

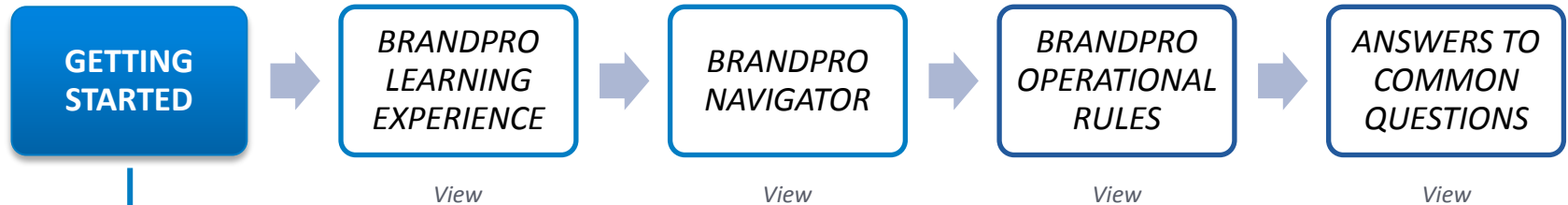


USER GUIDE

Most of the slides in this handbook are also available online in the simulation.
You will find them in the *PREPARE* or *Learn more* sections.

Powered by





The next sections should be read carefully before using BrandPRO for your assignment together with other members of your team. You are, however, probably eager to discover how the simulation operates.

The purpose of the “GETTING STARTED” section is to give you the essential information to familiarize yourself with the BrandPRO navigator.

Just one essential warning: make sure you do NOT click on the RUN button as your actions would then be irreversible!

WELCOME TO BRANDPRO

The BrandPRO simulation allows you to develop your skills along the key dimensions of Brand Strategy.

BRAND STRATEGY

BRAND TARGETING STRATEGY

Allocating brand resources across selected consumer segments in order to build a competitive advantage.

BRAND POSITIONING STRATEGY

PRODUCT STRATEGY

Influencing brand value through Research & Development and modification of the brand physical characteristics.

PRICING STRATEGY

Setting the brand price, taking into account consumer expectations, competitive advantages, competitive prices, brand profitability, etc.

COMMUNICATION STRATEGY

Influencing brand perceived value through communication, i.e. specifying perceptual objectives and allocating advertising budget.

THE MARKSTRAT HERITAGE

- ▶ BrandPRO is an offspring of Markstrat, the world renowned Marketing Strategy simulation used by leading business schools worldwide and by over 1,000,000 students.
- ▶ StratX designs world class action-based learning tools in Marketing, Strategy and Innovation to provide live, realistic and powerful learning experiences. Built on solid theoretical grounds, StratX simulations have garnered worldwide acclaim for their learning effectiveness and ability to engage students.

SIGNING IN BRANDPRO

- ▶ Use BrandPRO on a desktop, laptop or tablet running Windows, Mac OS, iOS, Android, Linux, etc.
- ▶ Open your favorite internet browser (Firefox, IE, Safari, Chrome, ...) and go to **brandpro.stratxsimulations.com**.
- ▶ You will need a **Participant Activation Key**, a **Team Name** and a **Team Password** to sign in BrandPRO.

WELCOME TO BRANDPRO

Input your Participant Activation Key (e.g.: YWK-9J5F18)

FWW-XDVBC

Stay connected

OK

Select your Team

MYSTERY (11) ▼

Input your Password

....

OK

PARTICIPANT ACTIVATION KEY (PAK)

- ▶ This is the license to the software.
- ▶ For some courses a PAK will be provided to you by the instructor.
- ▶ Otherwise, please visit the StratX store at www.stratxsimulations.com to purchase a PAK.

TEAM NAME AND PASSWORD

- ▶ The course participants will be grouped in teams.
- ▶ Each team will managed a fictitious company for a total duration of 5 years.
- ▶ Your course instructor is in charge of assigning participants into teams and of communicating your team name and password to you.

NAVIGATING BRANDPRO

- ▶ The BrandPRO navigator includes **four screens: HOME, PREPARE, ANALYZE and DECIDE.**
- ▶ The HOME and DECIDE pages share the same window. The HOME page displays all the BrandPRO components and the DECIDE page is where you make decisions. This is your main workplace, as described below; it should not be closed, otherwise, you will have to sign in again.
- ▶ The PREPARE and ANALYZE popup windows provide essential information to discover the BrandPRO world and to analyze the situation of your firm. These two windows may be closed at any time and re-opened later.

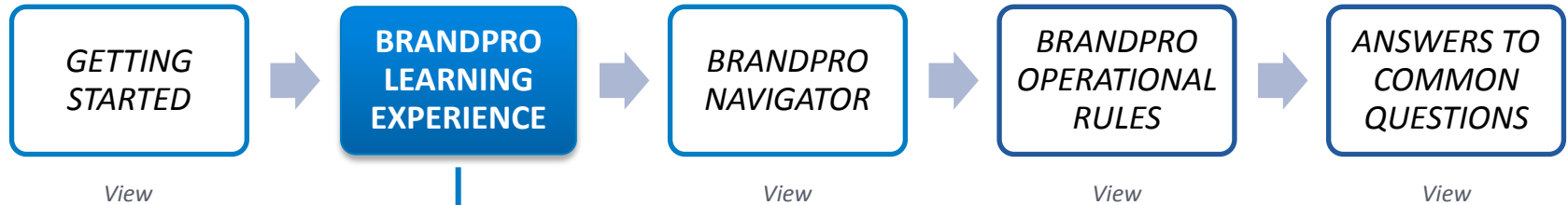
THE HOME/DECIDE WINDOW

- ▶ This window allows you to navigate across all pages using the left-hand buttons or the central images.
- ▶ It also enables you to logout; check what your teammates are doing; access the handbook; and print your report.
- ▶ The CHECKLIST will help you check your errors, warnings, highlights and budget before attempting to run the simulation.
- ▶ The RUN button will open a new page dedicated to running your decisions.
- ▶ All pages except the HOME have a top menu to navigate through the different pages.

Use top menu to navigate

BrandPRO

A BRAND STRATEGY SIM
THE MARKSTRAT HERITAGE



This section is the main one in this handbook. It should be read carefully before your BrandPRO assignment.

The first part gives you an overview of the BrandPRO world. The second part provides you with key concepts on the two pillars of Brand Strategy: Targeting and Positioning. The third part explains how to make decisions in BrandPRO.

Most of the slides in this section are also available online, either in the PREPARE menu or in the “Learn more” popup pages.

YOUR MISSION

- ▶ Congratulations on your new position! You and the other members of your team will be in charge of marketing two *Sonite* brands in the BrandPRO world.
- ▶ Your objective is to maximize the value of your company as represented by its **Share Price Index (SPI)**.
- ▶ The SPI evolves over time according to your yearly decisions. The SPI value is based on multiple indicators including net contribution generated, product market share, revenue growth, and etc.
- ▶ Your company SPI is equal to 100 at the beginning of the simulation. A final value greater than 100 means that you have **created** value over the 5 years. Otherwise, you have **destroyed** value.



THE BRANDPRO WORLD

- ▶ The BrandPRO world is a fictitious country of 80 million inhabitants that roughly behaves like most markets. Inflation is virtually zero and no major political, social or economic event is anticipated in the near future.

THE SONITE PRODUCT CATEGORY

- ▶ A Sonite is a sophisticated electronic equipment equivalent to a digital camera, GPS system, smartphone or computer.
- ▶ A Sonite is characterized by the four attributes listed on the right. The more sophisticated the product is, the higher its unit cost.

THE SONITE MARKET

- ▶ Understanding consumer needs and matching their expectations is key to designing a favorable offering.
- ▶ Exceeding consumer expectations is not always a smart decision. This may in particular result in a lower margin or you may upset your consumers. For instance, a long-lasting battery may be heavy and a large screen may not fit in a purse.

SONITE PRODUCTS



ECONOMY

Inversely related to Price

PERFORMANCE

Display Size – 4 to 40 Inches
Processing Power – 5 to 100 Gigaflops

CONVENIENCE

Number of Features – 10 to 20
Battery Life – 24 to 96 Hours

SONITE CONSUMERS

- ▶ Sonite consumers are adults who purchase the products for personal or professional use. The BrandPRO market is divided into three major groups of consumers or segments which have similar needs and purchasing behavior.

TRENDY SHOPPERS (TNDY)

- ▶ Individuals who like fashionable products. They usually have a high income and a higher level of education.
- ▶ Use Sonite products for private usage, less frequently than the average consumers.
- ▶ Purchase expensive products, in part to reveal their social status.
- ▶ Demand products with a high convenience and good performance.

SAVVY SHOPPERS (SVVY)

- ▶ The largest segment in the Sonite market, and likely to grow even more.
- ▶ Savvy shoppers are cautious on how their money is spent and highly rational in their purchasing decisions.
- ▶ Demand affordable products with low performance and convenience.

PROFESSIONALS (PROS)

- ▶ Individuals or organizations who purchase Sonite products for professional usage.
- ▶ Can afford fairly expensive products and often view price as an indication of quality.
- ▶ Look for high performance and average convenience products.



COMPETING FIRMS – M, T and R

- ▶ Three firms including your own fight to market Sonite products in the BrandPRO world.
- ▶ All firms start with a different situation in Year 1. Many differences exist in terms of product specifications, target consumers, awareness levels of their brands, market shares, sales, profitability, R&D expertise, etc.

FIRM M – YOUR FIRM

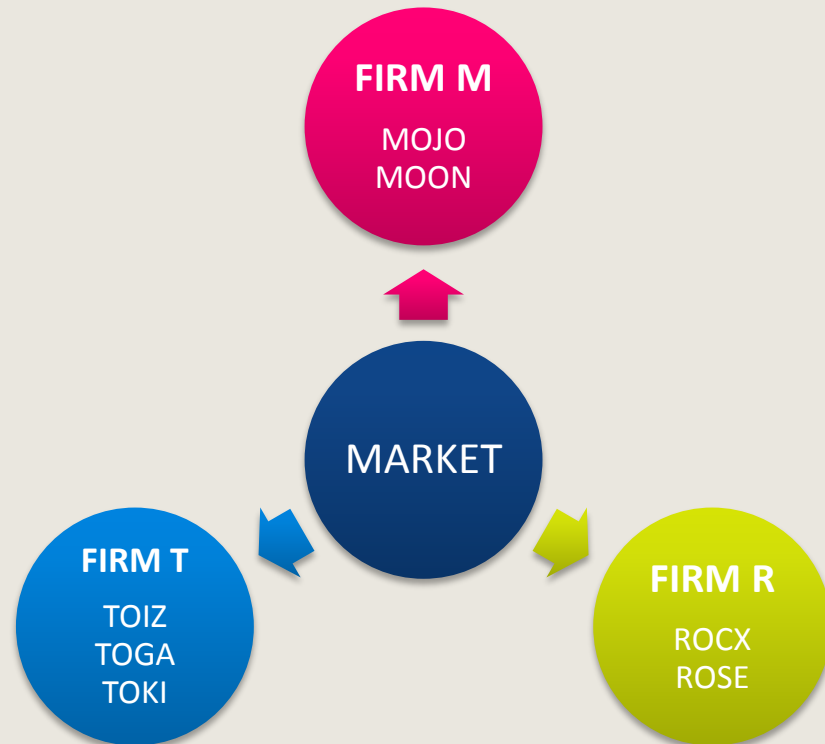
- ▶ Firm M is the company that you have just joined. **You will manage two existing brands:** MOJO, a low-end offering, and MOON, a mid-range one. None of these two brands is leading in a segment.
- ▶ **You will not launch any new brand.**

FIRM T – THE MARKET LEADER

- ▶ Firm T covers the entire market with 3 brands: TOIZ, TOGA and TOKI.
- ▶ Firm T is number one in revenues and profits with a leading position in two segments.

FIRM R – THE SMALL PLAYER

- ▶ Firm R is the smallest company in revenues and profits.
- ▶ Firm R markets ROCX, a successful low-end brand, and ROSE, a brand with low convenience.
- ▶ It will **launch a new brand** in Year 4 or 5 to challenge the robustness of your strategy.



YOUR ROLE

- ▶ You are in charge of the strategy for your two brands MOJO and MOON for a total duration of 5 years of your BrandPRO experience.

1. ANALYZE YOUR FINANCIAL AND MARKETING POSITION

- ▶ Use the information available with key data on your firm and on competitors, brands and consumers to analyze your position.

2. DECIDE ON THE STRATEGIC DIRECTION OF YOUR FIRM

- ▶ When your situation analysis is completed, make the four strategic decisions shown below.
- ▶ You can use the forecasting tool to check your expenses against your budget.

3. RUN THE SIMULATION AND START A NEW YEAR

- ▶ Check that your decisions are error-free and click RUN to move to the next year.
- ▶ You can then access your results and start the next cycle “ANALYZE → DECIDE → RUN”.



TARGETING STRATEGY

Decide on how to allocate your resources across brands and consumer segments. Appropriate communication and sales channels will be decided automatically.



PRODUCT STRATEGY

Design a product that will be appropriate to the chosen positioning. Which Power or Battery Life will be attractive to the target?



PRICING STRATEGY

Decide on a price that will match the expectations of your target consumers, and that will provide you with a sufficient unit margin.

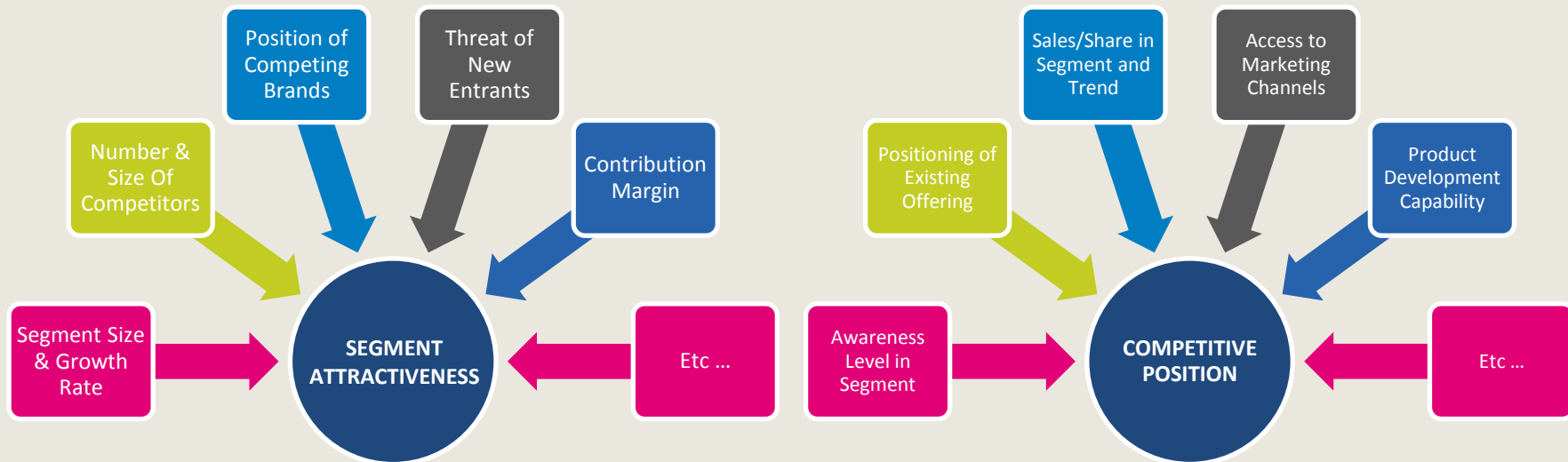


COMMUNICATION STRATEGY

Decide where you would like to position your brands and which message you want to communicate to your target consumers.

BRAND TARGETING STRATEGY

- ▶ The first pillar of Brand Strategy is the allocation of a brand's resources across selected consumer segments in order to build a competitive advantage.
- ▶ Deciding to target a given segment should be based on a careful evaluation of its *attractiveness* and of your *competitive position* in this segment.
- ▶ The attractiveness of a segment depends on its size, growth rate and on other factors listed below. A high attractiveness indicates that your firm will benefit from positioning an offering targeted at this segment.
- ▶ Your competitive position measures your ability to compete in this segment, i.e. your ability to develop and market a superior offering and build a competitive advantage such as a higher awareness, a superior brand positioning, an adequate pricing, etc.



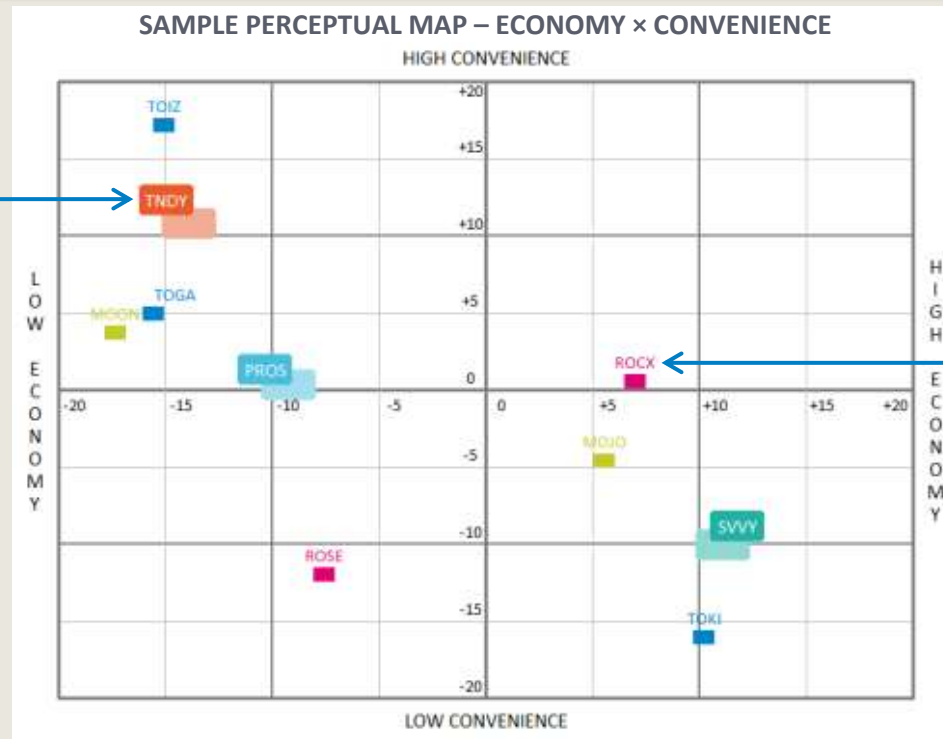
BRAND POSITIONING STRATEGY

- ▶ The second pillar of Brand Strategy is the adequate positioning of the brand in the selected segment(s).
- ▶ The **perceptual mapping of similarities and preferences** is a key tool to analyze and/or decide on brand positioning.
- ▶ There are three maps, each showing a different pair of dimensions: Economy (equivalent to Affordability and *inversely* related to Price), Performance (influenced by Processing Power and Display Size) and Convenience (Battery Life and Number of Features). A sample perceptual map is shown below.
- ▶ The positioning of a brand can be implemented through a product strategy (changing its characteristics through R&D), a pricing strategy, and a communication strategy (changing its perception by consumers).

A large rounded square such as this one represents the position of the **ideal point** for a consumer segment.

In this example, TRENDY consumers would prefer a brand positioned at +12 on the Convenience axis and at -15 on the Economy axis.

The position of ideal points changes over time as consumer needs evolve. The squares with a lighter color represent where ideal points were located one or two years before.



A small square such as this one corresponds to the positioning of one of the competitive brands, ROCX in this example. ROCX is perceived at +7 on the Economy axis and at +1 on the Convenience axis.

Brands close to each other on the map are more likely to be in competition than brands far from each other.

Brands close to the ideal point of a segment are likely to be preferred by the consumers in this segment.

DECISION PROCESS

- ▶ You are now ready to proceed with your first year of decisions!
- ▶ In total, you will have to complete 5 years in the BrandPRO simulation, as explained below.

ANALYZE

- ▶ 5 reports providing financial, technical, marketing and sales data broken down by firm, brand, consumer segment, etc.
- ▶ Data available on competitors and competitive brands.
- ▶ All market research data is systematically provided.

DECIDE

- ▶ Decisions in four strategic areas: targeting, product, pricing and communication.
- ▶ Each year you will be given a budget depending on your results. This budget and investments for the year will be indicated in the left-hand bar.

RUN

- ▶ Any errors or warnings in your decisions will be indicated in the left-hand bar.
- ▶ You cannot run the simulation with errors in your decisions.
- ▶ Execute your decisions by clicking on the RUN button.
- ▶ Stretch your legs for 2 minutes and start again.

Year 1

Year 2

Year 3

Year 4

Year 5

Make sure to allocate sufficient time to your initial situation analysis! It is acceptable to allocate relatively more time to Year 1.

TARGETING STRATEGY

- ▶ Use the decision screen below to allocate your marketing and sales resources across brands and consumer segments.
- ▶ The impacts of this decisions are multiple: raising and/or maintaining brand awareness, informing consumers on brand attributes, influencing brand perceptions (see also [setting perceptual objectives](#)), increasing the availability of products in stores, etc.
- ▶ Your marketing and sales teams will **automatically** use these strategic guidelines to select the most appropriate advertising media and distribution channels and reach the desired consumers. This **channel selection is not fully accurate**; as a consequence, a share of your resources will be **directed to non-targeted consumers**.
- ▶ Make sure to respect your allocated budget while entering decisions in this form. You will **not** be able to Run the BrandPRO simulation if you exceed your budget.

Enter your decisions in the white cells (in thousands of \$).

Totals by brand and by segment are calculated automatically as you enter decisions.

All numbers in thousands of dollars

	PROS	TRENDY	SAVVY	TOTAL
MOJO	625	625	1250	2500
MOON	1250	875	375	2500
TOTAL	1875	1500	1625	5000

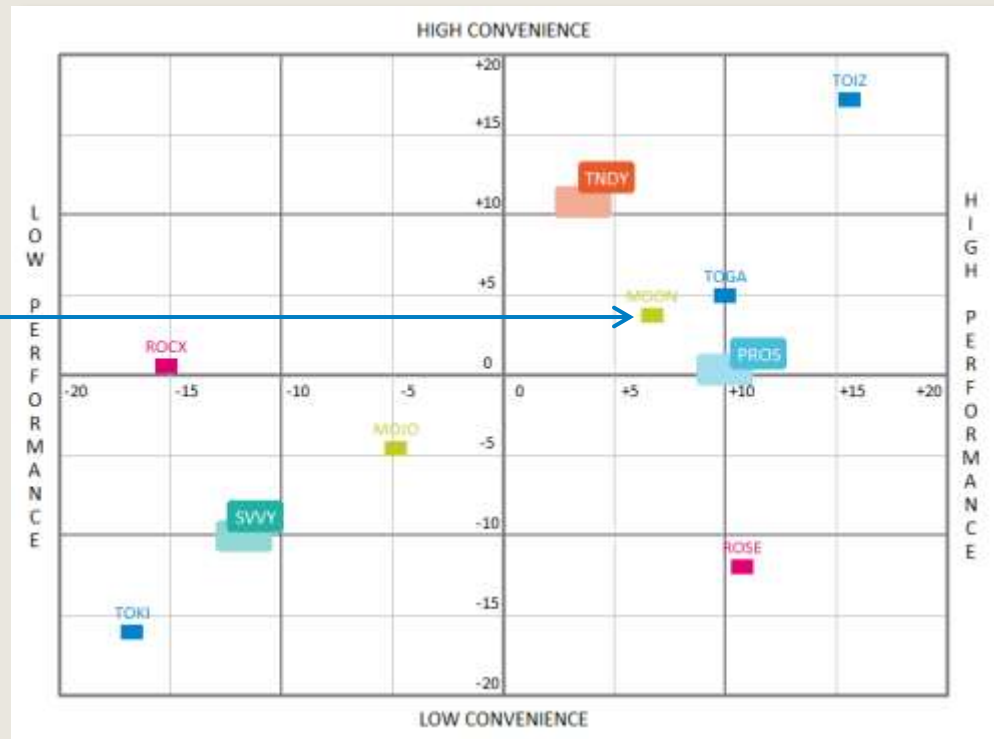
PRODUCT STRATEGY – INFLUENCING BRAND VALUE THROUGH RESEARCH & DEVELOPMENT

- ▶ A brand perceived **far from the ideal point** of a segment will most likely **not** be one of the preferred brands.
- ▶ To position ROSE closer to the ideal point of PROS on the map below, Team R must **improve** its Convenience, i.e. **increase** its number of features or its battery life, or both. To make MOJO more attractive to SAVVY Shoppers, Team M must **reduce** its Performance, i.e. **decrease** its processing power or its display size, or both.
- ▶ Brand modifications are done by the R&D department and **take one year to complete**. You may **only initiate one brand modification per year**.

Use the perceptual maps to determine the optimal physical characteristics to achieve a target position.

By comparing the current characteristics of several brands and checking their positions on the maps, you should be able to infer which combination of attributes will help you move your current position closer to the needs of your target segment(s).

What should you do to make MOON more relevant to PROS, or to TRENDY shoppers, or to both groups ?

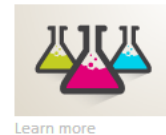


PRODUCT STRATEGY – MODIFYING A PRODUCT THROUGH RESEARCH & DEVELOPMENT

- ▶ Use this decision screen to modify the physical attributes (processing power, display size, ...) of your brands. You may initiate **one brand modification per year, but may not modify a given brand two years in a row.**
- ▶ Product strategy should be consistent with your positioning strategy, as explained in *PREPARE > Product Strategy*.
- ▶ Your R&D department will charge you a **development budget** to modify a brand. The larger the upgrade (or downgrade), the higher the development budget.
- ▶ Modifying a brand impacts **production unit cost**. The higher the new attributes, the higher the unit cost.
- ▶ A brand modification **takes one year to complete**. The brand with the new attributes **will be marketed one year later**.

PRODUCT STRATEGY - BRAND MOJO

Use this page to modify the physical attribute of your brand. Enter the desired attributes in the left light-blue column. The new manufacturing cost will be calculated automatically based on these new attributes. The budget required by R&D to develop the new brand will be given. The brand with the new attributes will be commercialized next year. Please note you may initiate only one brand modification



Check this box if you want to modify the attributes of brand MOJO

	DESIRED ATTRIBUTES	MIN.	CURRENT ATTRIBUTES	MAX.
FEATURES (NUMBER OF)	15	5	11	20
BATTERY LIFE (HOURS)	55	24	53	96
DISPLAY SIZE (")	30	4	22	40
PROCESSING POWER (GFLOPS)	55	5	38	100

CURRENT UNIT COST (\$)	122
FUTURE UNIT COST (\$)	161
R&D BUDGET (\$ X 1000)	430

This table provides the current manufacturing unit cost of brand MOJO, as well as the future one, if the above product strategy is implemented. It also provides the budget required by R&D to develop the desired product.

(1) Select in the menu the brand which you want to upgrade/downgrade.

(2) Check this box to open the page.

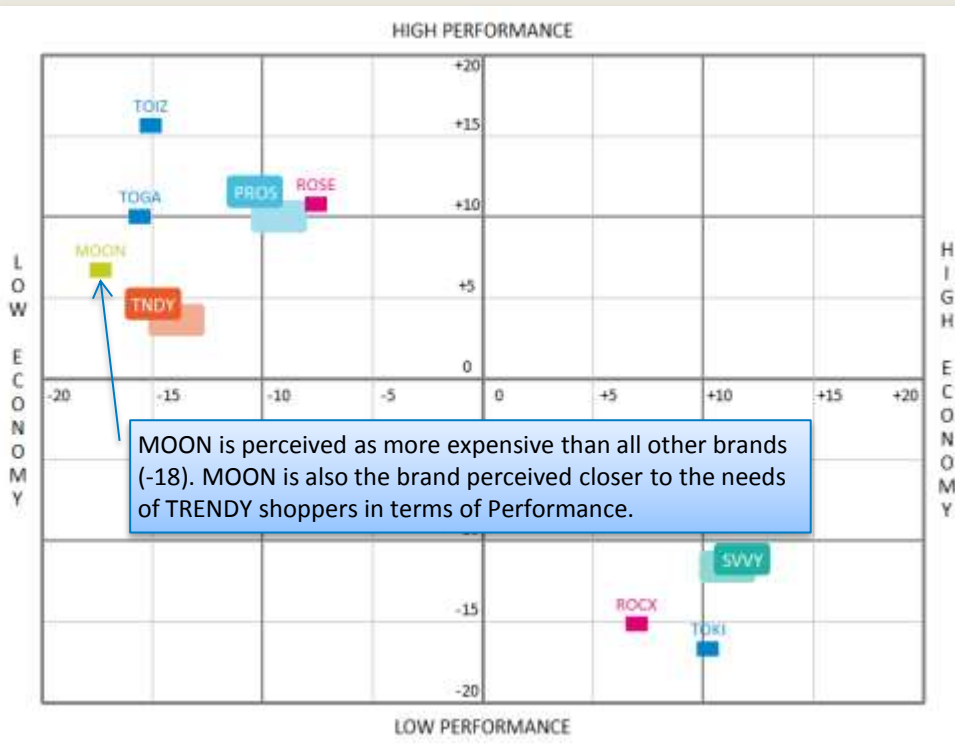
(3) The current brand characteristics are listed here, as well as the minimum and maximum authorized values.

(4) Enter the new desired characteristics for the selected brand.

(5) Check the impact of the requested modifications on the R&D budget and on the future unit cost of the brand.

PRICING STRATEGY – INFLUENCING BRAND VALUE THROUGH PRICING

- ▶ The price of a brand is the cost paid by consumers in exchange of the value provided by this brand in term of performance and convenience.
- ▶ Changing the price of a brand will reposition it along the *Economy* (affordability) axis of the perceptual map. As economy is *inversely* related to price, **increasing** price will **decrease** economy and vice-versa.
- ▶ Several factors should be taken into consideration to decide on how to price your brand: consumer expectations, competitive prices, competitive advantage, brand profitability, etc. See the explanations below.



The *Gross Unit Contribution* indicates how much profit is generated by a brand for each unit sold. It is equal to:

$$\text{Retail Price} - \text{Distribution Margin} - \text{Manufacturing Cost}$$

Distribution Margin is fixed and equal to 35% of retail price. Manufacturing Cost depends on the physical attributes of your brand: the higher the attributes the higher the cost.

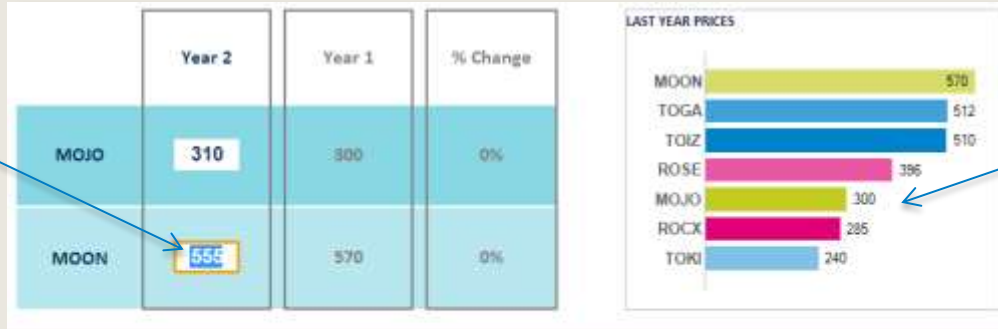
Make sure that your Gross Unit Contribution will be high enough to cover your fixed costs (marketing & sales expenses) and still generate a good contribution to your firm.

	MOJO	MOON
<i>(all numbers in \$)</i>		
Retail Price	300	570
Estimated Distribution Margin	-105	-200
Selling Price	195	371
Unit Manufacturing Cost	-122	-181
Gross Unit Contribution	73	190

PRICING STRATEGY

- ▶ Use this decision screen to set the price of your brands. Prices are given in \$ and may be changed once a year.
- ▶ Your pricing strategy should be consistent with your targeting and positioning strategies, as explained in the Brand Strategy concepts.

Enter the new prices in the white cells.



Prices of competitive brands in the previous year are listed here.

Perceptual maps may be displayed by clicking here.



The Brand Profitability tool computes the future Gross Unit Contribution of your brands, taking the distribution margin and the manufacturing unit cost into account.

Use the Brand Profitability tool to verify that new prices will allow you to make a sufficient margin.

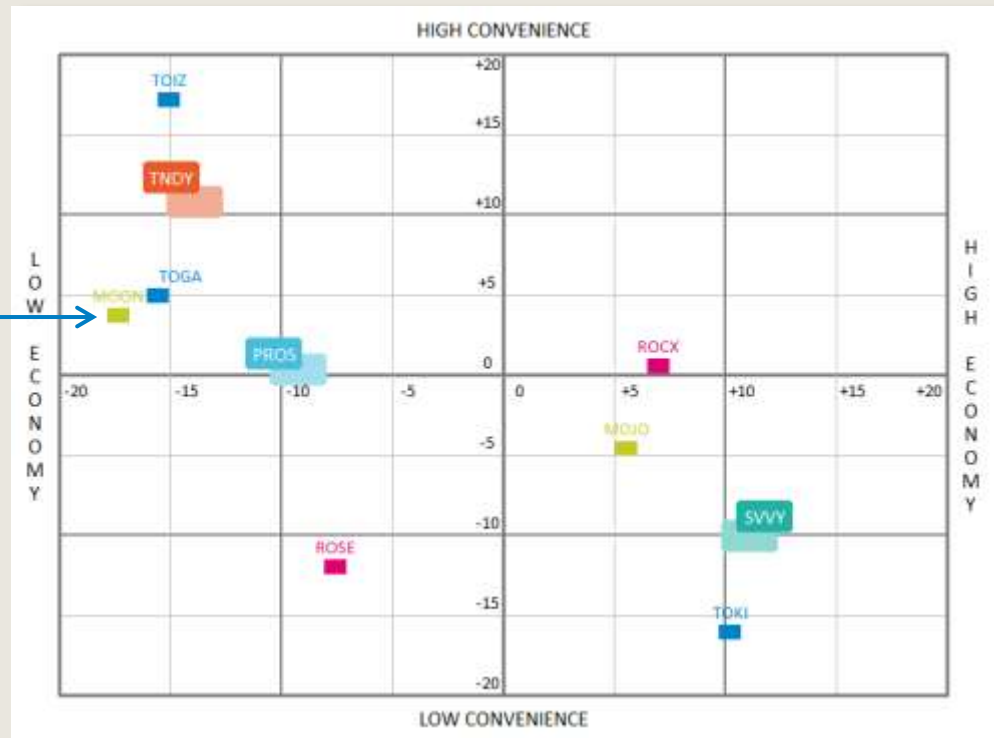
COMMUNICATION STRATEGY – INFLUENCING BRAND VALUE THROUGH COMMUNICATION

- ▶ Brand perceptions may be influenced by advertising. Advertising can be used to reposition a brand on the perceptual maps.
- ▶ Two simultaneous decisions are required to position a brand with advertising: specifying perceptual objectives and allocating an adequate advertising budget to the brand and targeted segment.
- ▶ Use the perceptual maps to [set perceptual objectives](#). You must specify the dimension(s) on which you want to communicate *and* the coordinates of the location where you would like to position your brand.

Let's assume that you want to reposition MOON on TRENDY shoppers.

This map shows that MOON is perceived as slightly expensive and too low on Convenience.

To influence perceptions and position MOON closer to the perceived needs of TRENDY Shoppers, you may want to communicate along these two dimensions?



COMMUNICATION STRATEGY – SETTING PERCEPTUAL OBJECTIVES

- ▶ Use this decision screen to set perceptual objectives for each of your brands.
- ▶ Perceptual objectives should be consistent with your positioning strategy, as explained in section *Managing Communication & Perceptual Objectives* of the PREPARE section.
- ▶ Setting perceptual objectives will have no or little impact on brand positioning **unless** you allocate a significant marketing and sales budget to the brand.

(1) Select the brand on which you want to communicate.

▶ MOJO MOON

COMMUNICATION STRATEGY - BRAND MOJO

Select the two dimensions on which you want to communicate and the position you would like to position your brand. Use the map below to make your choice of your brands.

(2) Select the two dimensions on which you want to communicate.

The appropriate perceptual map is automatically shown at the bottom of the page depending on the choice of dimensions.



[Learn more](#)

ECONOMY X CONVENIENCE

<p>TARGET PERCEIVED ECONOMY</p> <p>-16</p> <p>ENTER A VALUE IN [-20, +20]</p>	<p>CURRENT PERCEIVED ECONOMY</p> <p>6</p>	<p>TARGET PERCEIVED CONVENIENCE</p> <p>13</p> <p>ENTER A VALUE IN [-20, +20]</p>	<p>CURRENT PERCEIVED CONVENIENCE</p> <p>-5</p>
---	---	--	--

(3) Enter the desired position on the map in the blue cells. The current brand position is given in the grey cell.

FORECASTING TOOL – ESTIMATE YOUR FUTURE CONTRIBUTION

- ▶ Use this tool to estimate your net contribution for next year. The form below is automated and will do most of the calculations for you.
- ▶ In **step 1**, the tool estimates the size of consumer segments next year. It will use the figures from the market forecast study.
- ▶ In **step 2**, you must enter your best estimates of brand market shares in each segment for next year. Make sure to anticipate competitive actions.
- ▶ In **step 3**, the tool calculates your Profit & Loss statement for next year, using the estimated segment shares to calculate volume sales, and using your decisions to calculate the other rows: revenues, production costs, marketing & sales, etc.

STEP 1 - ESTIMATED SIZE IN YEAR Year 2 (AUTOMATED)

The numbers below are based on the Market Forecast studies.

	PROS	TRENDY
Size In Year 1	175,6	160,4
Size In Year 2	201,9	160,4
Growth Rate	+15,0%	0%

All numbers are in thousands of units

STEP 2 - ENTER YOUR ESTIMATED MARKET SHARE IN YEAR Year 2

Click on "Copy last year values" to initialize this table with your market shares in Year 1.

	PROS	TRENDY
MOJO	5 %	2 %
MOON	25 %	30 %

(1) Read estimated segment sizes here.

(2) Enter segment share estimates in white cells.

(3) Read volume, revenues, costs and profits here.

STEP 3 - ESTIMATED COMPANY P&L STATEMENT IN YEAR Year 2

The statement below is calculated based on estimated segment sizes (step 1); estimated brand market shares (step 2) and positioning decisions for Year 2.

	TOTAL	MOJO	MOON
Volume	284,6	136,6	147,9
Revenues	81,2	26,5	54,7
Production Costs	-33,8	-13,1	-20,7
Marketing & Sales	-5	-2,5	-2,5
Brand Contribution	42,4	10,9	31,5
Market research	0,5		
Product development	0,4		
Earnings before taxes	41,5		

All numbers are in million £, except Volume in thousands of units



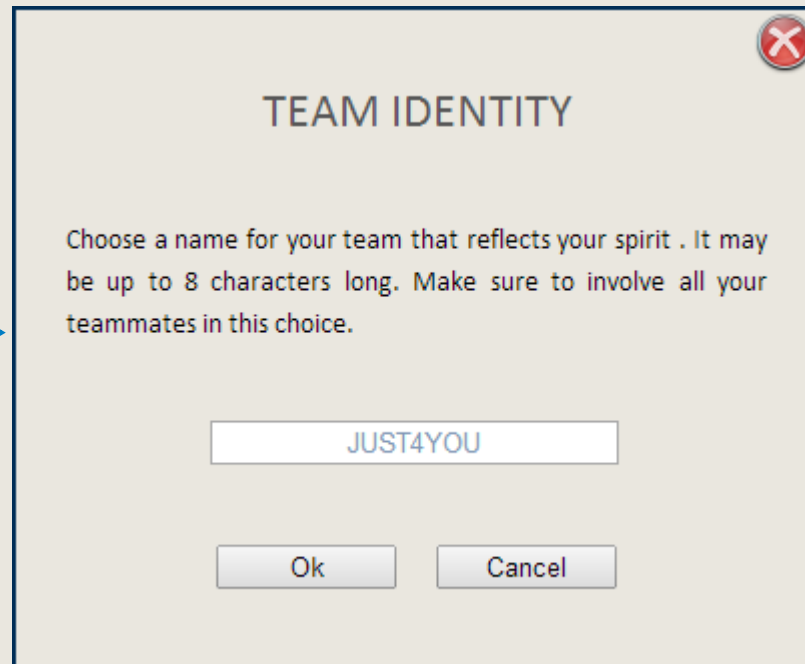
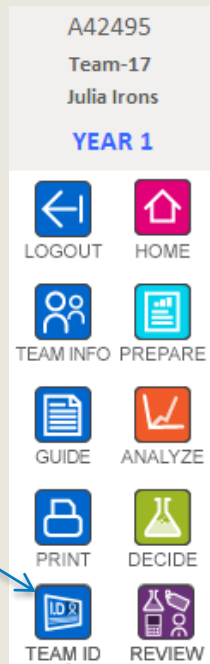
This section further explains how to use the BrandPRO navigator. Refer to the first section “GETTING STARTED” for basic help on [Signing in](#) and [Navigating](#) BrandPRO.

It also explains the various points that you have to check prior to executing your decisions: budget, error and/or warning messages, highlights of your decisions.

Finally, it shows how to execute your decisions. Please make sure to get the go-ahead from your teammates before clicking on the Run button.

TEAM IDENTITY

- ▶ One of your first decisions will be to change your team name. Choose a name that reflects your spirit and make sure to involve all your teammates in this choice.
- ▶ Initially, your team name looks like Team-37 or Team-124, where 37 or 124 is the serial number of your team. The new name may be up to 8 characters long and must only contain letters and/or digits plus the two characters *space* and *dash*.
- ▶ The following names are valid: **Just4You**, **MYSTERY**, **I Love U**, **So-Good**, **24 Hours**. The following names are not authorized: **Last Resort** (too long), **Olé !** or **Ben&Jerry** (forbidden characters).
- ▶ Your new team name will be automatically followed by your serial number, and will look like **MYSTERY (37)** or **So-Good (124)**.



CHECKING DECISIONS





- ▶ Check your **Errors**, **Warnings** and **Highlights** before attempting to run the BrandPRO simulation.
- ▶ **Errors**, such as exceeding your budget, will prevent you from running the simulation; they **must be fixed**.
- ▶ **Warnings** should be carefully analyzed as they may indicate a **potential error**.
- ▶ **Highlights** summarize some of the key decisions made, such as a product modification.




DECISION CHECKLIST - ERRORS, WARNINGS & HIGHLIGHTS – YEAR 2

The list of messages below has been generated by the simulation upon analysis of your decisions. Errors indicate corrections that should be made because of inconsistent decisions, while warnings draw attention to possible problems. Other messages highlight some of your key decisions, such as brand modifications. Check your decisions carefully to make sure that all entries are correct.




Click here to review errors, warnings and highlights.

This team will not be allowed to run its decisions!

CHECK LIST 	
 1 Errors	
 1 Warnings	
 1 Highlights	
BUDGET	6 000
EXPENSES	6 431
DEFICIT	- 431

 Budget limit exceeded <i>From: Finance Department</i>	Budget limit exceeded From: Finance Department To: Firm M Sent on: Year 2 <hr/> <p>Your budget limit of \$ 7000k is exceeded by \$ -431k. You must modify your decisions and reduce your expenditures. If you do not change your decisions, your current expenditures will be reduced automatically by \$ -431k.</p>
 No perceptual objective set for MOON <i>From: Marketing Department</i>	
 Product modification initiated for MOJO <i>From: R&D Department</i>	

Click on a title to view a detailed message.

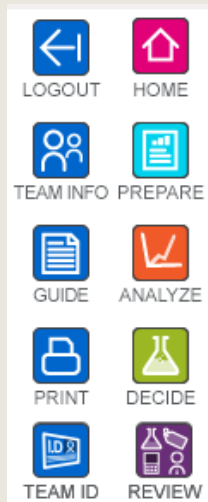
 Error
 Warning
 Highlight

CHECKING YOUR DEVIATION FROM AUTHORIZED BUDGET

- ▶ At the end of each year, you are given a marketing budget for the following year. This budget is a function of your Earnings Before Taxes, as explained in the BrandPRO [Operational Rules](#).
- ▶ Your expenses include the marketing and sales expenses allocated in your Targeting Strategy decisions and your R&D expenses decided in the Product Strategy page.

REVIEWING DECISIONS

- You may review your past and current decisions at any time by clicking on the REVIEW button in the left bar.
- The menu at the top lets you select one of your two brands.



Click here to review your decisions

▶ MOJO MOON

Select a brand in the menu

REVIEW OF PAST & CURRENT DECISION - BRAND MOJO

Targeting Strategy

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
PROS	Million \$	625	625	625	0	0	0
SAVVY	Million \$	1251	1400	1600	2600	2599	3200
TRENDY	Million \$	625	500	500	0	0	0

Product Strategy (decisions initiated in Year Y are effective in Year Y+1)

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Battery	Hours	53	60	60	60	60	75
Display	Inches	22	22	22	30	30	30
Features		11	11	11	11	11	11
Processing Power	Gigaflops	38	38	38	50	50	50
Unit production cost	\$	122	126	126	152	152	161

Pricing Strategy

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Price	\$	300	300	320	340	340	320

Communication Strategy

		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Dimension 1			Economy	Economy	Economy	Economy	Economy
Target Position	-20 , +20		6	11	7	2	5
Dimension 2			Convenience	Performance	Performance	Performance	Performance
Target Position	-20 , +20		-10	-11	-6	-5	-3

EXECUTING YOUR DECISIONS

- ▶ Once you have made and checked your decisions for the current year, you may **run the simulation** to move onto the next year, get new results and see if your strategy has been successful in creating value.
- ▶ Please note that running the simulation for a given year is an action that **cannot be cancelled**. Please make sure to get the go-ahead from your teammates before clicking on the Run button.


(1) Check your errors and warnings. Fix your errors, if any. Then, analyze and validate your warnings, if any.


(2) Check your expenses against your authorized budget.


(3) Click on the RUN button to open the RUNNING YOUR DECISIONS page.

4) Consult your teammates. When you all agree, click on this button and wait for a few minutes before starting the next year.


CHECK LIST

 0 Errors

 3 Warnings

 1 Highlights

BUDGET	7 000
EXPENSES	6 981
SURPLUS	19


RUN

You will have to run the BrandPRO experience **FIVE** times.

RUNNING YOUR DECISIONS

There are no errors. You can run your decisions.

Click on the RUN BUTTON below to execute your decisions and move to the next year

RUN DECISIONS

Please note that this action cannot be rolled back.



WORKING IN TEAM WITH BRANDPRO

- ▶ You and your teammates can sign in and work in BrandPRO in parallel, each using his or her login details.
- ▶ However, a decision page can only be used by **one team member at a time**. When you use a decision page, your teammates will not have access to it until you quit the page.
- ▶ The TEAM INFO page shows which of your teammates are logged in, as indicated below.

When should I disconnect one of my teammates ?

If you or one of your teammates is making decisions and closes the internet browser without signing out properly, the decision page being used will be locked for about 20 minutes, until the session expires by time-out.

In this case, you can have immediate access to the page by clicking on the Disconnect button. The page will be unlocked immediately. Please, note that the disconnect button will only appear in front of teammates currently making decisions.

Team Member	Logged in since	Using Decision Page	Since	Disconnect ?
John Smith	14m	Positioning	1m	
Rebecca Taylor	1m	Pricing	30s	

Which team members are logged in ?

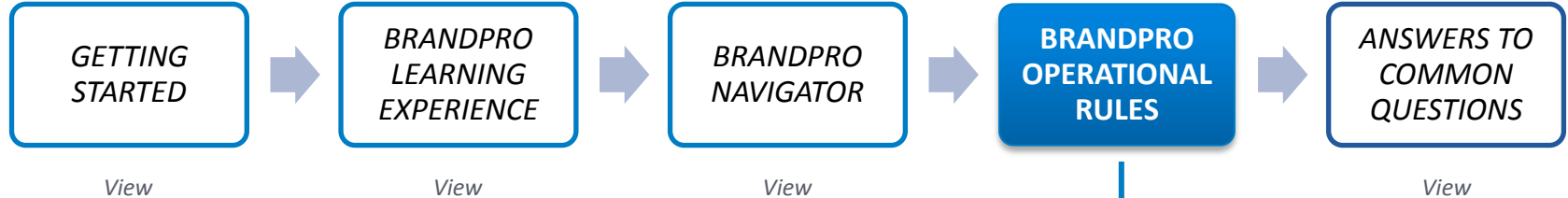
How long ago did they log in ?

Are they making decisions? If yes, these two columns will tell which page is used and how long it has been used.

Click here to unlock the decision page in use.

WHEN SHOULD I DISCONNECT ONE OF MY TEAMMATES AND HOW TO DO IT ?

- ▶ The disconnect button appears in front of a teammate currently accessing a given decision page. This page is then locked and you cannot use it. To access it, you may need to click the corresponding disconnect button.
- ▶ The disconnect button is particularly useful if one of your teammates closes the internet browser without properly logging out. The decision page he or she may have been using will be locked for about 20 minutes.
- ▶ Make sure you only disconnect inactive teammates, not ones that are making decisions.



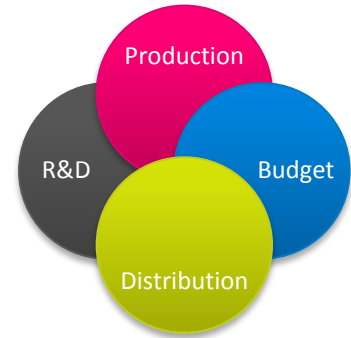
You will find in this section the key rules of your BrandPRO operations: Production, Budget, R&D, Distribution, Marketing and Sales.

KEY BRANDPRO OPERATIONAL RULES

Budget– Calculation of your BrandPRO marketing budget

- ▶ Your marketing budget for the current decision year is a function of your Earnings Before Taxes (EBT) in the previous year, as explained in the table below.

$EBT \leq \$30\text{mio}$	→	Budget = \$6mio
$\$30\text{mio} \leq EBT \leq \60mio	→	Budget = 20% x EBT
$EBT \geq \$60\text{mio}$	→	Budget = \$9mio + 5% x EBT



Budget– Calculation of your BrandPRO marketing expenses

- ▶ Your expenses include the marketing and sales expenses allocated in your Targeting Strategy decisions and your R&D expenses decided in the Product Strategy page.

Budget– Unused budget NOT carried forward

- ▶ Unused budget will not be carried forward to the next year. This does not mean that you should systematically spend your entire budget: only the portion of your budget actually expensed will be considered in the calculation of your earnings.

R&D – Limited Resources

- ▶ Your R&D department has limited resources. As a consequence, you can only initiate one brand modification per year. In addition, a given brand cannot be modified two years in a row.

Production – Perfect Supply Chain

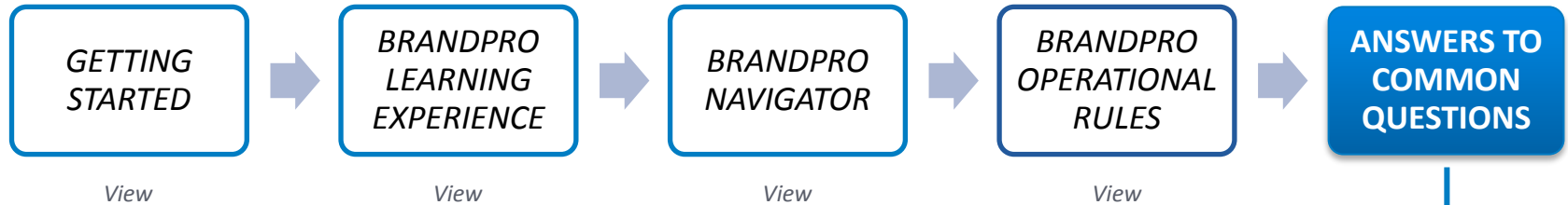
- ▶ Your production department will always manufacture the number of units that you need for each of your brands. You will never stock out (not enough production) and you will never build inventory (excess in production).

Distribution – Margin of Distributors

- ▶ The margin of distributors is equal to 35% in Year 1 and it will not evolve over time. If you set a price at \$400, the distribution margin will be \$140 and your selling price (what goes into your revenues) will be \$260.

BrandPRO

A BRAND STRATEGY SIM
THE MARKSTRAT HERITAGE



This section provides answers to frequently asked questions. It will be often updated, so make sure to download the latest version of this handbook.

ANSWERS TO COMMON QUESTIONS

Why do separate windows appear for PREPARE, ANALYZE and HOME/DECIDE?

- ▶ PREPARE, ANALYZE and HOME/DECIDE will open as separate windows. They will remain open until you close the tab. This is to help you navigate in case you would like to re-visit any key information.

What happens if another user logs on BrandPRO when I am logged in?

- ▶ If one of your teammates is online, a table will appear in Team Info found on the left side home column. You have the option to disconnect your teammate and take over the decision screen he or she is using by clicking on the Disconnect button. It is recommended to contact your teammate prior to making this decision.

What is a Sonite?

- ▶ A Sonite is a fictitious product category similar to electronic durable goods such as digital cameras, GPS systems, etc. You are invited to build your strategy based on the information provided into BrandPRO, and not on your own knowledge from the real world.

Which of my brands is the most and least expensive?

- ▶ MOJO is a low-end offering, and MOON is a mid-range one.

What are the perceptual maps for?

- ▶ The perceptual maps will help you decide where you would like to position each of your brand based on different dimensions: Economy influenced by Price, Performance influenced by Power and Display Size, and Convenience influenced by Battery Life and Number of Features.

How do I know if I have created value?

- ▶ Your company Shared Price Index (SPI) is equal to 100 at the beginning of the simulation. A final value greater than 100 means that you have created value over the 5 years. Otherwise, you have destroyed value.

ANSWERS TO COMMON QUESTIONS (cont'd)

How to interpret the Ladder of Brand Adoption table ?

- ▶ Awareness is mainly driven by communication. A higher share of voice will help increase your awareness.
- ▶ Purchase Intention is driven by three factors: awareness, positioning and pricing. Consumers will intent to purchase a brand if they are aware of it; if it satisfies their needs in terms of Performance and Convenience; and if its price is adequate.
- ▶ Market Share is driven by purchase intentions and availability in stores. When market share is lower than purchase intentions, it signals that your product is relatively less available in stores than competitive products. Allocating more marketing and sales resources to the brand will help increase distribution coverage.

Why should I consult the CHECK LIST before running my decisions?

- ▶ The check list should be consulted to ensure that you will be authorized to execute your decisions. Pay special attention to errors and warnings as explained below. Highlight messages are also important as they point out key decisions that you may have done by mistake, such as modifying a brand.

Should I correct my Errors and Warnings before running my decisions?

- ▶ Errors, such as exceeding your budget, must be corrected. Otherwise, you will not be allowed to run your decisions. Warnings should be carefully analyzed as they may indicate a potential error. Highlights summarize some of the key decisions made, such as a product modification.

How do I know if my work will be saved before clicking RUN?

- ▶ Any new values entered by you will automatically be saved. If they have an impact on the budget, this will be reflected automatically in the expenses in the left home column. All your decisions can, however, be modified until you have clicked on the RUN button and confirmed their execution.

WE WISH YOU A LOT OF SUCCESS IN BRANDPRO!



The StratX Team

Access BrandPRO: <http://brandpro.stratxsimulations.com>

Visit our website: www.stratxsimulations.com

Connect with us:   