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Introduction

Game Description
Practice Marketing puts you in the role of a marketing decision-maker for a small backpack company. You research the market for backpacks and choose a promising market segment to target. Then you 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 your backpack, you select distribution channels, and then coordinate an integrated communications strategy to build awareness for your product. The game includes a realistic marketplace in which you compete against other players or computer-controlled backpack companies. You will analyze sales results, collect information on competitors, and refine your product, price, place, and promotions strategies in order to maximize profits and become the 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.

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**Registering and Logging In**

There are two ways to register for Practice Marketing and log in: you can click on the Practice Marketing link in Connect, or click on the link that has been sent to you by email.

If you are registering for the first time, the following screen will appear. Click on ‘Register’ located in the lower middle of the screen. If you have already registered, simply click on Login in the upper right hand corner.
If you are registering for the first time, you will see the following screen; enter the code from the card included with your textbook, or the code that you purchased separately.
Walk through of Game Elements
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 on an element to bring up controls and other panels. **NOTE:** If your instructor has activated the **Tutorial Mode**, you will not see all the elements when you start the game. Instead they will be introduced one by one.

*To view details see the Tutorial Mode section of this manual.*
**Target Market Segment**

When a game starts, each of the six players (individual or team) will first analyze the 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 will help you to 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 you have identified a market segment to target, you must design a backpack to meet that segment's needs. The 3D Backpack builder lets you see the characteristics and differentiating features of the pack you are creating. Players design a backpack by choosing its shape, straps, material, color, and special features. Each choice you 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 your eyes as you select attributes and features. The characteristics of each pack updates 2D data readouts.

**Backpack characteristics**

The backpack building system links tightly with the market segment system. You craft your pack from a base set of designs and variations, choosing materials and equipping your pack with special features. Different backpacks will appeal to different market segments.

Once the first turn ends, all six competitive 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.

**Backpack Selection Options**

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

![Backpack Shape Options](image)

**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 Strap Options](image)

**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

![Backpack Material Options](image)
**Colors**

Players 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 includes:

- 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. You 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
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. You must carefully evaluate each retailer, looking for the optimal places to sell your products.

Types of questions you 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?

You 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, you can also 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 you do 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.

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**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

Your 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>
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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, you choose from a menu of positioning messages. The challenge is to determine which messages appeal to your target market and to decide how many messages to choose.

You can choose any number of positioning messages. However, the more messages you choose, 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.

Measuring Performance

View Game Data

You can view summary data for any game by clicking on the game name. This will give you the results of the last turn (unless it is the first turn, since there is no data). Within this area, you can click on the ‘View Game Data’ link to view more game data.

To view detailed Game Data for any game click on the image of the graph next to any of the games. If the game has been started, but no turns have yet ended, there will be no data for the game.

Here you will see a cash flow report that details the positions of the players ranked by Final Balance alongside other data that the players can see in their head office hub on their quarterly report.

By default, the screen displays the results of the latest turn. You may select any of the previous turns' data by clicking on the link for the desired turn.

By clicking on the other bars below the cash flow report, you can see other data. The team specific graphs can be displayed immediately. Different metrics can be graphed by simply clicking the buttons on the left hand side of the graph to change the data being shown. Or by turn (time).
The Scorecard

Your Instructor can set the various scoring to weight different percentages areas based on the specific assignment. All scoring must add up to 100%. Any areas that are not part of scoring for a particular assignment will be set to zero by the instructor. The possible areas include:

**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, the instructor can choose to set this one to zero).*

\[
\frac{\text{Characteristics Score} + \text{Features Score} + \text{Price Score}}{3}
\]

**Customer Satisfaction Score**

\[
\frac{\text{Characteristics Score} + \text{Features Score} + \text{Price Score} + \text{Message Score} + \text{Interest Level}}{5}
\]

**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 the equation \( Y = MX + B \):

- \( X \) = actual data of parameter
- \( Y \) = score for that parameter (weighting will then be applied to compile total score)
- \( B \) = y-intercept of line
- \( M \) = slope of line (we will provide max/min of each section)

\[
M = \frac{y_2 - y_1}{x_2 - x_1} = \frac{\text{(max data point} - \text{min data point)}}{100 - 20}
\]
Support/FAQs

Should you experience any problems in running the game, your first point of contact should be ‘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 Game 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.

Tutorial Mode

**The Tutorial Mode** consists of six turns that introduce each area of the game interface one per turn: Target Segment, Product, Price, Marketing Channels, Positioning and Advertising, and then Competitive Analysis. It can be set by the instructor as part of the assignment creation process.

**Turn One: MARKET SEGMENT**

The game’s manager avatars first inform you that you are now responsible for marketing backpacks, which are a new product line, for the company. Then you are shown the options for market demographics to review them and select one. Once you have selected a demographic you may end the turn.

**Turn Two: PRODUCT**

In this turn, you are shown how to create the appropriate backpack based on the desires of the selected demographic. After reviewing the needs of your chosen target market, you 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 you can end turn. NOTE: If you wish, you can click on their chosen demographic to check how well the pack design matches your 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 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, you may wish to tweak your backpack features based on the market research feedback.

Turn Four: SALES and COMPETING PRODUCTS

Here you will review your first sales results. Unless you priced your pack below cost, you 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. Click through each tab to explore quarterly and yearly figures, market trends, their position, alerts to actions taken by your competitors, and events (this will be empty if the option for events was not activated by your instructor). Once the review is complete, you are introduced to your competitors, whether computer-controlled or fellow 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

Here you are introduced to a variety of distribution channels, each with its own terms that you must accept if you wish to sell through that channel. This is a chance to explore 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, you 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 your marketing strategy work. Does your 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 your 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 you to review awareness or create discounts with your distributors), but from this point forward all elements of the game are playable.
Glossary

Definitions

**Player:** There are six companies active in any instance of the Marketing simulation. Each company is controlled by a single participant or 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.