

University of Pennsylvania
The Wharton School
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Marketing 277
Marketing Strategy

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Course Description And Goal:

This course is one of the capstone options for the marketing major. As such, it focuses the integration of material rather than the accumulation of large amounts of new material. The discussion context for the integrating the course material is business-level *marketing strategy*, rather than corporate strategy or business policy. Its intent is to help you to solidify and further ground the knowledge you have gained throughout the major, in order to help improve your ability to develop effective marketing strategies in what appears to be a chaotic future. This is done by exposing you to a variety of old (tried and true), new, and sometimes unusual, ideas about competitive marketing strategy. As part of the course requirements you will compete in a computer-based marketing strategy simulation, complete an industry and business-level marketing planning project, and two individual application-based papers. September 11, 2001 has changed the nature of business and how the economy operates into the foreseeable future. The willingness to pay for high-priced talent will depend on the cost/benefits of such talent. Therefore, it is incumbent on students to demonstrate their ability to add real value to the firm from the get go, whereas, in the past firms might have simply bet on brand name. Clearly, there is a back to basics (fundamentals) mentality that requires students to be able to separate themselves from others in a tight market. In a broad sense, this course attempts to help you develop the skills needed to succeed in a buyers market by having an application orientation.

Grading Weights:

The Marketing Game Competition	(Group)	25%
The Marketing Planning Project	(Group)	30%
Two Mini-Applications	(Individual)	30% (10%,20%)
Industry Profile Assignment	(Group)	15%
	Total	100%

Required Texts:

Marketing Strategy: Planning & Implementation, by Walker, Boyd, Larreche, 4th ed., Irwin, 2003.

Markstrat3, by Larreche & Gatignon.

Administrative Comments

1. Each student is required to complete all assigned readings, attend class and be prepared to participation in general class discussions by paying attention. **Note! All written assignments are due to be turned in at the beginning of class on the due date.** Those turned in late will be assessed a 10 point reduction in grade if not turned in within the first 10 minutes of class (i.e., -10 points from whatever grade you receive on the assignment), and an additional 10 points per additional day missed.
2. If at any point during the course, you have questions regarding what is expected of you, please contact me. If scheduled office hours are inconvenient for you, or you miss me for some reason, you will need to make arrangements for an alternative appointment. Many general questions can be handled through email.
3. Please use name cards regularly in class throughout the term so I can learn your names. I usually have large number students across all of my classes, so this will facilitate the process. If you do not use name cards I will assume you do not care if I know who you are.
4. The Markstrat competition, industry analysis, and marketing plan will be group efforts. The same group will be used for these assignments.
5. Since much of modern management life is spent in some type of group interaction, your team provides a natural "lab" for preparing to carry out management tasks. Unfortunately, even at Wharton there seems to continue to be problems with group effort. Note, to this end, the project will receive a single grade. *It is expected that each group will handle participation problems internally.* That is, each group must establish its own norms and procedures for effective functioning. There will also be a group peer evaluation of each member of the group on all group work, regarding the contribution of that member to the group's effort. The evaluations will be included in the determination of the final course grades for each class member. This should help to alleviate the possibility of inappropriate behavior by any individual. ***In the final analysis, you may throw an individual off the group, if he or she fails to do his or her share of the work.*** To do this requires that the remaining group members: 1) submit a written warning to the individual of impending dismissal from the group when failure to accomplish an agreed upon assignment occurs; 2) a written petition to the instructor on a subsequent failure, that is signed by all the remaining group members. Note! If I receive such a document, the student is in danger of failing the course. If a student is removed from a group, that student must (on his or her own) get another group to take him or her on. Should no other group be willing to take the student, the student should immediately drop the course to avoid receiving a failing letter grade. **There are no one-person projects.** Be warned, I have little tolerance for individuals who free ride on others. PLEASE NOTE: Last term there were several groups with problems. This is inexcusable at Wharton. I will not listen to crying about your team or teammates. Fire people from the start. Not tolerating freeloaders is a reality of 9/11. It is time for students to act responsibly and not cover up for those want to get by on the work of others (especially at The Wharton School).

Also, to those of you who do all the work, yet fail to keep other group members in line, do not come to me saying you deserved more because you did all the work. It is a group grade, and if you let slackers get away with no or little work, and they perform better on other class assignments than you, they may get a higher course grade. Therefore, make sure everyone participates or is rated accurately on the peer evaluation forms. Again, ***you should deal with problem members early.*** Do not come to me near the end of the semester and complain. If you let people slide, you are at fault.

6. The marketing planning project is to consist of a formal class presentation and written report of your industry and business-level marketing analysis. The presentation is expected to be of the *highest quality*. You are required to develop "first class" presentation materials (overheads, slides, video tapes, flip charts and the like). Part of this requirement is to have some portion of your presentation done on PowerPoint or some equivalent

computer presentation package. You must turn in **all** presentation materials used (i.e., **if you use it, you lose it**). Failure to follow this requirement will result in your grade not being recorded. Remember, packaging is one of the 4P's, hence counts in this course. **You must develop a video commercial for your product as part of this effort.**

Furthermore, to provide examples for future classes, to reduce the temptation to replay the presentations or significant portions of it for other courses, or to have materials used by others in this or other course in the future, **these materials and the paper will not be returned.** The group will receive an evaluation sheet that will give you feedback on your presentation performance. You may stop by after the semester to review your grades on your group's written project. There will be no exception to this policy.

It is expected that the final group paper be typed, double spaced, and a comprehensive analysis. While no length is specified, it is unlikely that a good job can be accomplished in less than 30 pages (@ 12 pt. (exclusive of the appendices and exhibits.) The format of the written paper is given later, but it must be a "first class" document. Make sure your marketing strategies are appropriate in both a business and ethical sense.

Each presenting group will be allowed 30 minutes to present. You will be cut-off if you exceed your time limit. In general you should aim your talk for between 20 and 25 minutes to insure you do not run over. Practice your talk to time it and smooth it out. **Boring talks will be stopped after 5 minutes. I stopped 6 out of 12 presentations two years ago, and two were stopped last year.**

7. The mini-applications are the integration of text material and marketing strategy practice. You are to turn in one mini-application for each half of the text: 1) Introduction To Strategy and Opportunity Analysis, and 2) Formulating Marketing Strategies and Implementation and Control. Details are provided elsewhere in this syllabus. The purpose of the mini-app is to force you to apply theory and concepts to identify and analyze current business practices. The focus will be on course concept charts. The write up will be constrained to an executive summary of 3 to 5 well-written pages. This lightens the workload from last year.
8. Note! Lectures may or may not follow or duplicate the text.
9. **I have an aggressive teaching style to deal with needs of the modern business environment. Additionally, the approach is intended to provide non-boring and interesting class lectures, as well as, prepare students for the harsh realities of today's business, which are increasingly requiring a high degree of resilience. Part of this approach results from the recognition that good students are increasingly facing tougher job interviews (e.g., stress interviews), and my experience over years with otherwise good students who get overwhelmed during the interview process. To help prepare students to succeed in this world, I use a kind of "tough love" approach. Given the above, I will press you aggressively to defend the answers you give. I expect a lot of give and take in this regard, since it is realistic to assume your boss will require you to defend opinions and conclusions resulting from your work. If you say something inane, we will all have a good laugh. Therefore, if you are an introvert, have a shy and retiring personality, don't like people "in your face," and are not up to stress interview type situations, you should not take this course with me. You will increasingly find that polite hypocrisy often found among your peers will not work in the new business environment. More direct honesty is needed in business as Worldcom, Enron, Merck, and others have shown. Remember, bosses come in all flavors. You have to learn how to deal with all types. At the same time, not everyone wants or is suited for such an environment, just as not everyone is suited for high-pressure dynamic jobs. Hence, consider this issue before agreeing to take this course from me.**
10. Some extra credit will be available throughout the course. The major single source of extra credit will be the development of a Mini-Case by your group. Extra credit points will vary from depending on the quality of the presentation and analysis of the case that is developed. Other unannounced extra credits may also be available, but I will endeavor to minimize the total amount I give out to the entire class.

Mini-Applications

You are required to hand in two Mini-Applications based on the text and class materials plus any relevant outside readings you gather. The applications are intended to relate text and lecture concepts to current real-world business events and/or problems in a visual manner. The events or problems may be identified through the popular press (e.g., *Business Week*, *Fortune*, *Wall Street Journal*, *Philadelphia Inquirer*, *Entertainment Weekly*, *Chain Store Age*, *Beverage World*, *Variety*, and so forth). Your choice of business/company is up to you. It may be in entertainment, heavy industry, fashion, consumer, transportation, or whatever you like. No person is to use the same company/business. Nor is the same company/business to be used by a person more than once. You should, therefore, use the reservation form on Webcafe as soon as possible to avoid any problems. Finally, **you may not use companies that are used as examples in the text**, unless you give me a detailed written petition showing how the example will be different from the text example. The first Mini-App will be based on chapters 1 through 7, and the second Mini-App will be based on chapters 8 through end. The text portion of the Mini-App may be single or doubled spaced.

Format:

1. The mini-app is primarily comprised of course-concept type charts, which are modified to your specific company, business, and/or product. Your modifications to these charts are your value added. As simple as this sounds, many have trouble doing this correctly. The greater the amount of detail and specificity in the charts, the better the grade. Proper citation of sources must occur in the charts and in the text portion. All diagrams, figures, charts, and the like must be done on a graphics package like PowerPoint, Harvard Graphics, or Freelance Graphics. You must use color for all charts and in this and the other documents submitted in the class. **Mini-Apps may not be emailed or otherwise submitted electronically. You must have at least 7 course-concept type charts in each mini-app. Note, these are not what might be called data-descriptive charts (e.g., pie, bar, or line charts that might be produced by Excel).** Each chart must have a figure or exhibit number and have a label (title). The text of the mini-app is a 3 to 5 page executive summary that tells the strategic story of your charts in a quick and effective manner. I.e., it is like a brief overview for someone who is visually handicapped. Please do not bind or otherwise put your mini-app in a covered holder; rather, make sure that it is properly stapled. All pages must be numbered.
2. The title page must include: a) the name of the company/business/product you are examining [centered on the page, and b) your name.
3. An appropriate footnote or endnote citation system must be used.
4. The more course-concept charts and detail provided, the better your chances will be for getting a good grade. Remember, the purpose is to demonstrate how well you can link actual business behavior to the various course concepts and theories.

Industry Profile Assignment

This assignment is straightforward. It is like the mini-app in that it is a chart based description of the industry you final project business, company, and/or product is in. However, in addition to the course-concept charts, you will need data-descriptive charts, like market shares, financial descriptions of competitors and competitor profile charts. Your write up will contain a 3 to 5 page overview of your charts plus the rules of the game and the key success factors (how you win the game in this industry). The maximum number of text pages is 7. Below are some issues to consider.

Nature of Competition In The Industry -- For example, a Porter-Type Analysis

A. Key Forces In The Industry

1. Bargaining Power of Suppliers
2. Bargaining Power of Buyers
3. Threats From Substitutes
4. Threats From Other Entrants
5. Rivalry Within Industry
6. Current Environmental Factors (Legal, Social, Physical, etc.)

B. Note: Not all of these forces are critical in every industry.

C. Structural Analysis Within The Industry

1. Identify critical competitive dimensions of industry -- What are the keys to success in the industry?
2. Develop Strategic Groups Maps (If relevant)
3. Identify mobility barriers
4. Use the three above to identify marginal groups, trends in rivalry, and hence opportunities and threats for individual competitors.
5. Economic Structure of the Industry (Oligopoly, Monopolistic Competition, Degree of Concentration, Fragmentation, etc.)

D. Industry Evolution: Are there changes (current or predicted) within the industry that affect any of the key driving forces identified in A above:

1. Societal Trends
2. Economic Trends
3. Market Trends
4. Government Regulation
5. Innovations of all types, inside and outside the industry.
6. Changes that effect the cost structure of the industry
7. Structural changes in adjacent industries (suppliers, etc.)
8. Entries and Exits to the industry

E. Competitor Analysis (hence likely moves) for each key player

1. Goals -- Business and Corporate
2. Assumptions About Future Competitive Behavior
3. Current position and strategy
4. Distinctive competencies and Achilles Heel

F. Any Resource Based Issues That Are Relevant For Competition

G. Rules of the game for the industry. In short, how does one play in this industry? In basketball baskets are 10' high, in baseball there are 9 innings, in chess the knights can hop over other pieces.

1. Quick response organization structure
2. Need large advertising budgets
3. Must be able to control distribution channels
4. Must have large R&D budgets.
5. Does not favor new comers
6. Heavily regulated industry
7. etc.

H. Key Success Factors: How does one "Win" in the industry, leverage the rules of the game. In basketball, tall players are favored, in baseball a sufficient rally in the 9th inning does not allow the other team to respond.

1. Own distribution channels
2. Have lots of cash on hand
3. Has creative management team
4. Industry member for 20 years (has lots of specific knowledge).
5. etc.

Note: Not all competitors should be examined in this profile. You should only consider significant-current competitors, (e.g., major players in the industry, or key competitors in each strategic group), or potential new competitors. The more critical analyses will identify targets for acquisitions within the industry, which might dramatically shift a player's position.

Final Project Related Information

Marketing Strategy Plan

A Suggested Outline: Since no one outline is appropriate for all marketing plans, here is a generic one to use as a starting point. You should modify (add and delete) as appropriate.

1. Executive Summary
 - a. Synopsis of Situation
 - b. Key Aspects of the Marketing Plan
2. Environmental Analysis
 - a. Identify strengths and weaknesses
 - b. Identify opportunities and threats
 - c. Identify current objectives and performance
3. Desired Result
 - a. Goals
 - b. Objectives

4. Marketing Strategies
 - a. Target market(s)
 - b. Marketing mix for market(s)

5. Product Market Fit
 - a. Key characteristics of each market
 - b. Distribution Channels
 - c. Product Benefits as perceived by Customers
 - d. Likely competitive response to proposed product(s)

6. Control Measures
 - a. Performance measures
 - b. Evaluation procedures

7. Financial Projections
 - a. Delineation of costs
 - b. Estimates of sales and revenues
 - c. Estimates of profit, ROI, etc.

Assignment Tips And Suggestions

1. Suggestions for selecting an industry:

- a. An industry containing a large number of public companies has more information readily available, but in many cases your paper will not be as unique and distinctive because of this. Pick a company whose products you are familiar with. Do not pick something that is technical like fiber optics or telecommunications switching devices. Drugs and pharmaceuticals can be equally problematic. Do not pick industries or companies that have Harvard cases done on them, since it is difficult to determine your contribution from Harvard's. For the most part, people doing them have received low grades. As a whole, consumer products companies are generally better choices, as are very high profile publicly run companies.
- b. Be creative in your selection process, by choosing an area which you feel you can add a unique insight.
- c. Choose an area that you are interested in, if done well these projects can help you in your career because you will have a greater understanding of the industry than most others.
- d. It is helpful if you choose an industry where you can get access to one of its members.

2. Sources for information

- a. Annual Reports
- b. Analyst Reports -- If you can identify the analysts who cover the industry, you sometimes can call them up and get more up-to-date information.
- c. Databases.
- d. Department of Commerce -- The government keeps track of much industry data for its own use and fortunately most of it is available to the public through the Department of Commerce. The primary codification of this data is through SIC codes which are two digit numbers representing an industry with numbers further

attached to represent a finer gradation of the information. The Department of Commerce publishes its data in various journals, which are divided by state, industry, and channels of distribution. The library should have some of the journals, but they may be out of date or incomplete at any given time.

e. Libraries -- Searching other libraries can be very helpful. Our proximity to a number of other universities gives you an advantage over those at rural campuses. Note: Use the librarians when you have no idea of where to turn, they can save you many hours of wasted effort. At the same time, make their job easier by having the problem area and kind of information you are looking for clearly defined.

f. Trade Journals

g. Academic Journals

h. Moody's or Value Line -- These resources are especially useful if you are looking for historical raw data such as sales, net income, multipliers, etc.

i. Business Periodicals -- *Wall Street Journal*, *Business Week*, *Fortune*, etc.

j. Other Students -- Some of your classmates may have worked in the industry selected or have parents who have worked in these industries, and could be a valuable resource. This is especially true when it comes to the detailed non-quantitative information that may not be published.

k. The Internet, but make sure you use proper sourcing for Internet materials. The rules of plagiarism still apply.

3. General Tips

- a. Do not start the week before the presentation is due. There is no way you can do even a passable job in this length of time. The text, excluding the charts, should be in the 12 to 17-page region. The presentation needs to include an original video commercial (not a composite or copy of an existing commercial) the team has developed.
- b. The best presentations are those that present a clear flow of logic to a final set of conclusions and recommendations, and not a simple compilation of facts or history of the industry or company. Remember, the industry analysis comes first. This should yield the "rules of the game" and "key success factors". Next comes the competitor analysis. This should give the strengths and weaknesses of the relevant competitors. Finally, you should present an actionable strategy for the firm you are examining. In short a strategy that tells the firm how to win, given the rules and the competitors.
- c. Like the mini-app and the industry analysis, the focus of the document should be course-concept charts. .
- d. Industries/businesses that *may not be used this semester include*: Automobiles, Pharmaceuticals other than common OTC drugs, Condoms.
- e. Failure to properly cite the work of others is plagiarism. You must use a standard footnoting or end-noting scheme. This means you must use some formal guide for writing. This can be any of a number of writing guides like the MLA Style Sheet, Chicago Manual of Style, Turabian, or any number of other guides. Many are online these days.
- f. A common error in written analyses is the failure to use subheadings to break up the material, and the report is presented as a long narrative.

- g. Focusing on minor or irrelevant issues. If there is little or no data on an issue, do not focus on it in your analysis.
- h. Non-critical evaluation of data. Before you use evidence found in various sources, ask yourself if it was collected in a sound manner and whether it is relevant to the issues you are addressing. In some situations the information can be crosschecked in the business periodicals. Qualify your conclusions by evaluating the quality of the data on which the conclusions are based.
- i. Failure to develop specific recommendations and present the means of implementing them. For example, do not say "increase advertising" and leave it at that. How much should advertising be increased? Where is the money coming from to pay for it? What outlets should the advertising appear in?
- j. Failure to provide a rationale for the elimination of the unused alternatives. It is important to show that the recommended course of action is likely to deal more efficiently and/or more effectively with the problems being examined. Hence, the limitations of the weaker alternatives must be presented.

**Marketing
Peer Evaluation Form**

Below you are to allocate 100 points among you and your group members, which reflects each individual's contribution to all group work. Remember! You are to include yourself in the evaluation. Thus, if there are a total of 5 people in the group, and each member (including yourself) contributed equally, each person (including yourself) would receive 20 points each. Note, you are to use whole numbers. For example, if a group contained 6 people, and all contributed equally, you might give 4 people 17 and 2 people 16. Taking or adding a few points to anyone's score will not materially affect their grade. Therefore, if a member did not contribute, you must clearly denote it by deducting an amount of points appropriate to the lack of participation. *These evaluations are confidential and will not be shown to anyone else.* Failure to hand in this form will result in the assumption that everyone contributed equally, and the points will be so assigned. **PRINT INFORMATION & SIGN THE FORM**

Class Time: _____

Industry/Firm: _____

Names:

Points:

_____ (Yourself)

Total = 100

Signature:
