

# **Paper Proposal for the 25th Annual CBFA Conference**

- **Point Loma Nazarene University,**
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**Session Title:** The Exchange Game: An Engaging Introduction to Marketing

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**Proposed Track: Best Integrative Teaching Practices Interactive Track**

**Session Title:** The Exchange Game: An Engaging Introduction to Marketing

**Type of exercise or activity:** First day all-class activity

**Proposed audience:** Marketing, introductory level, any faculty

**Minimum time needed:** 30 minutes needed, 45 minutes preferred

**Technical needs:** None

**Purpose of Session:** The purpose of this session is to demonstrate how to introduce several basic principles of marketing to the attendees through participation in an engaging *first day of class* student activity.

**Integrative Learning Outcomes:** Students will learn a) a variety of basic concepts in marketing, b) how corporate ethics plays a significant role in marketing, c) how personal integrity and faith influences marketing decisions

**Literature Cited (if appropriate):**

**Teaching notes:**

**Description:**

The instructor will orchestrate a 10-minute in-class activity demonstrating how products flow through a traditional distribution channel from manufacturer to wholesaler to retailer to consumer. This is designed for the *first day of class* for a Principles of Marketing course to encourage class participation, to help students to get to know each other, and to build excitement for the course. Students are also challenged to consider how they can integrate faith in their marketing practices.

Several students win small prizes as a reward for their achievement in the activity. The activity is followed up by an extensive discussion period to address the questions listed below. This activity takes 5 minutes to explain to the class, 10 minutes to execute, 5 minutes to select winners, and up to 20 minutes for debriefing and discussion.

**Preparation:**

The instructor must provide 8.5 x 11 sheets of sturdy paper to represent units of product. These sheets can be any color except green. The number of sheets of paper required will depend on the class size. The instructor should also prepare many smaller squares of green paper to represent units of money. The number of units of money is also dependent on class size. A few small prizes (such as jelly beans) are optional.

**Execution:**

The instructor is the sole manufacturer of the product, represented by sturdy sheets of paper. Student volunteers who stand at the front of the class opposite the instructor are assigned the role of wholesalers. An additional five students volunteer as retailers and will be allowed to move freely around the room. The remaining students in the class will play the role of consumers and will stay seated throughout the activity. The number of wholesalers, retailers, and consumers varies by class size and is outlined in the table below.

Class Size	Wholesalers	Retailers	Consumers
10-14	2	4	4-13
15-19	2	5	8-12
20-29	3	6	11-20
30-39	4	8	16-27
40-49	5	10	25-34
50 +	5	10	25 (remainder of class act as observers)

The instructor gives each wholesaler three units of money; each retailer receives five units of money; and each consumer eight units of money. Although this is not announced in advance, half way through the activity consumers are given an additional unit of money. When the activity begins wholesalers purchase units of product (sheets of paper) from the manufacturer. The price is not negotiable; each sheet costs 3 units of money. Wholesalers then fold the product in half lengthwise and then in half lengthwise once again. They then tear at the folds to make four smaller strips of paper which represents breaking bulk. Wholesalers sell each smaller unit of product (strip of paper) to retailers for a negotiated price. Retailers fold and then tear each purchased product in half (to make two square shape pieces of paper) to sell to consumers for a negotiated price.

Wholesalers continue to purchase product from the manufacturer and continue the process of folding, tearing, and negotiating a sales price to retailers. Retailers continue purchasing units of product from wholesalers, folding, tearing them in half and selling each half to consumers. The activity runs for 10 minutes, which actually goes quite quickly.

Before commencing the instructor should inform the class of how to win the rewards that will be given at the end of the activity. The wholesaler with the most units of money at the end of the activity is deemed the best wholesaler and receives a reward. The retailer with the most units of money at the end of the activity is deemed the best retailer and also receives a reward. Left over units of product held by wholesalers and retailers have no value. There are two ways to win for consumers. One winner is the consumer with the most units of product. Leftover units of money

have no value for consumers. The other winner is the consumer with the best quality product unit as judged by the straightness of the product's edges.

Consumers that wish to compete for the best quality unit of product this write their name on one side of their piece of product and submit it to the manufacturer. The manufacturer places these pieces on a flat surface with the names face down and then lets the wholesalers select the best quality product. The instructor can collect the units of money for future use after distributing prizes to the winners.

**Discussion Questions: Sample questions and discussion guidelines are provided below.**

### **Strategy Questions**

1. Wholesalers, what strategy did you use to maximize generating units of money?

Perhaps the wholesaler quickly built a relationship with certain retailers that they could rely on to generate sales, a strong personal selling approach. Perhaps they tried to operate quickly and offered a low price for the product thus filling the role of low cost provider trying to win on volume of sales.

2. Retailers, what strategy did you use to maximize generating units of money?

Answers could be similar to the question above. Additionally students may mention being selective about which units of product they would buy from wholesalers thus highlighting the practice of setting minimum standards for the purchasing process. They may also say that they focused on negotiating the lowest price from wholesalers regardless of quality to maximize their profit margin with consumers.

3. Retailers, how did you determine what consumers wanted in terms of price, speed, and quality of product?

Student answers will vary.

4. Consumers, what strategy did you use to maximize generating units of product?

Students will often say that they purchasing high quality units of product early on not realizing that they could negotiate for a much lower price later in the activity when fewer consumers had units of money left. Some will say that they simply went for the best quality product or combination of quality and quantity.

### **Place Questions**

1. Did the seating arrangement in the room have an influence on transactions?

The point here is that sometimes those consumers who are sitting at the back of the room do not get approached very often by the retailers and thus become an untapped market. Wholesalers may say that their task was more challenging since the retailers could very readily compare quality and prices among the wholesalers. This reduced their negotiating effectiveness.

2. Retailers, did you find out from consumers what strategy other retailers were using in terms of price and quality? If yes, how did that information affect your approach?

Often retailers will say that they either overheard what other retailers were offering or consumers counter-offered based on their experience with other retailers. Retailers likely felt obligated to match the offer of other retailers whether they knew them to be true or not.

3. In what industry would location be rather unimportant?

Online retail or services are very good examples.

4. In what type of industries do manufacturers generally charge the same price?

In *pure competition* the market consists of many buyers and sellers trading in a uniform commodity such as wheat or copper. No single buyer or seller has much effect on the going market price. This can be distinguished from monopolistic competition, oligopolistic competition, or a pure monopoly.

### **Marketing Channel Questions**

1. In this activity wholesalers and retailers primarily performed the role of breaking bulk. What other functions do wholesalers and retailers often perform?

Students may have a tough time with this question if their background in business courses is limited. Student answers may include gathering and distributing marketing research information, promotion, making contacts, assembling, packaging, negotiating, physical distribution, financing, and risk taking.

2. How could manufacturers avoid using wholesalers and retailers in getting their product to the end consumers?

Students should readily refer to direct marketing channels such as online transactions.

### **Time Sensitivity Questions**

1. If more time was allotted, how would your strategy differ?

Student answers will vary depending on what role they played in the activity. Retailers were likely focused on using a transactional selling approach. If more time was allotted their focus may have shifted toward a relational selling approach where short-term profits were sacrificed in exchange for enhanced consumer lifetime value.

2. What industries are very dependent on time constraints?

Examples include perishable food items like fruit and pastries as well as prepared fast food such as hamburgers or brewed coffee.

3. What industries rely on time to increase the value of their product?

Examples include real estate, antiques, art, cheese, and wine.

### **Ethics-Related Questions**

1. Wholesalers, retailers, was making the most units of money the most important aspect of this activity? What other aspects of marketing are important in business?

Students will likely assume that bottom line profit was key in this exercise. However, with some further probing students will likely debate the point that corporate responsibility and society's welfare must be balanced with company profits.

2. Retailers, if you found out the selling strategies of your competition from the consumers, would it be ethical to use this information to amend your selling strategy? Would it matter if the information you came upon was not publicly accessible?

Students may disagree on this point. Some students will focus on the innocence of unintentionally receiving sensitive information. They may look to the letter of the law to govern their actions. Others will consider their own standard of morality governed by their faith to discern the appropriateness of various actions in questionable situations.

3. Wholesalers, how can you ensure that the retailers you sell your product to conduct themselves ethically in business? Does conduct in their personal lives matter?

Often students do not realize the influence they can have in their business relationships. They see their personal stance regarding ethics and integrity as separate from their duties in a business setting. This does not have to be the case and a discussion exploring this topic further merits consideration.