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Introduction

Game Description

Practice Marketing puts players in the role of a marketing decision maker for a small backpack company. Players research the market for backpacks and choose a promising market segment to target. Then they design a backpack with the goal of matching its style, attributes and special features to the preferences of that market segment. After setting an initial price for their backpacks, players select distribution channels, and coordinate an integrated communications strategy to build awareness for their products. The game includes a realistic marketplace in which individual players, or teams, acting as companies compete against other player, team, or computer-controlled backpack companies. Players analyze sales results, collect information on competitors, and refine their product, price, place, and promotions strategies in order to maximize profits and become a market leader.

System Requirements

In order to use the simulation your device must meet the Technical Requirements listed below.

Windows OS:
2. Internet Browser: Firefox version 31 or above OR Internet Explorer 11 or above OR Google Chrome version 31 or above
3. Memory: 512MB RAM
4. Processor: Intel Pentium 3-4 processor or equivalent/better
5. Video: NVIDIA GeForce 6600 or better OR ATI Radeon 8500, 9250 or better OR Intel 945 chipset or better, 1024 x 768 resolution minimum
6. Internet: 128kbit/s Cable/DSL/LAN connection per computer
7. Hard Disk Space: 500MB free
8. Direct X: DirectX 9.0c

Mac OSX:
1. Operating system: Must have OS X 10.6 (Snow Leopard) or later.
2. Processor: Intel Core 2 Duo (PowerPC not supported)
3. RAM: 1GB System Memory
4. Video Memory: 256MB graphics card or decent integrated graphics chip. Must support OpenGL 1.5+
5. Internet Browser: Firefox version 31 or above OR Safari 7.1 or above OR Google Chrome version 31 or above

Apple iPad:
1. Model: iPad2 or later.
2. Operating System: iOS 8 or later.
3. Screen Resolution: 1024x768 or greater.

Android Tablet:
1. Operating System: Android 4 or later.

Potential Learning Objectives

- Provide a lively, interactive experience that focuses on student learning through trial and error within holistic game play, where students see how the elements of marketing come together.
- Support online, out-of-class play, and multiplayer competition among students.
- Stress financial results as the key success metric.
- Focus on the 4 P’s of marketing.
- Provide reporting features that make it easy for instructors to assess player performance and decision-making.
- Feature game world data and situations that reflect real world marketing issues
Game Setup

Instructor Account

Instructor details will be provided on request from your local McGraw-Hill Education Sales Representative. To contact McGraw-Hill Education, please select the nearest office from the list on these pages: [http://www.mcgraw-hill.com/site/about-us/office-locations](http://www.mcgraw-hill.com/site/about-us/office-locations)

How to Log In

Once you have received your unique user name and password from your designated McGraw-Hill Education Sales Representative, you are able to log in to the simulation in a number of ways, including:

- If you are using McGraw-Hill Connect you will be able to access the simulation through the Practice Marketing link located in the lower right side of your McGraw-Hill Connect account.
- If your Connect Account is synchronized with Blackboard you will be able to access Connect, and thus Practice Marketing, while logged into your Blackboard course.

If you set up Practice Marketing to go directly through the website, you will give your students a URL to use to log in. If you set up Practice Marketing to be accessed through Connect, the Practice Marketing link will appear in the lower right of Connect when your student is logged in.

Getting Started

Once you log in, you will see all of your courses in which you plan to play Practice Marketing. [Practice Marketing is so versatile it can be used as easily for a survey of marketing course as for a capstone marketing course]
To add a new course, click the Add Course button. Each course must have at least one Section. Choose the product you are creating the course for, input a Course Name and a Section name in the space provided, and click Submit.

Note: Once a course end date has passed, you may delete that course if you wish. Click on the course number that you would like to set up.
When you click on Students, you will see all your students who have registered for Practice Marketing for this course. As the semester progresses, you can click on any student name to review their assignment status and scores.

**Setting Up and Using Practice Marketing**

![Practice Marketing Interface](image)

**Assignments**

<table>
<thead>
<tr>
<th>Name</th>
<th>Type</th>
<th>Start Date and Time</th>
<th>Games</th>
<th>View Scores</th>
<th>Turn</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tutorial</td>
<td>Practice Marketing (Individual)</td>
<td>Jan 19, 2013 - 01:34 PM</td>
<td>0</td>
<td>Score</td>
<td>1</td>
<td>Ready</td>
</tr>
</tbody>
</table>

**Students**

![Practice Marketing Interface](image)

**Recommendation:** To introduce Practice Marketing to your students, use the **Demo Game: Practice Marketing** and plug in your computer to project the game and help students discuss and ask questions on how it will be played. Click the “Assign & Play” button and then click “Play Game” from the Practice Marketing (Individual) area of the next screen.

**Setting Up - Students, Teams and Assignments**

In general you will be setting up game Assignments, you will be reviewing Students’ performances, and you will create Teams.
Students

Once you’ve created your course, you will need to invite students to join a section. On the Course page, click on the desired section and you will see a text box in the upper left with a web link. Copy this link and send it to all the students participating via email, text, or IM.

Teams

Teams can be created during assignment creation.

Of course, all the students must be enrolled in the Practice Marketing course to automate team creation for the entire course.

Alternatively you may choose to create teams manually and then drag and drop students into each team.

Note: If you click on ‘Hide teams in assignments’ then teams will not know which teams they are playing against in a game.

If you want, you can customize each team name by clicking on the pencil to edit the name.

You can continue to add teams, if new students join, as long as you have not yet begun the first team assignment.

Every game has six teams; if you do not assign six teams to a game, the system will add the missing teams which will be played by the software. So if you choose to assign 3 teams to a game in a particular assignment, then three of the game backpack companies will be played by the class teams, and three of the companies will be computer played teams.

Creating an Assignment

Click on ‘Assign & Play, then click on “Assign” in either the Practice Marketing (Individual) or Practice Marketing (Group) area. If you are not using teams and only want one student in each game (single player) the Practice Marketing (Individual) is an optimized assignment setup process.

Creating an Assignment is easy; there are six simple steps:

Step One: Name and Describe the Assignment

In this screen enter a name for the Assignment and an Assignment description. Once you have entered the name and description click on the button ‘next’.
Step Two: Select the Number of Individuals or Teams per Game (Note: for Practice Marketing (Individual) assignments this step is skipped. One student will be assigned to each game.)

**Question:** Do you want this assignment to be played by individual students or by teams?

**Recommendation:** For the first assignment, set up a Tutorial Game [the Tutorial mode is selected as a choice in the fourth step] and then set the Assign Mode to individuals.

The Tutorial Mode consists of 6 turns that walk the student through each of the six decision areas: Target Segment, Product, Price, Marketing Channels, Positioning and Advertising, and then Competitive Analysis. You can have that Tutorial Game last longer than those six turns, to allow the students to take over control and try decisions. This mode does not, however, save scores.

Checking “Open Enrollment” allows you to create assignments before students join. As they join the section they will be assigned automatically as individuals or teams until the game is scheduled to begin.

With ‘Assign Individuals’, and 1 student selected per game, each student will have a chance to experience the game in a non-competitive, paced, fashion.
For any Assignment you can choose between individual play or team play. If you select “Assign Teams”, you will be able to select the number of teams per game.

Again, every game has six teams; if you do not assign six teams to a game, the system will add the missing teams to be played by the software.

**Step Three: Schedule How You Want the Turns to End and How Many Turns are in this Game (Note: for Practice Marketing (Individual) assignments only Manual turns are supported.)**

There are four choices for Scheduling how the turns of the game end:

- Scheduled
- Manual
- Instructor Controlled

Each choice offers a different approach and some benefits and disadvantages. Each choice includes an option to set the total Number of Turns for the Game/Assignment.

**Question:**
- Do you want to automate the way that Turns end?
- Do you want to manually end Turns?
- Do you want the speed at which the student teams finalize their decisions to end the turns?
Recommendation: For your first competitive game, you might want to use Scheduled mode and set up specific days of the week and a consistent time for Turns to end.

Note: Being consistent in when turns end could enhance the student experience.
Manual scheduling means that Turns will end when all students or teams in a game click ‘End Turn’. Clearly the potential issue is that, if there are multiple games, turns will become out of synch if one individual or team is slower at making decisions.
Instructor Controlled scheduling is where the instructor will end Turns by clicking ‘End Turn’ on the Assignment page. This will keep the game Turns in synch.

One of the advantages of using Instructor Controlled scheduling is that Turns could be ended in class at a time that makes sense in the day’s presentation.

**Step Four: Special Settings for the Game**

There are three game Parameters that you have control over:

- Questions
- Market Events
- Tutorial Mode
If you turn Questions ON, you will have three options: each listed questions will appear at the end of the Turn indicated, you can set a default question that will appear every turn, or you can edit/customize each question.

With Questions OFF, there will be no questions asked.
Market Events ON means that you have the option to set certain events to happen in the game in a specific Turn, to create more real-life issues and conflict.

Recommendation: For the first game assigned it would be simpler to keep Events OFF, however, as you have time, reviewing the options so that during the course of the game you can give thought to how you might use the Event options.
Tutorial ON means that students can end turn without fully creating the product, and special avatars pop up to describe the key parts of the game interface. Each turn one more of the game “hubs” is added and its function described. If the Tutorial Mode is left OFF, the first turn can only be ended after a demographic is chosen, the product designed and priced, and at least one distribution channel selected.

**Tutorial Overview**

The Tutorial Mode consists of six turns that introduce the student to each area of the game interface one per turn: Target Segment, Product, Price, Marketing Channels, Positioning and Advertising, and then Competitive Analysis. Instructors can choose to make this tutorial a separate game to introduce the game or as the first beginning of a much longer game.

**Turn One: MARKET SEGMENT**

The game’s manager avatars first inform the students that they are now responsible for marketing backpacks, which are a new product line, for the company. Then the students are shown the options for market demographics for the student to review them and select one.

**Turn Two: PRODUCT**

In this turn, students are shown how to create the appropriate backpack based on the desires of the selected demographic. After reviewing the needs of their chosen target market, students will use the backpack builder to create a pack that will be most appropriate for the chosen demographic while keeping in mind the costs per unit each feature entails. If too few features
are added to keep costs low, then it will have less appeal to buyers, but too many expensive features will cause the per unit cost to be prohibitively high. After creating the pack the student can end turn. NOTE: Instructors can suggest that, if they wish, students can click on their chosen demographic to check how well the pack design matches their needs, and alter the features or design prior to ending turn.

**Turn Three: PRICE**

This turn begins with feedback from market research using customers from the target demographic. Now it’s time for students to set a price for the pack. Different distribution channels have price limits for what they carry. Once set, the sales manager appears to begin to explain distribution. Only direct sales occur in Turn Three. Before ending turn, instructors can remind students to tweak their backpack features based on the market research feedback.

**Turn Four: SALES and COMPETING PRODUCTS**

Here students can review their first sales results. Unless they priced their pack below cost, they should have made a profit last turn, as additional expenses have not yet been introduced. The panel associated with the Head Office is filled with useful information. Have students click through each tab to explore quarterly and yearly figures, market trends, their position, alerts to actions taken by their competitors, and events (this will be empty if the option for events was toggled off). Once the review is complete, students are introduced to their competitors, whether computer-controlled or other students. The balance of the turn is spent reviewing what’s been learned to this point, including their competitors and their chosen demographic.

**Turn Five: DISTRIBUTION CHANNELS**

Now students are introduced to a variety of distribution channels, each with its own terms that the student must accept to sell through that channel. This is a chance to discuss pricing and how it limits certain channels. Would lowering or raising the price of the backpack open up new channels and what risks do such changes pose?

**Turn Six: POSITIONING and PROMOTIONS**

In this final turn of the tutorial, students get the opportunity to select a positioning message and choose the type and frequency of advertising. It is a chance to see how well the various elements of the student’s marketing strategy work, and for the instructor to see if the students understand the various parts of the tutorial. Does the design of the backpack support the desires of the target demographic? Are other players targeting the same demographic, thus reducing market share? Does the pricing offer the best chance for profit? Are advertising choices reaching the target demographic and offering a significant return on the investment?

**Turn Seven and beyond: REVIEW RESULTS and CONTINUED PLAY**

The turn shows the results of last turn’s advertising choices. From here, the manager avatars will still pop up to offer guidance (for example, to remind students to review awareness or create discounts with their distributors), but from this point forward all elements of the game are playable by the student.

NOTE: It is recommended that instructors play through the Tutorial before assigning it to students.
Step Five: Establishing the Score Card

The Scoring is under your control. Feel free to weigh certain criteria more heavily if you wish. Shifting values to particular areas will not alter how the computer-controlled competitors play the game.

Hover over each criteria to see how it is calculated.

**Net Profit**
(Sum of (Net Price x Units Sold) for each channel) – Total Costs

**Revenue**
Sum of (Net Price x Units Sold) for each channel

**Units Sold**
Total Backpacks sold

**Return On Marketing**
\[
\frac{[\text{Net Profit} - (\text{Marketing Costs} + \text{Distribution Costs})]}{(\text{Marketing Costs} + \text{Distribution Costs})}
\]

**Market Share**
Company’s Market Share after the final turn

**Cumulative**
Company’s cumulative costs of goods sold

**Product Satisfaction Score** *(NOTE: these criteria are a subset of the items included in Customer Satisfaction Score. To avoid using both, just set this one to zero).*  
(Characteristics Score + Features Score + Price Score) / 3

**Customer Satisfaction Score**  
(Characteristics Score + Features Score + Price Score + Message Score + Interest Level) / 5

**Peer Review**  
Score based on teammates’ contribution ratings. It is not used if score is set to (0).

It is possible to set *any* score to zero if that area is not relevant or useful to the individual assignment. The Score total must add up to 100.

If you wish your students to be able to view other student’s scores, enable the checkbox. This makes the assignment name on the Student’s page a live link that leads to a page displaying the scores. Students can always view their own scores.

**SCORE COMPARISONS ACROSS SECTIONS**

Each scorecard parameter is pooled across the section. The performance in that area is ranked with the highest performance given 100% credit for that characteristic and the lowest performance given a score of 20%. The scores in between will be calculated with a straight line graph using Y=MX+B:  
\[ X = \text{actual data of parameter. } Y = \text{score for that parameter (weighting will then be applied to compile total score)} \]

\[ B = y\text{-intercept of line. } M = \text{slope of line (we will provide max/min of each section)} = \frac{(y_2 - y_1)}{(x_2-x_1)} = \frac{(\text{max data point } - \text{min data point})}{(100-20)} \]

**Step Six: Review the Assignment**

This final step allows you to review how you have set up the entire Assignment, and to go back and make changes if need be.
Once you have reviewed this Assignment, and are satisfied, click on the ‘Create Assignment’ button.

At this point the Assignment will show up on the home panel, and as soon as the system has completed the setup it will be displayed as: Ready.

That screen also shows the number of games being played in that Assignment.

When reviewing that Assignment, the Current Turn displayed is the lowest Turn of all the games being played in that Assignment.

Click on **Score** to have access to data on each game in the Assignment, and to be able download scores.

**Edit Assignment**

Once an assignment has been created, you can still go back and edit it. Click on the pencil to the left of the Assignment name to reopen the 6-step assignment creation pages.
Keep in mind that a few things are not editable. They are:

- The ability to switch the Team and Individual Modes
- Turn Mode
- Start Date
- Tutorial Setting
- Turn Duration

Also, obviously, you cannot create a new game in the edit mode. All other areas may be edited.

**Team Play**

Students can play as a team, and use the Concur function to make group decisions without having to be online simultaneously.

**Concur**

When playing as a team, all members of the team must “concur”; that is, agree on the actions taken in a specific turn. This is intended to simulate a group in a class talking amongst themselves, agreeing on a plan of action, and executing it. In this case, the students may not be together in the same location, or even online at the same time, and they will still able to accomplish consensus on actions taken.

**The Driver:**
At any given time in a game using teams, one member of the team is the driver. This is the person who can take actions and submit a plan for the rest of the team to concur with—or reject. Non-drivers CANNOT make changes.

Becoming the Driver:

The first person online becomes the driver by default. Should they leave the game, the next person online automatically becomes the driver. If multiple people are online together when the driver leaves the next person on the team list becomes the driver. The person who is the driver is distinguished by having a small steering wheel icon next to his or her name.

Request to Driver to Relinquish Control:

If multiple players are online together, at any time any player NOT the driver has a button next to their name to request the current Driver relinquish control to them. The current driver can choose to agree or not.
Submitting a Plan:

The driver is able to take actions with the game as any player would in a single player game or a multiplayer non-team game. Once this player has finished taking actions, he or she clicks the Submit button. In a single player or non-team game, this would signal the end of the player’s turn. In this case, the other players can review this plan and either concur or reject it.

If All Members of Team Concur With Plan:

If all players concur, the actions for that turn are set. In a manual game, the turn would roll over to the next turn as soon as the last player concurs. In the case of a scheduled game, the turn actions are now set and will take effect when the time ends and the turn rolls over.
If Plan is Rejected:
If any players reject the plan, one of two things will happen:

(1) Someone on the team submits a new plan. This can be the original player, the person who rejected the plan, or another team member. That person MUST be in the role of Driver to make or alter changes and submit a new plan.

(2) The rejecting player takes no actions after rejecting, nor do any other team members. In that case, should the turn end for any reason (scheduled game, forced ending by instructor) the initial plan of action will take effect. Rejecting does not undo previous submitted actions, only taking new actions and submitting them will do so. This means the turn CAN ADVANCE even if a team has not all agreed on a plan.

If No Consensus, the Final Plan Takes Effect:
If multiple cycles of submit and reject occur in a single turn, the last plan submitted by an individual team is the one that will take effect when the turn ends. Or, the last plan submitted that all other players concur with will take effect when the turn ends. If it is a manual game, the turn ends immediately when each team has concurred with their teammates and submitted a plan.

Now Get Started
Now that you have the basics of how to set up and use Practice Marketing, let’s move into how you can present and turn Practice Marketing into a great classroom experience.
Classroom Introduction

Walk through of Game Elements

The Game World: A 3D Conceptual Map

The game world is a 3D interface that connects the principles and practices of marketing. We call this a 3D Conceptual Map. It's an interactive, animated view of the elements of marketing: Market Segments, Product, Price, Place, Positioning, and Competitors. Each element occupies its own area of the world. Elements connect by swooshing along animated paths. Players travel around the map, zooming in on different elements to examine data and information, or clicking to bring up controls and other panels.
Target Market Segment

In each game, individual players or teams together analyze market segments and select one to target. The various market segments have different demographic characteristics, product use demands, price sensitivity, and other preferences. These characteristics determine the product offerings that target market segments will prefer and buy.
In the game, there are five market segments:

- School Children
- University Students
- Urban Commuters
- Outdoor Enthusiasts
- Luxury Trend-followers

The following factors differentiate the market segments:

- General characteristics: size, growth rate, purchase frequency, etc.
- Attribute preferences: How important certain backpack characteristics are to the market segments, based on their desired use and other factors.
- Price sensitivity / preference: Are they cost conscious? Looking for a luxury item?
- Special features desired by each segment

**Product Development**

Once students have identified a market segment to target, they must design a backpack to meet that segment’s needs. The 3D Backpack builder lets students see the characteristics and differentiating features of the pack they create. Players design a backpack by choosing its shape, straps, material, color, and special features. Each choice they make affects one or more of the backpack’s characteristics. For example, changing the fabric may affect the backpack’s durability, cost, and weight. A 3D model of the backpack changes before the player’s eyes as the players selects attributes and features. The characteristics of each pack update 2D data readouts.


**Backpack characteristics**

The backpack building system links tightly with the market segment system. Players craft their packs from a base set of designs and variations, choosing materials and equipping their packs with special features. Different backpacks will appeal to different market segments. All six backpacks display in a 3D competitor hub, as shown below, allowing players to make quick visual as well as numerical comparisons.

Each backpack has five key characteristics. These characteristics are a part of the criteria consumers use to evaluate the backpacks when making a purchase decision (in addition to price, special features, etc.) The characteristics include:

- **Capacity** – How much can the backpack hold? This factors in both overall size of the backpack and number of pockets/special compartments and add-ons. The base design and variations determine capacity.
- **Durability** – This is a performance measure. How tough is the backpack? How reliable? The type of fabric/material used and the special features chosen for the backpack determine its durability.

- **Comfort** – A measure of how comfortable the backpack is for users. Type of fabric and special features determine comfort.

- **Weather Resistance** – A measure of a backpack’s resilience to the elements. Determined by fabric and special features.

- **Eco-Friendliness** – Each material has an environmental-friendliness characteristic that is desired by some target markets.

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**Backpack Selection Options**

The five key characteristics are a roll-up of the Backpack options players can choose. The options players have include:

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**Backpack Shape Options**

The shape options determine the base size and look of the pack. The backpack shape chosen will affect the cost, capacity, and comfort level of the backpack created. Shape options include:

- Teardrop Rucksack
- Rounded Top
- Square
- Large Rectangular

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**Backpack Strap Options**

The strap options determine the type of straps of the pack. The backpack straps chosen will affect the cost, comfort, and durability of the backpack. Strap options include:

- Thin Spaghetti
- Basic
- Wide Padded
- Wide + Chest
- Advanced Support
**Backpack Material Options**

The backpack materials chosen will affect the cost, comfort, durability, weather resistance, and eco-friendliness of the backpack. Materials include:

- Cheap Synthetic
- Eco-Friendly Hemp
- Advanced Synthetic
- Luxury Leather

**Colors**

Players will be able to choose from a small number of color options for each main style of backpack. The color system will be simple. Target markets will have preferences for color. For each possible color of backpack, each target market will either:

- Prefer that Color (adds a bonus to your backpack’s attractiveness to the segment)
- No opinion (Does not factor into your score. Your backpack will be rated on other features.)

A market segment’s color preferences can change over time (see market events), so that colors can go in or out of style, making it worthwhile to watch trends.

**Special Features**

Special features are additional desirable add-ons and improvements to base materials and designs. Special features can affect the characteristics (Capacity, Durability, Comfort, Weather Resistance.) Special features may also be specifically looked for by a target market, and thus can provide a competitive advantage for the backpack in the market place. The list of special features include:

- Water Bottle
- Cartoon Graphic
- Solar Device
- Waterproofing
- University Logo
- Audio Bundle
- Designer Tag
- Laptop Sleeve
- Integrated GPS
Production Cost of Backpacks

Backpack design options and special features all have associated production costs. Players will see the additional cost of each selected option or feature, and see a display of the total production cost for their pack.

Pricing System

Pricing in the real world is a multifaceted and complex decision. For Practice Marketing, we developed a simplified model for Price Sensitivity based on the Van Westendorp Price Sensitivity Meter (PSM.) PSM is a market technique for determining consumer price preferences that has been a staple technique for addressing pricing issues for the past 20 years, and continues to be used widely throughout the market research industry. We built a price sensitivity model that supports luxury as well as low-cost price preferences.

Here’s how it works:

1. Each target segment has a price-sensitivity curve with four key price points.
   i. **Too expensive**: the price at which the segment considers the backpack so expensive that they would not consider buying it.
   ii. **Too cheap**: the price at which the segment considers the price so low that the quality can’t be very good, and also will not buy it.
   iii. **Expensive/high side**: the price at which the segment feels a backpack is starting to get expensive; not out of the question, but requires thought.
   iv. **Cheap/good value**: the price at which the segment considers a backpack a great buy.
2. Each segment will score a backpack’s price based on a curve developed from these points, and that Price Score will be used in the **buy calculation** (see appendix.)

3. The four points can be adjusted to create luxury or low-cost (highly price-sensitive) buyers. For a luxury buyer, the “too cheap” price point is relatively high because the buyer wants to pay a higher price, and will also be looking for luxury attributes and features.

We chose this model because rather than just saying *lower is better*, we thought that the idea of having levels where a price could be subjectively seen along a gradient as too cheap or too expensive was interesting. We borrowed this idea from the Van Westendorp Price Sensitivity Meter approach that companies could use to determine a price that meets their strategy.

**Distribution System**

In addition to selling products directly to consumers, players have the option to work with channel intermediaries. Players can review distribution channel options, looking at terms, demographics, and other factors, and make deals with retailers to develop a profitable channel management strategy tailored to their product and target market segment.

**Distribution Channel Options**

**Direct Distribution**

Companies can sell to consumers directly. There is a pool of consumers in the world available to the player’s company. Players receive 100% of the proceeds of those sales (no retailer/wholesaler cut). We have abstracted out shipping, transport, and overhead costs. Direct distribution is one of the sub-hubs found in the Place hub.
Distribution Channels – Companies can also establish distribution deals with retailers of varying sizes, opening them up to a greater universe of consumers. There are six distribution channels in the world. The channels include:

- University Store
- Online Discount Retailer
- Supermarket
- Department Store
- Fashion Boutique
- High End Outdoor

Retailer channels have the following key properties:

- Customer Reach – How many customers served each turn
- Customer Mix – Breakdown of distributor’s customers across target markets
- % MSRP the channel will pay for a pack – affects margin
- Price Discount to Consumers – Amount retailer will discount your MSRP. Each Channel will set its own price for your pack.
- Sales Dedication – How much effort will the retailer put into pushing the player’s product? Lower at large chains, higher at specialty goods stores. Players can increase sales dedication by investing in market development funds (MDF).
- Preferred Price Range – Some channels have price points above or below which they won’t want to carry a product. A Supermarket won’t carry a very expensive luxury product. A Luxury store won’t carry a cheap children’s backpack.

How Distribution Channels Affect Game Play

Distribution channel management adds a new layer of complexity to decision-making in the game.

Players must carefully evaluate each retailer, looking for the optimal places to sell their products.

Types of questions players might ask:

Where does my primary target buyer typically shop? Where will my pack attract customers at the price point I have set? What channels will broaden my pack’s appeal to secondary market segments, thus expanding my product’s market reach? Where are my key competitors’ products sold?

Players also have the option of making concessions to get into specific retail stores. For example, a big box retailer might not carry your pack above a certain price. So you must weigh the cost (in lost margin) of lowering your price to get into that store vs. the benefits of
continuing to charge a premium price for your pack, and perhaps limiting its distribution to higher-end stores.

Sales calculations run for each distribution channel. As the player, how you do depends on a number of factors, including how well your pack meets the needs of consumers, how consumers feel about your pack’s price, what other competitors are selling in that retail outlet, and overall product awareness. (See Buy Calculation.)

*Market Development Funds (MDF)*

Each channel partner responds positively to market development funds. An investment in MDF increases the sales force dedication in that channel. The partner will push your product harder, thus improving sales. But by how much exactly? You sacrifice some margin to boost sales, so it’s important to keep a close eye on whether the sales increase warrants this ongoing investment.

*Channel Promotion Discount (Sales Promotion)*

Within each Channel, players also can offer a Promotional Discount Program that works like a 5.00 rebate. This is an optional program to improve buyers’ opinion of the pack’s price in that channel. The cost of the program will be the revenue that the player does not get (5.00 off the price x # sold) because of the discounted price.

*Integrated Communications: Positioning, Promotions and Product Awareness*

The integrated communications system has two main components: *choosing a positioning message* and *purchasing a promotional campaign*. Your positioning message spreads across the chosen promotional vehicles, raising *product awareness* levels/desire for the backpack, which in turn contributes to more sales.
Two Components of Integrated Communications

Integrated communications consists of two main components:

- **Message** – Core positioning message(s) or unique value propositions for the pack
- **Promotional Campaign** – The specific campaigns and promotional tools used reach consumers.

These two components work in tandem. Setting a positioning message does nothing without a promotional campaign to get that message out to the public. Together, a company’s Message and Promotional Campaign work to increase consumer segment’s **Product Interest Level**.

Product Interest Level (AIDA): Effects of Integrated Communications

The player’s integrated communications/promotional decisions aggregate into a single value, a product interest level based on the **AIDA** (Awareness, Interest, Desire, Acquisition) concept. Imagine Product Interest Level represented on a scale from 1-10. Effective integrated communications will move market segments further along that scale, as they go from being Aware of, Interested in, and ultimately Desiring and Buying a product. Product Interest Level in itself is not enough to determine purchase. The actual purchase decision also factors into all of the other systems (target market desires, product characteristics, features, price, competition, etc.) working together.

<table>
<thead>
<tr>
<th>Aware</th>
<th>Interest</th>
<th>Desire</th>
<th>Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
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<tr>
<td>9</td>
<td>10</td>
<td></td>
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</tr>
</tbody>
</table>
Each market segment will have a “Product Interest” score that is determined by a combination of the power of the positioning message and the effectiveness of the advertising campaign. This product interest store will change overtime, increasing with well-targeted messaging and advertising, or decreasing due to ineffective messaging and advertising.

Raising a consumer from Aware, to Interested, to Desires (your product) will greatly increase sales. Choosing a positioning message with a strong appeal and a promotional mix that will be well received by a specific target market will raise Product Interest Level.

A Segment’s Product Interest Level will decrease over time if player (a) stops promoting; (b) switches to a campaign that does not reach the target segment effectively, or (c) switches to a Message that resonates less well with the intended buyer.

**Product Interest Determines Product Visibility**

Product Interest Level determines the percentage of total consumers in each distribution channel who will consider purchasing your product. The game designates a predetermined mix of consumers who shop in each distribution channel. Your promotions campaign builds awareness and interest among consumers over time. Early on in the game, when you are doing virtually no promotion and your only distribution channel is direct selling (in your own store and online), your pool of potential consumers is quite small and your product is largely invisible. An integrated communications campaign will raise the visibility of your product in each distribution channel, increasing the number of consumers with the potential to purchase your product.

**Selecting a Positioning Message**

In the positioning hub, players choose from a menu of positioning messages. The challenge is to determine which messages appeal to their target market and to decide how many messages to choose.

Players can choose any number of positioning messages. However, the more messages a player chooses, the less clear the overall message becomes. Piling on descriptors lowers the message’s credibility, as multi-part messages tend to contradict each other. Compare the high/low Clarity of the two messages below.
Support/FAQs

Should you experience any problems in running the simulator, your first point of contact should be your regional office who will be able to assist you. You can contact them by using the ‘Contact Us’ link at the top of every page.

How do I export game data?

You can export game data to a spreadsheet by clicking on the spreadsheet icon on the Score page to allow you to create separate reports and manipulate the data.

How do I change my password?

To change your own password click on the ‘Change Password’ link at the top of the page. You will be asked for both your old password and your new password, which you will have to repeat to ensure it is correct. In order to ensure passwords are secure there are some rules that must be followed. These are detailed on the change password page.

Support

Visit: www.mhhe.com/support
Call:(800) 331 – 5094.
Monday – Thursday l 8AM – 11PM
Friday l 8AM – 6PM
Sunday l 6PM – 11PM
(Alltimes Central)

Glossary

Definitions

Player: There are six companies active in any instance of the Marketing simulation. Each company is controlled by a single participant or a team of participants. If there are not enough participants/teams to run 6 different companies, an AI (Artificial Intelligence) will run the remaining companies in competition with each other and the other human participants.

Student: A student is a user who has a login to the simulator. They may participate in games either as a single player or as a member of the team.

Team: Teams are collections of participants that jointly decide on the actions of their company in the simulator. Only one member of the team may be active in the simulation at any time. Our testing indicates that this is the style of usage that encourages the most discussion between team members and therefore the most learning.

Game: A Game is a specific instance of the simulation created by the Instructor which players will use to practice their Marketing skills. Multiple games can be run at the same time and players are able to be participants in multiple games.

Turn: The marketing simulation is a turn—based game. This means that all players must complete their turn before the results are calculated.
Appendix

Buy Calculation

One of the core tenets of our game design approach was to ensure that our underlying game systems reinforce the lesson that a successful marketing strategy is one in which all 4P’s work together in harmony. As a result, all of the decisions players make in the game contribute to the buy calculation that determines how many backpacks players sell each turn. The following diagram provides a visual overview:

The Buy Calculation: Step-By-Step

**Step 1**

Each Target Market has a desire to purchase a backpack. Some market segments are more motivated than others, meaning a small few each quarter will decide to get off the couch and head to the store and buy something. Most of the target market, however, will stay home and wait until they hear about a backpack that meets their needs. Crafting a Media Campaign that effectively promotes the pack through Positioning Messages and Advertising Vehicles, causes more market segments to “get up off the couch” to buy the pack.

Each Target Market has different responses to Positioning Messages. Selecting the right messages will convince certain people your backpack is right for them. However, each target market can only consume messages through media vehicles and each target segment has different percentages subscribing to each media vehicle. Investing in the right media vehicles ensures those subscribers will hear about your messages (right or wrong) and thus become aware that your product exists and whether it appeals to them.

Each quarter, the target market evaluates the Media Campaign by calculating its Position Message Score and Media Vehicle Score. These two scores combine to form the backpack’s overall AIDA score. The target market uses the AIDA score twice to determine whether to shop for a backpack.
First, the backpacks are ranked based on the AIDA score. The first backpack that you will evaluate when you arrive at the store receives the highest AIDA score. Second, the actual number of the AIDA score determines how many people from a specific target segment will arrive to evaluate that backpack and consider purchasing it. A perfect AIDA score results in almost the entire population of the target segment going shopping for that backpack that quarter. A low AIDA score will only motivate a fraction of the people to decide that maybe that backpack merits a purchase in the current quarter.

**Step 2**

At this point, each quarter, a percentage of the target market will decide to go shopping for a backpack, with their choices prioritized by AIDA score.

Each target market has different percentages that shop at different places. Just because a prospective customer has heard about a backpack and will consider buying it, doesn’t mean the place offers the backpack, or that the backpack will meet the customer’s needs. Thus, each quarter the motivated target market shoppers will go to the various stores in different numbers and look for backpacks to buy. As the player, you need to have your backpack at the store to have any chance of it traveling from the shelf to the checkout counter, regardless of the strength of your Media Campaign. Even if you create a perfect backpack that succeeds in generating strong consumer demand, you can’t sell it if stores don’t carry it.

A small fraction of each target market will always hunt down your company’s website and buy direct. These are the passionate, dedicated consumers. But the majority of the market will buy at stores.

When consumers arrive at the store, they begin to evaluate backpacks in the order of their respective AIDA scores. The product most appealing to the consumer will be evaluated first using a buy calculation (described next). When the buy calculation finishes, a certain number of those consumers will buy the backpack and go home. The remainder will stay and look at the next backpack down on the AIDA list.

**Step 3**

Here’s how the buy calculation runs (each backpack receives a score):

Each Target Market has a concept of the perfect backpack in terms of **Characteristics**. Each Target Market wants a backpack that has a certain number in **capacity**, a certain number in **comfort, durability**, etc. When the player builds a backpack, each target market scores the backpack by comparing its actual characteristics numbers with those in their idealized backpack. This results in the **Backpack Base Score**.

Each Target Market also weighs characteristics. If they can’t get the perfect backpack, they weigh each characteristic based on its relative importance to them. One target market may penalize a backpack more heavily if it isn’t close to its ideal capacity. Another group may penalize the backpack if it flunks the ideal durability test. This will affect the **Backpack Characteristic Score**.
**Step 4**

Each Target Market also wants **Features** on a backpack. Optional features like *water bottles, cartoon graphics, waterproofing, and laptop sleeves* enhance a backpack’s core appeal. Each target market awards major bonus points to backpacks that include features that the target market wants. A backpack already considered unappealing (based on Step 3) will receive only minor bonus points, even if it includes some of the desired features.

We now apply the feature bonus to the Backpack Base Score, resulting in the overall **Backpack Experience Score**.

**Step 5**

Each Target Market also has an ideal **Price** they will pay for a backpack, regardless of whether the backpack is ideal or not. This reflects a general perception of the value of backpacks. When the Target Market sees the backpack in the store, they adjust the Backpack Experience Score based on price. The closer the price is to ideal, the more inclined the target buyer will be to keep the score at its Step 4 value. If the backpack moves too far in one direction or another from their desired price, the buyer will reduce the score.

After making this price adjustment, we end up with the **Backpack Final Purchasing Decision Score**.

**Step 6**

Finally, we calculate the **ideal score**. The target market knows what a backpack’s ideal score should be based on characteristics, features, and price. So the shoppers who have made it this far evaluating a backpack compare the Backpack Final Purchasing Decision Score with the Ideal Score and that determines the percentage of those shoppers that will end up buying that backpack and taking it home.

The remaining people repeat the buy calculation for the next backpack on their list, until we have determined every sale. Anyone who hasn’t purchased a backpack goes home and waits to buy a backpack until next quarter (or in subsequent quarters) when we repeat the process starting with step 1.
## Matrix of Values

<table>
<thead>
<tr>
<th>Area Affected</th>
<th>Select Turn</th>
<th>Description of the Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Materials -A-</td>
<td>None</td>
<td>A weak crop this year has increased the production cost of hemp by 40%.</td>
</tr>
<tr>
<td>Cost of Materials -B-</td>
<td>None</td>
<td>Rising cost of materials has raised the production cost of the Square and Large Rectangular Backpacks by 20%.</td>
</tr>
<tr>
<td>Cost of Materials -C-</td>
<td>None</td>
<td>Competition between material suppliers has lowered the cost of the Advanced fabric by 10%.</td>
</tr>
<tr>
<td>Discount Retail Chain:</td>
<td>None</td>
<td>My analysis shows that the Discount Retail Chain has lost about 10% of its previously reported customer base. Perhaps shoppers are moving to other channels?</td>
</tr>
<tr>
<td>Distribution Channel:</td>
<td>None</td>
<td>Good news for a change. The Discount Retail Chain distribution channel is now offering more favorable terms. They've dropped their required cut from 50% to 40%.</td>
</tr>
<tr>
<td>Distributor Cut:</td>
<td>None</td>
<td>The Online Discount Retailer is halving its distributor cut from 40% to 20% for the next two quarters.</td>
</tr>
<tr>
<td>Market Development Funds -A-</td>
<td>None</td>
<td>The cost of market development funds in the Department Store channel has decreased from 1,000.00 to 500.00 this quarter only.</td>
</tr>
<tr>
<td>Market Development Funds -B-</td>
<td>None</td>
<td>The cost of market development funds in the Online Discount Retailer channel has increased to 1,500.00 from 1,000.00.</td>
</tr>
<tr>
<td>Market Development Funds -C-</td>
<td>None</td>
<td>The cost of market development funds in the High End Outdoor channel has decreased from 1,000.00 to 500.00 this quarter only.</td>
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<tr>
<td>Marketing Message -A-</td>
<td>None</td>
<td>New data suggests a 'Smart' marketing message now has a greater appeal to Outdoor Enthusiasts.</td>
</tr>
<tr>
<td>Marketing Message -B-</td>
<td>None</td>
<td>New data suggests a 'Lightweight' marketing message will now be more appealing to Luxury Trendfollowers.</td>
</tr>
<tr>
<td>Segment Data -A-:</td>
<td>None</td>
<td>New data suggests University Students are showing a willingness to pay more for backpacks.</td>
</tr>
<tr>
<td>Segment Data -B-:</td>
<td>None</td>
<td>My latest research shows that DURABILITY is now a more highly valued backpack trait for University Students.</td>
</tr>
<tr>
<td>Segment Data -C-:</td>
<td>None</td>
<td>My latest research shows that eco-friendliness is now in high demand by luxury trend-followers. I thought you should know.</td>
</tr>
<tr>
<td>Segment Growth -A-:</td>
<td>None</td>
<td>New demographic data suggests Urban commuters are growing faster than previous estimates. The urban commuter growth rate has increased from 4% to 6%.</td>
</tr>
<tr>
<td>Segment Growth -B-:</td>
<td>None</td>
<td>Demographic data shows the luxury trendfollower market segment is growing slower than previous estimates. Luxury trendfollower growth rate has decreased from 7% to 5%.</td>
</tr>
<tr>
<td>Television Advertising:</td>
<td>None</td>
<td>Bad news. The cost of all television advertising has increased by 15%. Take that into account when making advertising buys this quarter.</td>
</tr>
</tbody>
</table>