

**Kellogg School of Management  
Northwestern University**

Mktg 451 Sec. 76 –Marketing Channel Strategies

Professor Rick Wilson  
Summer Quarter, 2011

**Instructor Information**

Tel: (847) 491-2899  
Evanston Office: Leverone Hall, Room 498  
Hours: by appointment  
Email: [r-wilson3@kellogg.northwestern.edu](mailto:r-wilson3@kellogg.northwestern.edu)

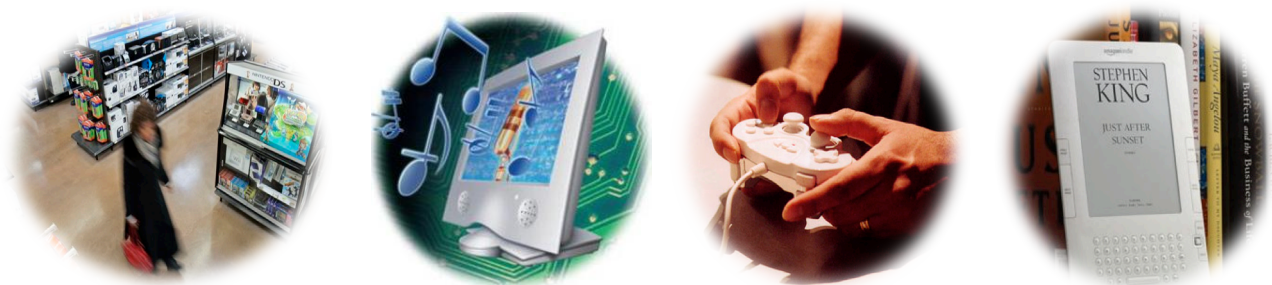
**Nature and Purpose of the Course**

For the purpose of this course, a marketing channel is viewed as an inter-organizational system of companies involved with the task of making goods, services, and experiences available to end-users by enhancing their time, place, possession and solution utilities. Focus is on how upstream organizations can create and drive innovation across the entire business system they rely on to get to market. In other words, how companies can effectively and efficiently architect and orchestrate differentiated customer experience systems that transmit things of value from points of creation to points of consumption. The goal of this course is to develop a structured strategic framework for both initial customer experience system design and its ongoing management.

In this course, marketing channels are analyzed broadly as social, economic, and political systems. Strong emphasis is placed on leadership dimensions of distribution strategy, and understanding and dissecting the behavioral dimensions of channel relations - the roles of channel members, their use of power, the conflicts that arise among them, their communication networks, and the challenges senior executives face in innovating and adapting their channel systems to changing market forces. The course takes a corporate strategy and business model innovation perspective, not a detailed functional or operational view of retailing and wholesaling.

With company leaders increasingly stressing that channels are crucial and critical aspects of their firms' long-term competitive viability, the orientation of the course is on constructing and administering the relationships among the various firms linked together in global distribution systems. As distribution increasingly involves complex, cross-geography inter-dependencies, the overall subject matter and reading material is designed to be relevant in any geographic market.

Course theory will be expanded upon through case discussions of fast-changing industries where legacy routes-to-market systems are being radically transformed, including consumer entertainment and electronics products, e-bookreaders, beauty, and home improvement.



## **Text and References for Assignments**

1. Anne T. Coughlan , Erin Anderson, Louis W. Stern, Adel I. El-Ansary, *Marketing Channels*, 7<sup>th</sup> edition, (Englewood Cliffs, NJ: Prentice-Hall, Inc. 2006)
2. The packet of case materials available at Norris Bookstore.
3. **Additional reference material and assignment information on the course Blackboard site**

## **Contacting Me**

I will routinely use Blackboard and email to communicate with you about various course-related issues; **please use e-mail** as the primary way to get in touch with me, ask me questions about course notes and concepts, and run assignment clarifications by me. I check e-mail regularly. I am also available to meet with you by appointment outside office hours.

My e-mail address is: [r-wilson3@kellogg.northwestern.edu](mailto:r-wilson3@kellogg.northwestern.edu)

## **Honor Code Issues**

In this course, individuals may discuss individual written case assignments. They may share information, discuss analyses, compare observations, and otherwise engage in understanding the cases more completely. However, when the time comes for each of you to write up your individual case memos, you should do so based upon your own independent final analysis. **Each individual's case memos should reflect their own unique point of view, irrespective of the amount of collaboration with others prior to the development of the final output.**

It would, however, be an honor code violation if any individual were to seek out case analyses done by previous or other classes at Kellogg or elsewhere. Case teaching notes prepared by case writers or others are also off-limits.

## **Evaluation of Students' Work**

Course concepts are illustrated primarily in cases and most weeks we will discuss a case that address issues related to channel design, conflict, coordination, and management. The cases are complemented with readings that further elaborate on key concepts and our case discussion may conclude with a short lecture. You will have significant opportunities to apply the frameworks in this course through case memo write-ups and class discussion.

Your grade in this class will depend on four areas: a completed channel audit, two written case memos, your participation in class, and a group channel strategy exercise. Unless otherwise indicated, all assignments are required and must be turned in before the start of the class for which they are due.

Graded course assignments and their weights are as follows:

<b>Grade Component</b>	<b>Weight</b>
1. Retail Audit Exercise	10%
2. Two Case Memos	30%
3. Class Participation	30%
4. Group Channels Project	30%

### **Grade Component 1: Retail Audit Exercise**

The entire retail audit exercise is an individual assignment – you are to work on it alone and hand in individual analysis templates and summary slide. This assignment is required and is worth 10% of your course grade. The exercise itself is provided on the course Blackboard site, and in the Casepak for the course; we will discuss in the first week what service outputs are. The exercise itself requires you to visit two retail outlets and evaluate their performance against desired service outputs.

### **Grade Component 2: Case Memos**

Every student is required to write a case memo for **two** of learning cases we will discuss in class. The specific cases for which you will be required to submit a case memo will be assigned on the second day of class. Your case memos are collectively worth 30% of your grade.

The questions you are expected to answer in your memo for each case are included in the Casepak and posted on the course Blackboard site. For each of your assigned case memos, you should write a 3 page maximum narrative (prose, not bullets) memorandum summarizing your insights, conclusions, and recommendations. **All case memos are individual assignments** and each case memo should be direct, concise, and clearly supported by your own individual strategic analyses and conclusions. Included in your casepak is a note on how to prepare and write up a channels case for this course.

**A pdf of each completed case memo should be sent to me via email before the beginning of the class in which we will discuss the case. No late memos will be allowed.**

### **Grade Component 3: Class Participation and Class Discussion**

Contribution to class discussion will be central to the educational experience of this course, and frequent cold calling will be used to stimulate an active learning environment. To a substantial extent, the benefit that you will derive from the course is related to your willingness to expose your own viewpoints or conclusions to the critical judgment of the class and to your active participation by building upon or evaluating critically the judgment of your classmates. It is very important that you come prepared to air your views in class.

Students in past sessions have found the case discussions one of the most valuable parts of this course. In general, you should view preparing the cases as an opportunity to practice using the analytical tools we are developing in class. **30% of your grade depends on class participation, regardless of whether you have been assigned to prepare the case for a written memo.** In a typical case session, I will open with a few remarks and then ask for your opinions on the case. I will typically cold call a student to start each case discussion, therefore is critical that you are prepared to address the case questions with your analyses and recommendations.

You also may find it necessary to constructively challenge other students' opinions and case analyses. The benefit that you will derive from this course will depend upon the extent to which you expose your own viewpoints or conclusions to the critical judgment of the class. You should view class participation both as an opportunity to ask questions to enhance your understanding, as well as an opportunity to demonstrate your critical analysis of the material.

### **Grade Component 4. Group Channels Project**

During the first class session, you will choose a group for purposes of collaborating on the Group Channel Strategy assignment which is due by the start of the last class session on Saturday, 27 August, 2011. Additional detail on the Group Strategy Assignment will be handed out in class and posted on the course blackboard site.

The group Channel Strategy assignment and exercise will account for 30% of your grade

### **Peer Evaluations**

Individual grades in the course will be affected by the evaluations each student receives from other members of their Group Channel Strategy team. Group members will evaluate one another in terms of: 1) attitude, 2) originality, 3) initiative, and 4) dependability.

I will collect interim (midpoint) peer evaluations about week seven of the course to check on your teams and ensure you are working together productively. The interim peer evaluations will not impact your grades, but will be used by you as opportunities to surface and discuss any concerns or issues in your group.

### **First Week Assignments**

Below are the assignments for the first Saturday we meet in June:

<b>Module</b>	<b>Date</b>	<b>Subject</b>	
1	June 25	Course Introduction and Framework	Read: <i>Marketing Channels</i> , Chapter 1 Read: <i>Customer Experience Systems</i>
2	June 25	Strategic Resources - Customer Service Outputs	Read: <i>Marketing Channels</i> , Chapter 2 Read: <i>Retail Audit Assignment</i>

## **Class Attendance and Behavior**

Attendance is required in the first class session. Regular class attendance is expected, and attendance is required on days that an outside speaker is presenting. You are only allowed one missed class with no impact on your grade, and you must email me in advance of class to indicate you will not be in attendance.

You may bring coffee, tea, or other liquid refreshments into the classroom, but eating meals in the classroom is not allowed. Please do not leave the classroom in the middle of class for a few minutes and then return; this also is disruptive. However, I understand that you may on occasion need to leave class early or arrive to class late (e.g., because of an interview). If this is the case, please let me know in advance, and sit on the end of an aisle to avoid bothering the other students when you leave. Finally, I expect you to treat me, and your fellow students, professionally and with respect at all times.

## **Laptop usage**

Laptop usage in class is handled just as it would be if you were attending a senior executive review with your company's Board of Directors – it is not permitted (nor appropriate given your active participation in discussions). Likewise, the use of Blackberries or other PDAs, cell phones, or other electronic devices is not allowed.

**Mktg 451 - 76 (Summer 2011)**  
**Marketing Channels**

Course Assignment Summary

Module	Date	Subject	
1	June 25	Course Introduction and Framework	Read: <i>Marketing Channels</i> , Chapter 1 Read: <i>Customer Experience Systems</i>
2	June 25	Strategic Resources - Customer Service Outputs	Read: <i>Marketing Channels</i> , Chapter 2 Read: <i>Individual Retail Audit Assignment</i>
3	July 2	Strategic Resources – Customer Segmentation	<b>Prepare:</b> <i>Customer Experience Reinvention at Best Buy</i> (See Blackboard for optional articles)
4	July 2	Strategic Resources - Channel Value Propositions	Read: <i>Herman Miller-Channel Influence &amp; Brand Experience</i> Read: <i>E&amp;J Gallo - Invertising the Brand</i>
<b>5</b>	<b>July 9</b>	<b>GUEST CMO</b>	<b>Tamara Jurgenson</b> <b>Vice President, Marketing</b> <b>Grohe Americas</b>
6	July 9	Coordination – Managing Brand Experience	<b>Submit (Track A):</b> <i>STIHL Incorporated</i> (See Blackboard for optional articles)
7	July 16	Coordination – Managing Channel Flows	Read: <i>Marketing Channels</i> , Chapter 3
8	July 16	Coordination – Managing Channel Adaptation	<b>Submit (Track B):</b> <i>Mary Kay Targets a New Generation</i> (See Blackboard for optional articles)
9	July 23	Coordination – Closing Channel Gaps	<b>Submit (ALL):</b> <i>Channel Audit</i> Read: <i>Marketing Channels</i> , Chapter 5
10	July 23	Coordination – Power and Conflict	Read: <i>Marketing Channels</i> , Chapters 6 and 7 Read: <i>Power and Conflict Readings</i> (Blackboard) <b>Prepare:</b> <i>Burger King: Have it Whose Way?</i> (Blackboard)
11	July 30	Coordination – Channel Alignment	<b>Submit (Track A):</b> <i>The Crafty Side of Channel Relationships</i>
12	July 30	Coordination – Online Distribution	Read: <i>New Online Realities Readings</i> (Blackboard)
13	August 6	Coordination - Hybrid Channels	<b>Submit (Track B):</b> <i>Target: Relevance in the Gaming Market</i> (See Blackboard for optional articles)
<b>14</b>	<b>August 6</b>	<b>Guest CMO</b>	<b>Julia Fitzgerald</b> <b>CMO, Toys and Seasonal</b> <b>Sears Holding Corporation</b>
15	August 13	Economics – Channel Efficiency & Compensation	Read: <i>Kitchen...Channel Compensation</i> (Blackboard) Read: <i>Hobart and Functional Pricing</i> (Blackboard)
16	August 13	Economics – B2B Market Coverage	<b>Prepare:</b> <i>Customer-Driven Growth at Wesco</i> (See Blackboard for optional articles)
17	August 20	Economics – Backward Channel Integration	Read: <i>Don't Be Undersold</i> <b>Prepare:</b> <i>Private Label Growth in the Texas Hill Country</i> (See Blackboard for optional articles)
18	August 20	Economics – Channel Performance Metrics	Read: <i>Consumer Channel Readings</i> (Blackboard)
19	August 27	Economics – Vertical Channel Integration	<b>Prepare:</b> <i>Fast Fashion at Zara</i> (See Blackboard for optional articles)
20	August 27	Course Wrap-up	<b>Submit:</b> Group Channel Paper