

Global Bike Go: Explore Sales – Scenario

Description Read the following scenario for Global Bike Go: Explore Sales to familiarize yourself with the starting position of the business game and to understand the underlying conditions.

Time 20 min

Learning Objective (Explore Sales) Understanding of simple market mechanisms (demand & supply as well as pricing).

In this round-based game, multiple groups (or single players) compete as bike distributors for customers in a shared market. The market is located in South Germany. Each round represents a month. At the beginning of the game, the current month is set as the starting month.

The objective of this game is to maximize profits for your company by selling bikes. For this purpose, you purchase Deluxe Touring Bikes from Global Bike. All distributors buy the bicycles at the same conditions (unit price 732.05€). Therefore, not only the products are equal, but also the perceived quality by the customers. The only difference between the bikes on offer is the sales price set by the groups.

Initially, each distributor has the same stock capacity. In addition, stock and cash balance are also identical. The stock is filled to maximum level and the cash balance is calculated in relation to the stock. The capital is set to enable a one-time complete stock replenishment.

*Example: The initial stock is set to 100. The cash balance therefore would be $100 * 732.05€ (=73,205.00 €)$ to enable a complete stock refill once.*

Based on market research, the recommended price is set to 2,500.00 € per bike. Using this price, competing companies choose their price for the first round. After each round, stocks of all distributors are replenished automatically, if the company has a sufficient cash balance. For replenishment, the transfer price equals the production costs. Furthermore, the following information is available to help adjusting the sales price:

- Key figures from the last round played: Amount of bikes sold and open demands (backlog of orders),
- Information for the current round: current stock and cash values.

After several rounds played, earned revenues and profits are compared. The company with the highest market value wins the business game.

