

THIRD EDITION

# The Marketing Game!

*with Student CD-Rom*

Charlotte H. Mason William D. Perreault, Jr.



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## with Student CD-Rom

Third Edition

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# Preface

We are excited about this new third edition of *The Marketing Game!* And we hope you will be too. It includes many new innovations and improvements that build on the success of our earlier simulation, and it incorporates the latest thinking in the field.

At the risk of “getting ahead of ourselves,” we’ll give you a quick preview of what’s new with this edition. We have completely redesigned and reprogrammed all of the software. The new Windows software that accompanies the student manual is easy to use, offers context-specific help, and makes it even easier to submit marketing plan decisions and print reports. The new instructor software has an innovative design that saves time—making it fast and easy for instructors to setup and run the simulation, even when dealing with a large number of competing firms. For example, the instructor software now automatically checks that relevant plan and history files for all firms (regardless of the number of industries) are available, and then a “single click” runs the simulation and prepares reports for all industries in “batch” mode according to options set by the instructor. The software provides both instructor and student users with on-screen “hints”—and the comprehensive online help system addresses any questions that may arise.

The software now creates password-protected plans and (at the instructor’s option) Report files; this system relies on advanced 128-bit encryption technologies for added security. This provides an easy and secure way for faculty and students to take advantage of advances in information technology and exchange plan and results files electronically—whether from an Internet website, by email, over a school’s network, or even via an FTP server.

We’ve also designed the structure of computer files so that they are resistant to destructive computer viruses. This is a nontrivial consideration in today’s university computing environments. *The Marketing Game!* protects both faculty and students from risks and damage of viruses that plague use of many other simulations, especially those that have been built by simply overlaying “macros” on existing software (such as Excel spreadsheet templates).

The analytical foundation for the underlying simulation model has been updated

and “tuned” to make the pedagogical experience even more effective. And, of course, the case materials presented in this book that provide the context of the marketing competition have been completely updated and refined to reflect innovations in the information technology arena. These teaching and learning enhancements are significant, but at the same time it is important to see that they build on the core principles that motivated earlier editions of the game.

Nearly 15 years ago we started work on the first edition of *The Marketing Game!* Our aspiration was not just to improve on other competitive marketing simulations that had been available in the past; rather, our goal was to pioneer a new generation of simulations. We wanted the game to be flexible, so it would effectively serve a wide variety of marketing teaching and learning needs, from the most basic to the most sophisticated. We wanted it to be the best simulation ever offered, and at the same time the easiest to use—so it would be attractive to people who had never previously considered teaching with a simulation. We wanted to design it to be rich in student interest and realism, and yet to create a strategy-planning environment where random events would not mask the relationship between good decisions and results achieved. No one learns anything in situations like that, but even today that is typical in most other marketing simulations. We also wanted participants both to have fun and be challenged analyzing the results of the simulation and planning new strategies. At the same time, we wanted to make it fast and easy for instructors to diagnose how participants were progressing. In sum, our wish list in preparing the first edition of the game appeared to represent a tall order!

It is indeed gratifying that the game has been an enduring success—and that students and instructors alike have been enthusiastic about what we achieved toward our original objectives. Nevertheless, over time, creative colleagues at hundreds of colleges, universities, and companies who had worked with the earlier editions of the game for a number of years came up with a host of great ideas on ways to make it even better. We took their shared suggestions, criticisms and ideas about ways to improve or update the student manual, the student and instructor software, the underlying simulation model, and the other instructor materials and made this edition even better. Our most ardent supporters and loyal users have often been our best critics!

When we created the game, it was the easiest to setup and use of any simulation. Now it is even easier. With this edition, our objective is to take advantage of the capabilities of the Windows operating system and the Internet to not only expand the flexibility and ease of use of our original design, but also to add new features that will make digital communications between instructors and students faster and more secure. We are quick to admit that it has taken longer than we anticipated to meet the standard we set ... primarily because we started over again from scratch midway through the process of creating the new software. The reason is simple. When we started that process our focus was evolutionary—to simply convert the original software to be Windows compatible. However, our “wish list” for user benefits and vision for how to make that wish list a reality expanded as advances in technology created new opportunities. While the period of development and testing has taken longer than we anticipated, the

results reflect the investment of time and effort that we made.

In the spirit of earlier editions, *The Marketing Game!* is designed to provide the basis for a high-involvement learning experience. It's fun. But it is also challenging. The focus is on effective marketing strategy planning in a competitive environment. It gives you the opportunity to analyze markets and target market needs. You make decisions in a number of strategy decision areas—to develop an integrated marketing plan that satisfies your target market and earns a profit for your firm. You can use the TMGPlan software that comes with this manual to more easily and quickly evaluate the budget and financial implications of your strategy; you can also view or print reports of the results achieved ... and there is no worry that someone else who doesn't have your password will have access to your proprietary marketing plans or reports.

It has been a priority to make the simulation—and the market environment—realistic. Firms compete by developing and marketing one or more products—and supporting customers with service after-the-sale. Marketing managers select and focus on target markets from among a variety of business and consumer segments—and reach their targets with different channels. Promotion—including personal selling, advertising and sales promotion—must consider middlemen and final customers. Prices must be set to offer customers the value they seek and yield profits for the firm. The simulation starts in the growth stage of the product life cycle—and continues into market maturity. R&D decisions make it possible to modify the product(s) over time to better meet customer needs and competitive challenges. The game can continue for as many decision periods as the instructor desires. The instructor also has a variety of optional ways to “setup” or adjust the market environment to meet specific teaching and learning objectives.

Both the text and computer simulation have been carefully written to build on the marketing strategy planning framework and the 4Ps organization pioneered by E. Jerome McCarthy. This organization is used in Basic Marketing—the most widely used text in marketing. But, importantly, it has been adopted and used in almost every other marketing text. Moreover, because this framework really works, it has become the cornerstone of marketing strategy planning in most firms. By building on this standard we ensure that the simulation will work well in a variety of learning and teaching situations—and with students who have different levels of knowledge and experience—whether the students are just learning about marketing or are seasoned executives.

In fact, this flexibility is possible because the game is not based on just one simulation, but several simulations within one integrated framework. It has been specially designed so that the instructor can select the number of decision areas—and if desired increase the number of decision areas (and thus the difficulty level) over time. This innovation, introduced with the first edition of the game, is one reason the game quickly became one of the most widely used marketing simulations in the world. It continues to be a comparative advantage of the game and why it works well whether it is used with senior executives in management development programs, with undergraduate and graduate students in the first marketing course, or with students in electives such as marketing



strategy and product management.

One of the key advantages of using a simulation rather than some other realistic learning approach—such as case discussions or industry studies—is that it provides immediate feedback. Even in the real world feedback is often slow—and mistakes can certainly be very costly. In contrast, with a well-designed simulation, strategies can be formulated and then tested and refined over time. It is difficult for any other type of teaching or learning approach to give students an in-depth opportunity to develop plans, evaluate how their decisions are playing out in a competitive market, and then revise the strategy to seize opportunities and avoid threats. The experience and learning that result are cumulative.

We have designed *The Marketing Game!* to ensure that these pedagogical benefits are realized. It is set in a dynamic market environment. Thus, a poor decision early in the competition does not frustrate the learning process or leave a student/manager with poor results from then on. New decision periods bring opportunities for new successes. And firms with early successes can't coast on their laurels, but must constantly "earn" their customers' business. Thus, there is ample opportunity to learn from both successes and mistakes.

In addition, this is not a narrowly defined market in which success by one firm dooms others to failure. There are a number of different types of opportunities to pursue. Each firm can develop its own effective and profitable marketing strategy. As in the real world, the marketing manager in the game decides whether to compete head-on with other firms or pursue a segment or segments with less competition. Either way, however, good decisions produce good results. As simple as that sounds, it is perhaps the single greatest strength of this simulation—and where so many other simulations fall short.

Moreover, this is not a "zero sum" game—one in which one competitor must lose for another one to win. While many other simulations rely on the assumptions of zero sum competition, we believe that approach fails to consider the pedagogical reasons for using a simulation in the first place. It simply doesn't make sense to assume that if one student participant does a good job that another must be doing a bad job. In *The Marketing Game!* good work and smart decisions are reinforced with good outcomes—and that reinforces the learning process for everyone involved.

A marketing budget for each firm in each period highlights the trade-offs among marketing expenditures that marketing managers must make when developing a marketing strategy. A "smart" marketing strategy must be based on a marketing mix that is consistent with target market needs—but that doesn't mean that it must be a high-cost strategy.

The text includes budget planning and marketing strategy forms that help develop skills in analyzing alternative marketing plans. These forms can be used singly or in combination with the accompanying TMGPlan software, which is discussed in Appendix A at the end of this text.

There is a very complete, extensively revised and upgraded *Instructor's Manual to Accompany The Marketing Game!* It is available in both a print and (hyper

linked) electronic version (with full text search). The manual gives many suggestions to help make the simulation a successful teaching/learning experience for instructors and students alike.

We have made hundreds of revisions and improvements in the simulation software, the instructor materials, and in this book. We won't catalog all of the changes here. After all, a long "what's new" list probably isn't relevant for most students who are participating in the game for the first time. But instructors who have used the game in the past will find a detailed list of the changes at the beginning of the revised instructor's manual. It also provides a set of "quick start" instructions that will be an aid for both experienced and new users.

Our students—and hundreds of our colleagues from around the world who teach with the game—report that *The Marketing Game!* is an exciting and integrating learning experience.

Our sincere hope is that you will have the same reaction.



# Acknowledgments

Many people have made important contributions to *The Marketing Game!*

We owe the greatest debt to our students—in undergraduate, graduate, and executive program courses—who used “beta test” versions of this edition of *The Marketing Game!* Their enthusiasm about the experience—and what they were learning—was an important motivator for us. In addition, the thousands of marketing plans that they have submitted over the years have helped us to refine and improve the simulation. And their questions and suggestions gave us ideas on ways to improve the text.

We especially appreciate the many faculty—and the count is in the hundreds at this point—who have taken the time and initiative to write or call with detailed suggestions concerning *The Marketing Game!* Hopefully, these valued colleagues will see that we have taken their expert inputs seriously. The vast majority of the changes in this new edition were stimulated by the suggestions they provided.

We are grateful to our faculty colleagues and current and past doctoral candidates at the Kenan-Flagler Business School. They have been eager supporters of the game, and in our own “backyard” have demonstrated a wide variety of creative new ways to use the game. It’s often said that “imitation is the sincerest form of flattery.” So our colleagues should be flattered that many of their creative ideas and approaches are now incorporated in the game and supporting materials.

We are especially grateful to Melissa Martin. She has been a superb collaborator in administering the game and working with approximately 1000 students. She independently created the game website that served as the prototype for the web template now available with the instructor materials. And most important she has been an enormous help with programming the new version of the software. She tracked down and eliminated programming bugs and took responsibility for converting our 16-bit Windows software design to the final 32-bit form you will work with. We would have both pulled out our hair during this process if it were not for her initiative, attention to detail, persistence, and creativity.

During the past decade we have been invited to give many presentations and

participate in a variety of workshops, consortia, conferences, and institutes concerning the use of simulations in marketing education. These events have spanned a number of countries, and included organizations ranging from the Marketing Education Group in the United Kingdom, American Marketing Association, Society for Marketing Advances, Western Marketing Association, and other professional societies in the U.S., as well as groups such as the American Assembly of Collegiate Schools of Business. We appreciate the opportunity to share our ideas at these gatherings and in presentations at a large number of universities. They have given us a chance to fine-tune our thinking and learn from the criticisms and ideas of many other thoughtful participants.

Finally, we would like to thank our publisher. The company has been through several mergers since we started this project, so we have enjoyed the opportunity to work with people who have been with us since the beginning and also with those who have become enthusiastic supporters of the game along the way. We've had valuable support from McGraw-Hill/Irwin people with responsibilities in editorial, design, production, marketing, sales, and technical support.

To all of these people—and to others who have encouraged us along the way—we are deeply grateful. Responsibility for any errors or omissions is certainly ours, but *The Marketing Game!* would not have been possible without the support of many others.



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