

# Hands on Brand Management

## Marketing 491 W

Spring 2007

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### **Required Materials:**

There is no outside textbook for this class. Instead you will be purchasing the manual and gaining access to the PharmaSim customized website and simulation. Your total cost is about \$55 which is well below the cost if we used a standard textbook (typically \$100-150). The book/manual(s) will be sent to us from the Interpretive Software firm that owns the PharmaSim simulation.

Pharmasim: A Brand Management Simulation, Stuart James, Thomas Kinnear, and Michael Deighan, Interpretive Software. (Purchase on-line at [www.interpretive.com/umassug](http://www.interpretive.com/umassug))

### **Course Objectives:**

A brand name, and its associated brand equity, is one of the most valuable assets any firm has. The goal of this course is to apply basic marketing concepts to give you a first hand experience at managing the equity of a brand in a competitive environment.

We will accomplish the course goal with a computer simulation of over-the-counter (OTC) cold medicine market including cough and allergy medicines. The simulation is called PharmaSim.

The simulation involves analysis of a great deal of marketing research information and the marketplace financial implications of all of your marketing decisions. The results you get are very much in-line with the kind of 'marketing metrics' that is being demanded senior managers to assess marketing performance.

This simulation is based on the saying "Tell me and I'll forget. Show me, and I may remember. Involve me, and I'll understand." In effect PharmaSim is like a flight simulator for managers, so buckle your seat belt and hang on for the ride because you are you on the firing line to make all the key decisions about managing your brand of a cold remedy and potentially a full line of allergy and cough remedies. You will learn the links between marketing decisions with market, consumer and financial outcomes. You need to have both marketing and accounting foundations to help keep up with the blizzard of marketing research information and performance results that will be generated.

I promise that this class will be one of the most memorable you have had...even 10 or more years from now you will remember this class. It requires you to keep up throughout the semester. You will find it engaging because it uses a lot of what you have learned about marketing, accounting and business strategy. It also gives you immediate feedback about the choices that you make. At various times you may feel overwhelmed and frustrated or exhilarated and satisfied. I can guarantee that you will gain an appreciation for what it takes to manage a brand.

Once you get logged in you can begin exploring the research reports and read the manual. Actually, you can get started below by clicking on the student manual icon below for the PDF version of the PharmaSim simulation. I will be handing out a hard copy version of the PharmaSim manual in class once everyone pays the fee to PharmaSim.

What you need to do:

- **YOU WILL BE SENT A USER ID AND PASSWORD FROM THE COMPANY VIA EMAIL.** You then use this ID and password to log in and pay the fee which I estimate is about \$55 and includes the PharmaSim book which you will receive from the company.
- You will get a printed manual as part of your fee. As I said above, you can also view or **DOWNLOAD THE PDF VERSION OF THE MANUAL.**
- **READ THE PHARMSIM CASE P. 1-17 OF THE MANUAL.** Go on to read Section 2 starting on page 19. This will help you understand how the simulation works and gives details about the market, distribution channels and decisions you will be making. You should look at the first video where I spend a few minutes describing the simulation.
- **DOWNLOAD THE SOFTWARE TO YOUR COMPUTER FROM** [www.interpretive.com/umassug](http://www.interpretive.com/umassug)

Once you are on the website, explore the various reports and navigation tools.

Look at the video clips I have made which describe the reports and how to make and submit decisions.

In order to be successful you will need to do a thorough analysis of external and internal marketing issues, and devise and implement appropriate long-term strategy. You will first be identifying target market segments, determining customer needs and buyer behavior, and analyze competitive strategy and tactics. All the background research reports will be available in the manual and in the reports generated by the program. You need to thoroughly focus on the marketing research information and digest the competitive and consumer information.

Based on your on-going analysis you will be making a series of decisions related to price, distribution, promotion and formulation of new cold, cough and allergy remedies. For instance, you will have the ability to target advertising and consumer promotion to particular customer segments, target trade promotion and sales force to different distribution channels, and offer price discount schedules based on volume.

You will be making decisions over 10 periods (each period is a year) and after each set of decisions you will receive reports about how well your decisions worked. After each period you will be able to track your results against other students in the class who will be running their own PhamaSim brands. You need to read the case completely and understand how to submit your decisions. The video clips that I have made for you will also help here.

**What this is all about:**

The PharmaSim marketplace is similar in nature (but not meant to be identical) to the US market for OTC (over the counter- non-prescription) remedies for colds, coughs and allergies. You will be managing the highly profitable OTC cold medicine division for Allstar Brands, a large pharmaceutical company. You start with one brand with the brand name Allround which is a 4-hour liquid multi-symptom cold remedy. You can modify this brand or add new brands as time goes on. Of course all of your decisions have implications for revenues and costs so after each period you get a profit and loss report as well as market share and other indicators such as marketing efficiency, shelf space, and customer satisfaction.

**Conduct of the Course:**

Most of this course is devoted to making and examining decisions from the simulation. There are 10 decision periods which each accounts for one year in the life of the brand.

There are two main phases in the class.

Phase 1—Individual play—2 periods plus first three written assignments (Through February 26th)

Phase 2—Team play—8 periods of decisions with two other members of the class plus two team written assignments.

**Grading:**

5%...Week 1 Due February 5. Written Assignment #1. Working with two other students from class, do an audit of OTC cold medications at one store and present results. I will assign you a store.

15%...Written Assignment # 2 Pricing Exercise... Due February 14th.

10%...Period 1 & 2 (February 12 & 19) Individual Results of simulation.

15%...Written Assignment #3 Advertising, Sale force size and Promotion Spending Exercise ...Due February 21st.

10%...Assignment #4 Initial Group Plan...Due Wednesday March 14th.

15%...Assignment #5 Group Written Plan for Future and recap...Due May 11th.

5%...May 7 & 9th Team Presentation

25%...PharmaSim Team Play Results for periods 3-10. (5% period 3-10 performance 10% period 3-6 and 10% performance period 7-10)

Total 100%

**The Details:**

1) Preliminary Phase

• Assignment #1...Due February 5th... Week 1...Work with two other students: You will be doing a store audit for OTC cold medicine with one other person in the class. You will be assigned a store from one of the following channels of distribution (a) independent drug store...Deerfield Pharmacy; b)chain drug store...CVS, Brooks, Walgreens; c) grocery...Stop & Shop or Big Y; d) convenience store...Cumberland Farms, 7-11, Circle K; e) mass merchandise...Wal\*Mart, Target, K-mart. What to compare: You will be looking at product mix (variety, selling features, dominant brands), pricing, shelf-space (how much and how prominent), promotions, etc. How might the experience in the store change the purchase decision of the customer? Some stores will allow pictures of shelves and promotions. I will give you a letter if you need one that this is for class purposes.

This shelf audit will result in a presentation in class on the second Monday February 5th of class with your partner along with the written report. The presentation should be 10 minutes and the report 3-4 pages. (Due on Monday February 5th).

## 2) Phase 1—Individual Play

Due Monday February 12th: Working by yourself. IN PERIOD 1 AND 2 YOU ARE ASSISTANT TO THE BRAND MANAGER (Level 1)...fewer decisions to be made than in later periods. I have attached the forms that show the decisions you need to submit. They are also on page 112 of the manual. On February 12th you submit your first decision and on February 19th you submit your second decision.

In the first two decisions you are given many replays to allow you to experiment with pricing and the promotional mix. You will need these replays to do the experimenting of increasing and decreasing price to learn about how the market reacts. You will want to complete [assignment #1](#) before submitting your first decision that I will see and which will count as your 'Final Answer' decision for the first period. The same goes for [Assignment #2](#) which you will want to complete before submitting your 'Final Answer' decision for period 2.

- Assignment #2 and 3. The replays let you try out different options and to complete Assignment #1 (Pricing) due by February 14th and #2 (Promotional Spending) due by February 21st.

## 3) Phase 2-Team Play—After getting paired up with two other students in the class, we start all over again. All teams start even to make a decision for Period 3.

Team Period #3. Due Wednesday February 28th...Work with two other students: In the remaining eight periods you will be working as a team. This should be a pretty easy decision for you and your partners because you are still an assistant to the brand manager and have not yet been promoted.

Team Period #4. Due Wednesday March 7th you and your partners will be promoted to AN ASSISTANT BRAND MANAGER (level 2 decisions) with more decision responsibility. This is a much harder decision because in addition to your earlier choices you now allocate the number of sales people to each distribution channel, set price discounts, choose an ad agency and type of ad appeal, allocate spending to specific types of trade and consumer promotions. You also get to decide whether to reformulate the ingredients in Allround.

- Written Assignment #4 (due Wednesday March 14th). Each team submits a preliminary marketing plan dealing briefly with the following issues: The plan should be no more than 4 pages long (double spaced, 12 font, 1" margin). This assignment is your initial strategy and its rationale. For each decision, including the ones about price, indicate your reasons based on your analysis of the current strengths and weaknesses of Allstar and its brand Allround, the case and your overall strategy.

Team Decision #5 & 6 decisions are due Wednesday March 28 and Wednesday April 4th.

After your Period #6 decisions your team is promoted to Brand Managers. This means more decisions...Level 3 of complexity.

Team Decisions 7, 8, 9 & 10 are due on April 11th, 18th, 25th, May 2nd.

They are more intense. Decision 10 is your last decision...including your two individual decisions this makes a total of ten decision periods.

- Team Presentations May 7 and 9th.
- Written Assignment #5... Final Team Paper due Friday May 11th.

**Once Play Begins:**

- You need to submit your decisions on time. You will lose credit for late decisions.
- YOU GET a total of 25 REPLAYS in period 1 & 2 (total of 50 replays) while you are learning the ins and outs of the simulation. THIS MEANS THAT YOU MAKE A SET OF DECISIONS AND GET RESULTS BACK. YOU GET TO “DO OVER” Experiment with price and promotion to complete Assignments #2 and #3.
- Once you start working with your partner and make a team decision you only get six replays for the next 8 periods of team play! It is valuable, so use it like a life line on the old show ‘Who Wants to Be a Millionaire’.
- YOU CAN NOT ADVANCE TO THE NEXT PERIOD DECISIONS UNTIL THE DATE SET ON OUR SCHEDULE.
- Keep a folder with your decisions and results for each period.

I would advise printing out the performance results and your decisions.

## PharmaSim Schedule Spring 2007

| <u>Date</u>   | <u>Agenda</u>  | <u>What You Need to Do</u>  |
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| By January 31 <sup>st</sup><br>(Wednesday)  | <p>Introduction to the Simulation and Course Overview</p> <p><b>For the first two periods of individual play and then the first period of Team play you are a Brand Assistant (This is the lowest level...but you will be promoted later on)</b></p> | <p>1. Look at the introductory video clips on WEB CT.</p> <p>2. Register with PharmaSim if you have not done so already...they will send you a password and you need to log-in and pay for the manual (book) and for computer access to the simulation.</p> <p>3. Read PharmaSim Case p. 1-17 and section 2 starting on page 18. Get familiar with all marketing research reports.</p>  |
| February 5 <sup>th</sup> (Monday)   | <b>Assignment #1</b> due   | <p>1. Go to a store that is assigned and conduct a shelf audit with your teammate. Hand in and present results in class.</p> <p><b>Assignment # 1. This will be done with two team mates.</b></p>   |
| February 12 <sup>th</sup> . You are in Period 0 making a decision for <b>Period 1 PharmaSim (individual play)</b><br><br><b>Phase 1-Individual Play</b> | <p>Results for all individuals available after everyone submits final decisions.</p> <p>Post your assignments to WebCT. Contribute to class discussion about price and results of first round of decisions.</p>                                      | <p>1. Experiment with price using your replays so you can <b>complete assignment #2 (pricing)...submit to me in WEB CT. For help look at the <a href="#">Video 6 Explaining the Pricing Assignment 1.html</a></b></p> <p>2. After experimenting with price make your PharmaSim decisions by yourself and <b>submit decisions for Period 1 by February 12th.</b> For help submitting a decision on PharmaSim look at the <a href="#">Video How to Submit a PharmaSim Decision.html</a></p> |

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| <p>February 19<sup>th</sup>. You are in period 1 making a decision for <b>Period 2 PharmaSim(individual play)</b></p>   | <p>Results for all individuals available. I answer questions, make comment and pose questions.</p> <p>Post your assignments to WebCT.</p> <p>Contribute to class discussion about price and results of first round of decisions.</p>     | <p>1. Experiment with Sales force, consumer &amp; trade promotion and advertising spending with your replays so you can <b>complete assignment #3 (pricing)...submit to me in WEB CT. For help look at the Assignment #3 video clip.</b></p> <p>2. After experimenting in Assignment #3 with Sales force, Consumer &amp; Trade Promotion, and Advertising, <b>submit decisions for Period 2.</b> Make your decision by yourself.</p> |
| <p><b>Phase 2—Team Play starts and continues until the end of the term</b></p> <p>After your second PharmaSim individual decision, you will be making remaining decisions and assignments with a team mate.</p> | <p><b>Start work with team mate.</b></p> <p><b>All PharmaSim games. All teams will start with the same initial values in period 2 making a decision for period 3.</b></p>  |  |
| <p>February 28<sup>th</sup>. <b>You are in period 2 making a decision for Period 3 (Team Play)</b></p>  | <p>Results for all individuals available. I answer questions, make comment and pose questions</p> <p><b>Remember to re-formulate. (You need to do this again even though you did it during individual play)</b></p>                      | <p>Work with partner on period 3 team play decision.</p>   |
|   | <p><i>After Period 1 of team play you and your partner are promoted to Assistant Brand Managers. This means you have more detailed decisions to make for Period 4. <u>Allow more time to talk this over with your team mate.</u></i></p> |  |
| <p>March 7<sup>th</sup>. You are in period 3 making a decision</p>  | <p><b>This is the first of two periods when you can</b></p>  | <p>Work with partner on period 4 decision.</p>   |

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| for <b>Period 4 (Team play)</b>  | <b>introduce a line-extension under the Allround name.</b> Results for all individuals available. I answer questions, make comment and pose questions  |   |
| March 14 <sup>th</sup> .<br><b><u>Spring Break March 17-25</u></b>                             | <b>Upload assignment #4 to WebCt</b>   | <b>Submit written Assignment #4 Initial Group Plan due. One per team.</b> |
| March 28 <sup>th</sup> . You are in period 4 making a decision for <b>Period 5 (Team Play)</b> | Results for all individuals available. I answer questions, make comment and pose questions.<br><br><b>This is the second and last period you can introduce a line extension under the ALLROUND name.</b> | Work with partner on period 5 decision.                                   |
| April 4 <sup>th</sup> . You are in period 5 making a decision for <b>Period 6 (Team Play)</b>  | Results for all individuals available. I answer questions, make comment and pose questions<br><br><b>Note that you have the option to introduce a new product (not a line extension)</b>                 | Work with your partner on period 6 decision.                              |
|  | <b>After Period 6 you are promoted to Brand Manager which is Level 3 decisions...more complex</b>  |   |
| April 11 <sup>th</sup> You are in period 6 making a decision for <b>Period 7 (Team Play)</b>   | Results for all individuals available. I answer questions, make comment and pose questions   | Work with partner on period 7 decision.                                   |
| April 18 <sup>th</sup> You are in period 7 making a decision for <b>Period 8 (Team Play)</b>   | Results for all individuals available. I answer questions, make comment and pose questions.<br><br><b>Last period to introduce a new product.</b>  | Work with partner on period 8 decision.                                   |
| April 25 <sup>th</sup> You are in period 8 making a decision for <b>Period 9 (Team Play)</b>   | Results for all individuals available. I answer questions, make comment  | Work with partner on period 9 decision.                                   |

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|  | and pose questions.   |   |
| May 2 <sup>nd</sup><br><b>Final decision you are in period 9 making a decision for Period 10</b> | Results for all individuals available. I answer questions, make comment and pose questions.                           | Work with partner on period 10 decision.  |
| May 7 & 9  | Teams present their overview and wrap-ups.  | In class presentations.   |
| May 11 <sup>th</sup>   | Upload assignment #5 to WebCt.<br><br>Send me team mate evaluation forms. You evaluate your partner but not yourself. | <b>Work with partner<br/>Written Assignment #5-<br/>Team Written Plan for<br/>Future and Recap</b><br><br><b>Upload</b> |