

**Marketing Department**  
*University of Pennsylvania*  
*The Wharton School*

**MARKETING 101**  
**Fall 2002 / Spring 2003**

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Professor Mary Frances Luce – Spring 2003

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People often define "marketing" as advertising - a highly visible activity by which organizations try to persuade consumers to buy products and services. However, marketing is more than advertising, and even the most skillful marketing cannot make consumers buy things that they don't want. Rather, marketing involves identifying consumer needs, and then satisfying these needs with the right product and/or service, available to consumers through the best distribution channels, promoted in ways that motivate purchase as much as possible, and priced at the right level.

These decisions - product, distribution, promotion, and price - comprise the "Marketing Mix." Together with rigorous and complete analysis of the environment, customers, and competitors, they are the key activities of marketing management, and they are crucial ones: failure to find the right combination of the "mix" may result in product (or service) failure. In turn, that means loss of revenue, loss of jobs, and economic inefficiency.

The objective of this course is to introduce students to the concepts, analyses, and activities that comprise marketing management, and to provide practice in assessing and solving marketing problems. The course is also a foundation for other Wharton courses, and for advanced electives in Marketing.

## **Course Content**

The course is roughly divided into two sections. The first section focuses on the concepts, tools, and analyses that underlie marketing decisions. We will focus on "the demand side": the underlying dynamics of the environment, customer behavior, and competitive behavior that affect marketing decisions. We will also illustrate the tools marketers use to design marketing programs: how to partition, or segment, markets; how to size-up competitors; and how to design and conduct marketing research. In this initial section of the course, many students will recognize concepts and techniques from core disciplines such as psychology, sociology, economics, and statistics. It should be instructive to see how these discipline-based concepts are applied to the assessment and solution of real-world problems.

The second part of the course focuses on using these concepts, tools, and analyses to make marketing decisions: What products should be marketed? How should they be priced? What promotion - including advertising, personal selling and sales promotion - should be done? How should the product be distributed? These are the most essential elements of a marketing program. The design, or mix, of these elements must yield an internally consistent strategy for reaching consumers.

## Classes

Topics for each week of the course are identified on the assignment schedule handed out during the first class meeting. Each week, Monday's lecture will be given by Professor Kahn (Fall) or Professor Luce (Spring) and will provide an overview of the relevant topic. It is important that you do the assigned readings *in advance* of the lecture, since that session will build on the text and other reading materials.

Your recitation section instructors meet each week with your professor. Each recitation section is a carefully planned case study. The quantity and quality of your participation in case study discussions is an important part of the learning process in this course (and an important element of your final grade), so you should carefully read the assigned materials in preparation for case studies. Preparation questions for each case are provided following this syllabus.

There will also be unannounced quizzes and/or homework assignments in recitation sections. Their purpose is to help you discipline yourself to keep-up with the readings each week. Marketing is a practical skill that is learned through study and application in a cumulative fashion. Experience suggests that the value of the course is greatly diminished if students attempt to substitute pre-exam cramming for regular preparation.

Attendance is required at all scheduled class sessions, and at the mid-term and final examinations. All students, whether taking the course pass-fail or not, must complete the quizzes, midterm and final examinations, and other assignments that may be required in order to receive a grade in the course.

## Exams and Grading

Grades are based on performance in recitation sections and on the written case analysis, midterm, and final examination. Recitation section instructors will evaluate the quality and quantity of each student's classroom participation. It is important to understand that frequent participation in class is not as important as the quality of participation. That is, you should strive to make effective use of discussion time in class, through thoughtful, timely, and constructive participation.

Participation is especially important in case study discussions. At each case discussion a few students may be cold-called to begin analysis and discussion of the case. Every student is responsible for preparing a complete analysis of every case, ranging from identification of the problem, to an analysis of that problem, to the generation of alternative solutions, to the selection of a particular action. The requirements also include one written case analysis.

Students who miss a pop quiz will be given a zero for that missed work, and no make-up quizzes will be given. Makeup examinations must be requested in writing and will require **written medical proof. Do not take the course unless you can sit for the exams indicated on the assignment schedule handed out on the first day of class.**

The grading elements are as follows:

Midterm Examination	20%
Final Examination	25%
In-Class Participation	20%
Unannounced Quizzes/ homework	15%
Written Case Analysis	15%
Market Research Requirement	5%

Final exams will be kept on file for one semester following the course. Students who would like to view their final exams will be able to do so in the marketing department starting the second week of the semester following the course. Graduating seniors who will not be on campus to view their finals can receive them by bringing a self-addressed, stamped envelop to the final exam.

## Written Case Analysis

The written case analysis should be an absolute maximum of five pages. No late papers will be accepted. In writing your analysis, assume that the instructor has read the case and do not repeat the case description. Questions that should be answered in your analysis are included in the “Weekly Case Preparation Guide” following this syllabus.

**\*\*\*Note: Case Write-ups must be written individually \*\*\***

Case for **FALL Semester:** Starbucks  
Case for **SPRING Semester:** Diaper War: Kimberly Clark vs. Procter & Gamble

## Market Research Requirement

All students in Marketing 101 are required to participate in a market research project. There are two alternative ways to participate. The *first* is to be a subject for academic research projects for a maximum of 3 hours. You will be assigned to participate in specific research projects by your TA. There are two goals motivating this requirement. The first goal is to provide the students with first-hand experience in marketing research. Simply participating in the market research process can be instructive. Each study that the student participates in will be fully explained to the student after the study is completed. Another goal is that your participation in academic research projects will help Wharton Marketing Faculty continue to develop state-of-the-art marketing thought, which is ultimately brought back to the classroom. The *second* alternative way to fulfill this requirement is to write a 10-page paper on a market research topic of your choice, but the topic must be approved by your TA. The grading for either alternative will be Pass/Fail.

## Course Materials

There are three (3) required books for this course; all are available at the Bookstore or Campus Text:

- (1) Lamb, Hair, McDaniel, *Marketing* (6<sup>th</sup> Edition), South-Western Publishing, 2002.
- (2) Kahn and McAlister, *The Grocery Revolution: New Focus on the Consumer*, Addison Wesley Longman, 1997
- (3) Custom Case Book for Marketing 101.

In addition there will be a fee for this course, billed to you at the end of the semester. This fee will cover the cost of reproducing in-class handouts.

Copies of the lecture slides will be available as an optional bulkpack at Wharton Reprographics. You can also access the slides on the Webcafe that will be set up for this course (see below)

## Marketing 101 WebCafe

There will be a Webcafe site set up for this course. Available at the Webcafe will be copies of the lectures slides, the syllabus, and other materials relevant for lecture. In addition, each TA will have a folder assigned to his or her classes and specific recitation materials will be posted to these folders.

To access the Webcafe for Marketing 101, go to the internet URL: [webcafe.Wharton.upenn.edu](http://webcafe.Wharton.upenn.edu). Then click on COURSE MATERIALS, then on MARKETING *webcafe*, and then on MKTG101.

**Non-Wharton students must obtain a Wharton computer account in order to access Webcafe.**

## WEEKLY CASE PREPARATION GUIDE

### First Day of Recitation (Topic: “What is Marketing?”)

You should do the exercise at the end of the "Marketing Arithmetic" note by the first recitation section. It is crucial for you to be comfortable with basic marketing arithmetic. You will need to understand it to calculate break-even volumes for a number of the cases in the course.

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### Perdue Farms, Inc. (“Marketing Environment, Ethics”)

The Perdue case touches on all the elements of the marketing mix. It also requires an analysis of customer buying behavior, competition, trade motivations, economic factors and demand.

The following questions should help you as you prepare the case:

1. What segmentation exists in the hot dog market? Where does the chicken hot dog fit in?
2. What are the economics of the chicken hot dog? What will be the breakeven volume? How does this breakeven volume compare to the demand?
3. What marketing mix alternatives are available to Perdue?
4. What other considerations should be of concern to Mr. Moriarty?
5. What would you recommend if you were Mr. Moriarty?

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### Southwest Airlines (“Segmentation / Positioning”)

Southwest Airlines is a “classic” case. Written in 1975, it focuses on the battles of an entrepreneurial airline against the then dominant carrier in the Texas market, Braniff. As you may know the tables eventually turned and Braniff went bankrupt, whereas Southwest is now a major regional carrier. Southwest was also an important symbol of the deregulation movement and helped bring about deregulation of the airline industry in 1979.

As we look at this case, the time is 1971 and Southwest is not doing so well; nor do they seem to have a cohesive strategy yet. Be prepared to discuss the following questions:

- 1) What kind of customer did Mr. Muse intend to serve, and what products did Mr. Muse assume that the typical customer wanted?
- 2) How large was the Dallas-Houston market, and how much of it did Southwest Airlines need to succeed?

- 3) To what extent were Mr. Muse's decisions affected by knowledge of market segments and actual customers and their decision-making processes?
- 4) Evaluate the issues that Mr. Muse thought were important as he made decisions on (a) what product to offer, (b) what price to charge, (c) what distribution system to use, and (d) what advertising and promotion campaign to use in June 1971.
- 5) By the decisions he made during the second half of 1971 and all of 1972, Mr. Muse shows what he learned about the market, its segments, and how to compete. What did he learn?
- 6) How should Mr. Muse respond to Braniff's program in February 1973?

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### **MEM Co. Inc., English Leather (“Customer Behavior”)**

This week's case is about the MEM Company and its flagship brand, English Leather, a men's toiletry product. Sales of English Leather have declined over the past five years. In mid-1992 MEM's president is considering a proposal to restage the English Leather brand.

1. What are the important characteristics of the men's toiletries market? How do recent competitive and channel developments affect MEM's position in the market?
2. Think about the buying decision process consumers use in purchasing a fragrance. Who is the key decision-maker?
3. Why sales of English Leather declined? What should be done regarding the brand?
4. Assess Mr. Brodeck's marketing plan for the English Leather brand. What changes would you make to his proposal regarding the brand's target market, packaging, pricing, distribution channels, and media plan?

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### **Leadership Online: Barnes & Noble vs. Amazon.com (“Competitive Analysis”)**

This case is set in the late 90s, when Barnes & Noble had the first viable threat to its bookselling business with the entry of a new form of competition from Amazon.com's internet bookselling model. Barnes & Noble responded with its own dot-com bookselling business to compete against Amazon; however, questions remain as to whether B&N will win out in this new competitive game.

In this week's case, we will review customer segmentation schemes as a building block to uncovering sources of competitive advantages for Barnes & Noble vs. Amazon.

1. Think about a benefit segmentation scheme for traditional book retailers. How likely it is that a web retailer could satisfy each benefit segment?

2. Based on the understanding of customer groups you developed while considering question 1, consider B&N's response to the competitive threat from Amazon. In particular, do the decisions made by B&N (e.g., going online, cutting online prices, separating store versus online operations) maximize potential sources of competitive advantage for B&N?
3. Consider the long-term competitive situation for Amazon versus B&N. What sources of sustainable competitive advantage (if any) does each company have? What sources should B&N try to develop?

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### **Southwestern Montana Coors (“Marketing Research”)**

The primary question presented in this case is whether Larry Brown should apply for a Southwestern Montana Coors beer distributorship. He has the option of getting some market research from Manson and Assoc. in helping him to make this decision.

You will be asked to join a group in class and assume the role of Larry Brown. It is your group's task to decide (a) what research Larry should order from Manson and Assoc. and (b) whether he should apply for the distributorship. Although this work will be done in-class, you should prepare by thoroughly reading the case and anticipating the decisions that need to be made.

We shall begin class by asking each group to place an order for the market research studies it needs to estimate the feasibility of a Coors beer distributorship.

The instructor shall then give out the "completed research reports" ordered by each group.

We shall then break for about half an hour during which time each group will have the opportunity to examine the research results and decide whether or not the distributorship is feasible.

In the remainder of the class session, the discussion will revolve around each group's decision and how it was made.

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### **Sealed Air (“Product Life Cycle”)**

1. What are the basic underlying problems that are forcing Sealed Air to consider uncoated bubbles?
2. What are the arguments for Sealed Air producing an uncoated bubble?
3. What are the arguments against Sealed Air producing an uncoated bubble?
4. What are the appropriate offensive and defensive strategies (with regard to the uncoated bubble threat) for Sealed Air to consider?

### **Stella Artois in the UK (“Product Strategy”)**

Stella Artois, Interbrew company's flagship brand of beer, has experienced phenomenal success on the

international market. The United Kingdom market has played a critical role in that success, and Interbrew needs to assess the reasons for this. Interbrew's managing director and its chief marketing officer are meeting to have a discussion about how to proceed in developing the Stella Artois brand. First, they need to understand what part of the company's success was due to expert marketing practices and what part might possibly be due to being in the right place at the right time. As well, they want to assess what possible steps might be taken to spread these practices across the corporation for use in the company's global marketing strategy.

1. How was Interbrew able to achieve such success with Stella Artois in the UK?
2. What factors are contributing to Interbrew's current problem? What specifically is the problem Interbrew currently faces?
3. What you recommend Interbrew do going forward?

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### **Intel (“Integrated Marketing Communications: Advertising Strategy”)**

One of the most successful branding strategies of the 20<sup>th</sup> Century was the “Intel Inside” advertising campaign. At the time the strategy was formulated, its success was not at all ensured – in fact, several experts in the industry was quite dubious. This case presents a balanced view of the issues at the time.

1. What are Intel's concerns that are underlying their consideration of a branding strategy?
2. Who is Intel's competition? What are their likely reactions?
3. What is the customer decision process for purchasing a computer?
4. What is the OEM's likely reaction to Intel's branding strategy?
5. What information does Intel need to know before deciding whether it makes sense to launch the “Intel Inside” Campaign.

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### **IDS Financial Services (“Integrated Marketing Communications: Salesforce Management”)**

The IDS case deals with strategies to improve salesforce productivity and performance, especially in an industry which has depended on a salesforce to generate revenues.

1. What are the problems underlying IDS's poor performance? Which problem do you think is the key problem and how would you go about remedying it?
2. What is the product? What is IDS's strategy?

3. Discuss IDS's compensation strategy. Do you think the emphasis on financial planning is correct?
4. What are the various ways to increase productivity? Which would you recommend?

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### **Stainmaster (“Channels Strategy”)**

Stainmaster is the certification given by DuPont to carpet that is made with the company's own premium nylon and treated with chemicals to repel liquid stains and dry soils. The introduction of Stainmaster was accompanied by heavy advertising and trade promotion to establish the brand name among consumers and retailers.

1. How did DuPont create the Stainmaster brand? In particular, consider how DuPont addressed the players in Stainmaster's distribution chain (the mills, retailers, etc.)?
2. What was the impact of Stainmaster on those players and how might this have affected DuPont's Stainmaster strategy?
3. How can DuPont use Stainmaster to create a sustainable competitive advantage? Consider the questions currently facing DuPont, such as extending the Stainmaster brand to include more nylon carpet and the integration of the Antron brand.

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### **Deere & Co. (“Pricing Strategy”)**

This week's case deals with issues surrounding the launch of Deere's JD750 line, particularly issues related to how to best set the price for the product.

1. What price would you choose for the JD 750? What options did you reject in your analysis? Why?
2. What is Deere's general pricing and product strategy? Evaluate it. Can you propose a better one?
3. What elements of the marketing mix will determine the JD 750 success?
4. Evaluate Deere's pricing process.

### **Case for Write-Up (Fall Semester only): Starbucks**

1. What do you think customers are buying when they make a purchase at Starbucks (coffee beverages vs. experience)? Why?



2. How has the answer to question 1 impacted Starbucks' strategy thus far? How should it impact Starbucks' strategy going forward?
3. Is Starbucks leveraging its resources and competitive advantages in a way that will enable it to achieve company goals and continue to grow?
4. How can Starbucks preserve its brand equity while also pursuing new growth opportunities?

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### **Case for Write-Up (Spring Semester only): Diaper War: Kimberly Clark vs. Procter & Gamble**

1. What potential changes in the competitive environment does Edwin Artzt's appointment signal or confirm to Kimberly-Clark's management?
2. What are the biggest threats currently facing K-C?
3. How should K-C respond to P&G's Japanese presence?

## NOTES ON PREPARATION FOR CASE DISCUSSION

The case situations that will be discussed have been developed by careful research on actual situations in real companies. The case writer has attempted to describe enough of the background and details of the situation in order to give an understanding that provides an adequate basis for class discussion.

Thorough preparation on the part of all class participants is essential to having a good class discussion. ***Reading the case is not enough.*** After an initial reading to get the broad pattern, go back and study the case thoroughly, developing your understanding of the problems confronting the individuals in the case. Make any notes you find helpful and mark up the case to facilitate structuring your understanding of the situation. Identify the major problems and key relationships. Conceive alternative solutions to the problem and identify the advantages and disadvantages of each.

Do not be surprised if you feel that the case lacks some facts that you would like to have to make possible a better decision. Management decisions frequently must be made on the basis of only these facts which are on hand at the time the decision must be made, and frequently these facts are not as complete as might be desired. Remember that the ability to make effective decisions without all of the facts is an essential executive skill.

Don't look for "the subject" of a case or expect to get "the answer" in class. Business situations are complex and frequently involve a series of interrelated problems. Likewise, there are usually a number of alternative possible solutions, each involving different degrees of risk, cost, and simplicity of execution. The opportunity to see the variety of ideas expressed by your colleagues, and to be exposed to the challenge of defending your ideas in the face of questions they may ask, provides the major part of the benefit from case discussions.

Remember that the effectiveness of the case discussion is proportional to the thoroughness of preparations by the members of the class.