to make sure you are within budget before each rollover.

*Someone keeps changing my decisions! (Multi-Player)*

Remember that you probably have 2-5 people assigned to your Multi-Player firm, and any one of them can log in and update the decisions. You should discuss with your team members who is responsible for actually updating your team's decisions to avoid confusion.

If you experience any other difficulties, feel free to contact the Smartsims Support Team:

Email: [help@smartsims.com](mailto:help@smartsims.com)

Website: [www.smartsims.com](http://www.smartsims.com)