

# Zapitalism™

## Educational User Guide

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Welcome to the Zapitalism Educational User Guide.

LavaMind's business simulation games are now being used by hundreds of schools, colleges, nonprofits and companies worldwide. These simulations are a valuable companion tool for classrooms, business training courses and online education. They supplement the core curriculum, reinforce key concepts, and provide an interactive educational approach to business, economics and entrepreneurship.

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### **Learning the Game**

This Educational User Guide is intended as an introduction to Zapitalism and how the simulation functions. It covers the main elements of the game and gives helpful tips and strategies on how to play.

### **Pricing Your Products**

What products should you buy? When you start, it is difficult to tell what products are worth buying. This is because you don't yet know much about the products. Every game is different. Each time you begin a new game the underlying perceived value and quality of each product is randomly generated. Figuring out the true worth of each product is like solving a puzzle.

To start with, the best strategy is to buy a variety of products and sell them at the default price. If a product sells easily, you can raise the price, and if it doesn't sell, you should lower the price.

Also, be sure to check how your competitors are pricing their products. This can tell you a lot about the optimum price for each product. If your competitors are selling lots of units at a high price, you should definitely raise your price.

In the Tutorial, Novice and Beginner levels you can spy on the other players' stores and see their pricing. A good technique is to find out the highest possible price at which the product will sell and make a note of this. This serves as a

good reference point. You now know the maximum amount you can charge for the product under ideal conditions.

Once you have a feel for the products, you should begin thinking of the competition. If you are the first one to the Royal Wholesaler, look at the supply/demand chart. If you find a good product, and nobody else has that product in their store already, then it is a good idea to buy up the entire supply. This will give you a virtual monopoly on this product and allow you to charge a good price. How high you price the product depends on how many units you have and the current demand for the product.

Keep in mind that it's not always a good idea to buy up the entire supply of a product. If the demand for that product is low or if the perceived value of the product is low, you may not be able to sell the product for a good price even if there is no competition. It's only a good idea to buy up the entire supply if you're sure you can sell the units at a healthy profit.

If you aren't the only one with the product, you have to gauge how much your competitors will be charging for the same item. If they undercut your price, you may not sell many units.

As a general rule, it's a good idea to sell 70% or more of the products on your store shelves every turn. The goal of pricing your products is to move merchandise. If a product doesn't sell, then it's simply taking up valuable shelf space without producing any revenue.

## **Buying Products**

Once you know the value of a product, when you go to the Royal Wholesaler, look at the ESTIMATED NET PROFIT PER UNIT. Pick the product with the highest value. If you have the pricing set correctly, this product should make the most money per unit sold.

Now how much should you buy? Look at the SUPPLY VS. DEMAND chart. If the demand is low and the supply is high, you shouldn't buy too many units. That said, even with a low demand, if the product has a high profit margin, it's still a good idea to buy some units. You can usually sell a limited number of units of each product even if the demand is weak.

If the demand is high, then you might consider buying as many units as you can fit on your store shelves.

There are really two basic strategies. One is to spread out your risk and buy many different types of products. For beginning players, this works well. It

means you won't make much money on any one product, but you also won't get stuck with something that's difficult to unload.

When you don't know much about the products, especially at the start of a new game, it is always good to spread out your risk and buy many different products. However, once you begin to get a feel for which products sell at what prices, you can gradually start being more selective.

That leads us to our second strategy. If you see an opportunity to buy out a product you know commands a high price on the market, you should do this. You can often make much more buying up a choice product and jacking up the price than buying many mediocre products. But this method only works when you know what products are truly worth buying.

## **Bidding for Building Permits**

If you're playing against human players, then you're on your own. There are no set rules to follow. However, there are a number of tricks you can use to outsmart the computer opponents.

As a rule of thumb, the more money the computer opponents have, the more they will bid. If the computer opponents are in debt, they will typically bid low. However, as they emerge from debt, their bids will steadily increase.

It is good to always have an extra building permit on hand. Ideally, your company should be continuously building larger stores. You will notice that if you get behind in store size, it's very difficult to catch up later in the game.

## **Taking out a Loan from Burch**

It is never a good idea to exceed your credit limit. If you exceed your credit limit, Burch will usually raise your interest rates. This makes it all the more difficult to pay off your loan and get out of the red.

A good strategy is to borrow money at the beginning of the game to buy products and build larger stores. Just make sure you don't get too carried away.

It's not a bad thing to borrow money. In fact, if you're going to win the game, you have to get a running start, and the only way to do that on the higher levels is to borrow enough to cover your initial expenses.

## Store Image, Maintenance and Public Service

Having a good reputation is vital to winning the game. Fewer customers will come to your store to buy your products if you have a terrible reputation.

Your reputation is affected by a number of things, primarily your Store Image, Maintenance and Public Service.

It's a good idea to keep your reputation as close to 100% as possible without wasting a lot of money. This will not only bring you more customers, but it will help you to impress the Royal Wholesaler and gain access to all the best products before your competitors.

The fastest way to do this is to set your Store Image to FANCY, your Maintenance to TIP TOP SHAPE, and your Public Service to GREAT PHILANTHROPIST.

Once you've achieved a reputation of 100%, you have a choice. If you want to save money, you can set your Store Image to ADEQUATE, your Maintenance to SATISFACTORY, and your Public Service to BARELY ENOUGH.

If it's later in the game, and money is not your primary concern, it is a good idea to keep your Store Image at FANCY, your Maintenance at TIP TOP SHAPE, and your Public Service at GREAT PHILANTHROPIST. This may waste some money, but it will help insure that you are one of the first ones to visit the Royal Wholesaler. Remember, you can make far more money by being the first one to buy up all the best products from the Wholesaler than you will save by cutting down on these expenses.

***Hint:** If you want to know a subtle way to get ahead, always have your Store Image, Maintenance and Public Service either set to the maximum or the minimum values. If you're playing a competitive game and you don't have these set to their maximum values, you'll probably be the last one to the Royal Wholesaler no matter what. As a general rule, it's ALL or NOTHING when it comes to getting the Royal Wholesaler's attention. If you want to get recognized by the Royal Wholesaler, you need to budget the maximum. If not, save some money and set it to nothing. That's the best way to get ahead.*

*Keep in mind that if your MAINTENANCE is set to less than SATISFACTORY, you stand a chance of suffering from various maintenance problems, such as a leaky roof, water pipes breaking, shelves collapsing and other troubles.*

*Another situation you may face is that if your PUBLIC SERVICE is set below BARELY ENOUGH, there is a chance someone may publicly criticize your company for not giving much back to the community. As a result, your store's reputation could drop considerably.*

*An advantage of having your PUBLIC SERVICE set to GREAT PHILANTHROPIST is that you are then eligible to receive the prestigious Unglar Tuffin Good Citizenship Award. If you are fortunate enough to receive this honor, it will further boost your company's reputation.*

## **Advertising**

If you have the money, then it pays to advertise. When a customer has to make the decision where to shop, advertising makes a difference.

Generally, the more you advertise, the more market share you will have. However, it's not a good idea to spend exorbitant amounts of money on advertising unless you have good products to sell. If you don't have good products at a good price on your store shelves, don't waste your money on advertising.

You need to look for the right combination of advertising and products. As a rule of thumb, it's good to spend a little more on advertising than your competitors are spending. This will insure that you get your fair share of customers, and they don't squeeze you out of the market.

Another advantage of advertising is that the Royal Wholesaler takes this into account when choosing which company gets to go first. The more you advertise, the more likely you are to be able to purchase the best products, and in turn the more you will be able to justify spending on advertising.

## **Employees**

When dealing with your employees, it's always a good idea to keep them happy. One of the most devastating events in the game is a strike. This can take you from first place to last place in a matter of weeks.

The only way to reduce your chances of having to face a strike is to keep your employee morale high. Even with a morale of 100%, there is still a chance of a strike, but it is a much smaller chance than if the morale is 30%.

**Hint:** *When setting your employee salary, you should check out the PAY SCALE. The employees don't look at the actual amount of money you are paying them. All they care about is the pay scale. You can save some money by just paying enough so that you jump to a higher pay scale. For example, a few zables may jump you from RESPECTABLE to GENEROUS. Keep in mind that once you reach EXTRAVAGANT, this is the maximum benefit you can attain. You won't gain any more good will from your employees by further raising their*

*pay. You simply have to pay your employees well and watch as their morale gradually rises.*

## **Taxes**

Nobody likes paying taxes, but that's part being a good citizen. You will notice that when you make a profit you are taxed, and when you lose money, you receive some financial aid from the Queen.

There is no way to avoid paying your fair share of taxes. If you make a profit, then you will pay.

***Hint:** The way to defer paying taxes is to make long term strategic investments. This actually doesn't eliminate any taxes. It merely defers payment by shifting your money from cash to other investments. For example, you may invest your cash in stocks, bonds or larger stores. Any of these investments will lower your cash value, thus enabling you to pay less taxes. However, once you cash in your bonds or sell your stock, you will be forced to pay taxes on that money unless you can find another place to shelter the income.*

## **Insurance**

As a general rule it's a good idea to buy insurance if it's a low enough price. If you're lazy and you don't want to check the price every turn, you can set the Auto-Buy Insurance button. Typically, a good place to set this to is Middle. This will ensure that you buy the insurance when it's cheap enough.

Another good time to buy insurance is when you have very valuable products in your store. The more valuable the products, the more it's worth paying for insurance. After all, if you're unlucky and your products are stolen, you stand to lose a great deal of money.

As you will quickly discover, luck runs in streaks. You can be on a good luck streak or a bad luck streak. If you are on a good luck streak, every time you have a good event, the chance of having more good luck increases. This goes on until the streak is broken by bad luck.

If you are on a bad luck streak, it's generally a good idea to purchase insurance regardless of the cost. This will protect your company from lawsuits, theft, floods, fires, etc. It pays to check your Fortune Rating to find out if you're on a good or bad luck streak.

***Hint:** Speaking of fires and floods, if a news event warns you that a hurricane is going to hit the island or that Mount Kukubu is about to erupt, it's well worth your*

*while to consider buying insurance. This is doubly true if you're jinxed. That means it's almost certain you are going to get clobbered, and the only way to protect yourself is with Quagmire Insurance.*

## **Import Rights**

Buying up the Import Rights is a great long-term investment. It takes a while for Import Rights to pay off, but when they do, they can pay off big. Later in the game you will also have the opportunity to change the perceived value, demand, and quality of the various products. This means you can increase the value of your Import Rights by simply visiting the Magma Zone or the Hive.

How much should you pay for the Import Rights? That's a tough question. The best answer is to keep notes on the product. If it seems like everyone is buying the product, it's a good bet you'll make money. If no one is interested in buying the product, then you should bid rather low.

As a reference point, we put in the LOWER, MIDDLE and UPPER buttons. If you consider a product to be valuable, bidding well above UPPER is not a bad idea. However, if you consider a product to be marginal at best, you may want to bid around MIDDLE.

You will notice that if the computer opponents have enough money, they tend to bid well over a million zables for products they feel are valuable. If you think a product is really good, don't hesitate to bid a million zables for it if you have the excess cash. But don't get carried away, especially at the beginning of the game. It's never a good idea to go into debt just to buy the Import Rights to a valuable product.

As a general rule, good products make a lot of money, while marginal and poor products have a hard time earning even 10,000 zables.

## **Bonds**

In Zapitalism, bonds are a great investment. You can earn good money with minimal risk. Unlike stocks, bonds never drop in value. The only risk you have is that your money is tied up in the bond, and you cannot cash it in until the bond matures.

Don't buy bonds at the beginning of the game. It's good to wait until you have at least several hundred thousand zables in cash before buying a bond. It's never a good idea to take out a loan to buy a bond. This will most likely defeat any benefit you'll gain from the bond. It will also leave you cash poor.

Without cash you can't expand the size of your store or buy products. For this reason, make sure you have at least 400,000 zables in cash after you pay for the bond. If you don't have this minimum amount, don't buy the bond no matter how good it appears.

## **The Stock Market**

When buying and selling stock, it's good to look for bull and bear markets. In Zapitalism, a bull market is defined as when the stock market keeps going up for 4 or more consecutive turns. Every time the market goes up the chance that it will continue rising increases.

The same is true for a bear market. Once the stock market starts declining, the chance that it will go down further increases.

It's good to wait until you have enough money to make investing in stocks worthwhile. Generally, at the beginning of the game, it's not worth investing in stocks. Only after you have a few million in cash is it worth putting some of it into the stock market.

One reason for waiting is that you'll need your cash to buy products and expand the size of your store. If you put money into the market, you may miss out on some opportunities to expand your business, and this can be devastating at the beginning of the game. Once you get behind, it's tough to catch up.

**The End**