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STRATEGIC ANALYSIS OF THE PRODUCT PORTFOLIO WITH THE COMPETE PPA PACKAGE: A STRATEGIC MARKET PLANNING TOOL

Aspy P. Palia, University of Hawaii at Manoa

ABSTRACT

The COMPETE Product Portfolio Analysis (PPA) Package (Version 4.00) is used by competing participant teams In the marketing simulation COMPETE (Faria, Nulsen, and Roussos 1994) to formulate a coherent marketing strategy. This package simplifies data entry, saves the input data for future use, and uses the relative market share (RMS), industry growth rate (IGR), brand growth rate (BGR), and regional sales revenue (RSR) of each user-defined strategic business unit (SBU) to generate the growth share matrix (GSM) and growth gain matrix (GGM) used in product portfolio analysis developed by the Boston Consulting Group. The SBU display can be (a) color-coded by product, by region, or by SBU, (b) resized to avoid extensive overlap, and (c) output to a laser/dot matrix printer. These enhanced features facilitate analysis and strategic market planning.

INTRODUCTION

The COMPETE Product Portfolio Analysis (PPA) package is a pc-based marketing decision support tool that facilitates strategic market planning. This package enables competing participant teams in the marketing simulation COMPETE to use Product Portfolio Analysis developed by the Boston Consulting Group in strategic market planning (Palia 1991, Palia 1994).

The primary purpose of this paper is to demonstrate the use of the revised COMPETE PPA package (Version 4.00) in static, comparative static, and dynamic analyses of the firm's product portfolio. The COMPETE PPA package is designed for use by competing participant teams in the COMPETE marketing simulation. This graphics application package has been tested and integrated successfully into the marketing curriculum at the University of Hawaii since the Spring 1995 semester.

STRATEGIC MARKET PLANNING

The PPA model developed by the Boston Consulting Group assigns strategic roles for each product based on the product's market growth rate and market share relative to competitors (Day 1986; Kotler 1991).

COMPETE PPA PACKAGE

The COMPETE PPA package (Version 1.00) generated GSM and GGM displays for both the year 1-2 and the year 2-3 periods (Palia 1991). The RMS, IGR, and BGR axes were auto-scaled for each of the two periods. In addition, the circle sizes were auto-scaled based on the data entered for the RSR of each SBU.

The COMPETE PPA package (Version 2.00) graphics application disk generated GSM and GGM displays for both the year 1-2 and year 2-3 periods with comparable RMS, IGR, and BGR scale anchors and comparable SBU circle positions and sizes. This inter-period RMS, IGR, BGR scale anchor comparability and SBU circle position and size comparability facilitated comparative static analysis of brand trajectories over the three years of operation (Palia 1994).

The revised COMPETE PPA package (Version 4.00) graphics application disk generates GSM and GGM displays for the year 1-2, year 2-3 and year 3-4 periods with comparable RMS, IGR and BGR scale anchors and comparable SBU circle positions and sizes. Further, this package has a substantially Improved user interface. Specifically, this package simplifies data entry, saves the data entered on the disk for future use, and uses the RMS, IGR, BGR and RSR of each user-defined SBU to generate the GSM and GGM displays for the year 1-2, year 2-3, and year 3-4 periods. The SBUs can be color-coded by product or region to facilitate analysis by divisional or regional managers. Overall company product portfolio analysis is facilitated by coloring each SBU differently. In addition, the SBU circles can be resized as needed to avoid extensive overlap. These enhanced features facilitate analysis and strategic market planning.

Hardware and Software Requirements

The COMPETE PPA package (Version 4.00) graphics application disk requires the following system components and characteristics:
* a 386+ computer
* MSDOS 5.0+ operating system
* at least 450k of CPU RAM memory
* a VGA color monitor
* the COMPETE (Borland Turbo C) Product Portfolio Analysis graphics disk
* output data from eight or more decision periods of the COMPETE simulation
* an IBM-compatible laser, deskjet, inkjet, or dot matrix graphics printer for printing the graphic display generated