



## Collaborating across time zones: A low-tech simulation (A)



## General Introduction – Role A

### Your Role

In this task, you will work as a team of consultants at Best Solution Consulting. One of your clients is planning to launch a new product this season and has to evaluate several candidate products. The company's leaders feel that their management team is starting to confuse facts and opinions. Therefore, they turned to you for a thorough analysis and an independent **ranking of the candidate products in terms of their total profit**.

### Your Task

Your team has interviewed the top management team of the client company and each member has conducted their own research on the topic. This led to the information in this booklet.

Your task is to rank the products in terms of their profitability **based exclusively on the information provided to your team** in the booklets. This means:

- **you cannot change any aspects of the situation or the products.** For example, you are not able to change any characteristics of the given products such as pricing, volume etc., unless explicitly told so.
- **you should not take into account information from other sources**, e.g. your personal experience or today's news.

### Your Client

Your client Choo-Choo is a producer of chewing gum with an unusual business strategy: Instead of a standard set of flavours, it produces a new kind of gum every season. Every product is a limited edition and only available for a couple of months. Then it is replaced by yet another invention. With this image of innovativeness, Choo-Choo has enjoyed great success during the first years. Their rotations through very different kinds of gums targeted at different consumer segments have helped them to gain wide-spread popularity. Lately, however, funds have been low and the next gum has to be very profitable.

For the next specialty chewing gum, Choo-Choo has prepared five alternatives, aimed at different consumer groups. They have asked Best Solution Consulting to provide an analysis of **profitability during one season**.

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*This simulation was prepared by Dr. Julija Mell at the Rotterdam School of Management (RSM), Erasmus University, based on generalised experiences. It was written to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The author would like to thank Tao Yue at the RSM Case Development Centre for her support in developing this simulation.*

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The options are:

- **"Cosmo Explosion"**, a cranberry-flavoured gum that contains a juicy jelly that gives a special mouth watering effect.
- **"Whitey"**, a gum with an innovative tooth-whitening formula.
- **"Zen"**, a gum that combines the refreshing aroma of aloe with lemon grass with a relaxing effect of magnesium.
- **"Treasure Island"**. Every gum is wrapped in one of 30 fragments of a treasure island map. Once complete, it can be exchanged for a high-quality pirate-themed toy.
- **"Business Class"**. Its packaging has an exclusive design and it retains its freshness and flavor for a much longer time than other gums.

### Research - Member A

Choo-Choo's strategy is to make a big profit per item. They sell at high prices but reach profit margins between 50 cents and 1 Euro per item.

Choo-Choo's financial department has calculated that Zen would make 0.75 Euro profit per item.

Choo-Choo's biggest success so far has been "Harmony", a chewing gum with a lavender aroma. It was marketed with a wellness theme two years ago and generated a lot of positive press although it was a very simple idea. It sold out in record time. Choo-choo's financial department has calculated that Whitey would make 0.50 Euro profit per item.

Some managers find Cosmo Explosion too experimental for the moment as the company really needs fast money. Others think that the jelly idea could be the base for new products.

Choo-Choo's financial department has calculated that Treasure Island would make 1 Euro profit per item. This calculation does not include the cost of the prize toys though.

A few managers think that 30 map pieces in "Treasure island" are too many for collecting, but most believe that the prize toys are so attractive and the collecting activity is so much fun that the gums will sell out in no time.

Choo-Choo's financial department has calculated that Business Class would make 0.50 Euro profit per item.

A part of the management team thinks that Whitey is not quite innovative enough for Choo-Choo's image. Others think that the formula is very unique and will attract many customers.

Choo-Choo's financial department has calculated that Cosmo Explosion would bring home 0.75 Euro profit per sold item.