

**NORTHWESTERN UNIVERSITY
J.L. KELLOGG SCHOOL OF MANAGEMENT**

**Marketing 466
Marketing Strategy
Office: Jacobs Center 469**

**Professor Julie N. Hennessy
Spring Quarter 2014
e-mail : j-hennessy@kellogg.northwestern.edu
Phone: 847-867-9341**

COURSE DESCRIPTION

This course presents an integrative, dynamic view of competitive strategy with a market-customer and competitor-perspective. It focuses on understanding, developing, and evaluating strategies over different stages of a market and on the difficulties inherent in creation of competitive advantage in real world conditions. We will discuss the evolution of markets and strategies for various stages in the life of a market. A framework for developing strategies that yield competitive advantage will be presented and applied in various situations throughout course. Both analytical and creative inputs to strategy development will be discussed. Topics include strategies for new products, established products and mature products challenged by others. Cases will range from old to new as we look at the applications of marketing strategy for competitive advantage to industries that range from industrials to technology to consumer products. Material is presented using a mix of cases, guest speakers, lectures, and a computer-simulation game, MARKSTRAT.

COURSE REQUIREMENTS

Evaluation of student performance will be based on class participation (5%), one written case analysis or presentation (20%); MARKSTRAT, including two reports and performance in the game (40%); and a final paper presenting a competitive strategy for an actual company or brand (20%) and an individual final exam (15%).

Required Materials

Markstat: Every student will need to purchase a license for the Markstat simulation; you can't participate in the simulation without one. I'll post the details on how to do this.

Book: Calkins, *Breakthrough Marketing Plans* (2nd Edition, Palgrave Macmillan, 2012): This book is a short and practical guide to creating strong marketing plans. It includes theory, frameworks and best practices.

Teams

Forming teams is required. All written material and the MARKSTRAT simulation will be completed in these teams, except for the individual case write-up. Team size will be 5 members per team. The deadline for forming teams is the second-class session. As part of the evaluation process, group members will grade each other's participation. These grades will play an important role in the determination of final grades. It is possible that one's grade could be reduced by one letter because of poor evaluations by other group members.

Class Participation

A significant portion of the course is presented using cases and lectures. Your consistent contribution to these sessions is essential to achieving the objectives of the course. The quality of the discussions is, in large part, your responsibility. Therefore, plan to attend all sessions of the class, to arrive on time, fully prepared for either a case or class discussion, and plan to stay for the entire session. Like group evaluations, class participation will be an important factor in determining your final grade.

MARKSTRAT

Each team will be assigned a MARKSTRAT company to manage. Your task will be to (1) set marketing and financial objectives, (2) develop strategies to achieve those objectives, and (3) implement your strategies with appropriate tactical decisions.

Each team is required to make seven Markstrat decisions. The due dates are noted in the Course Schedule. The first decision is due on Wednesday, April 16.

You will be required to report periodically on your assessment of your firm, its competitors and your marketing plans. In all two reports are required. Each should be brief and to the point – not exceeding three double-spaced (12 point type) pages (plus tables and appendices). Deadlines for submitting these are noted on the outline. *Late reports will not be accepted.* Here is a summary of the assignments:

1. *Initial Marketing Plan.* Provide a clear statement of your objectives, your strategy for achieving those objectives, and the tactics you plan to use to implement your strategy. Present strong evidence that your objectives are reasonable, your strategy the best available – given consumer behavior, your position and the positions of the competitors.
2. *Updated Marketing Plan.* Provide a clear statement of how your strategy has evolved and why. As in the second report, be clear and persuasive as to why customers and competitors now make this the best available option. Include key learnings—applications from the game—this is actually the most important part of this paper.

Case Analysis and Presentation

We will use traditional cases and several “live” speaker cases in this course. Each has been selected with care with a particular learning objective in mind. The time frame of the case and

the particular product or service that is the focus is not of primary importance. Depending on your background, you may or may not associate with the product or service described in the case. What is important is the learning, the generalizability, that you take away from the case. How can you apply it to other situations that you may face?

It is important in evaluating a case to put yourself in the state of mind of the protagonists at the time of the case. You may know what happened afterwards or may have some unique information about the case that is not available in the case itself as given to you. Ignore that. Hindsight is always 20/20. Based on the facts available, what is your best course of action? That is what I want you to focus on, not on information that is unavailable in the case. Do not look to the web for updated information! In every situation, I want you to consider how the firm can build competitive advantage by better serving customers.

The formal written case analysis is the Oscar Mayer: Strategic Planning case. Your written recommendation is limited to 800 words *plus* no more than three exhibits. Discussion questions for the case write-up are noted in the syllabus. Written case analyses are due at the start of the class. No late papers will be accepted.

Final Paper

The final paper for the course is a competitive strategy for an actual brand or company. The focal company or brand, which must be approved, should present challenging strategic and competitive issues. The purpose of the assignment is to integrate the material presented in the course and MARKSTRAT in a single application to a substantial strategy problem. Your efforts should focus on strategic and competitive issues facing the company or brand you have chosen. Avoid companies presented with purely short-term problems, or with situations in which so little information is available that longer-term issues are vague (many new ventures fall in this category). Details are provided in a separate document.

COURSE ADMINISTRATION AND TEXTS

Required for the course is a license to play Markstrat. You can't enroll in the game without the registration number. I will provide information once the class has started on how to purchase this registration.

Office hours are Monday and Thursday from 12:00 to 1:30. I can be reached by e-mail at j-hennessy@kellogg.northwestern.edu. Additional time is available for MARKSTRAT or final paper consulting, and I am happy to see you for any other reason. Just send me an e-mail to set up a time.

HONOR CODE

The MARKSTRAT game, the written case analysis, and the final paper are group projects. Group members should not discuss these assignments with other students from the current class or previous classes. This is the honor code requirement. Preparation of other cases and lecture material for class discussion can be done individually or in groups. Please contact me if anything is unclear about the honor code as I have expressed it.

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FINAL PROJECT GUIDELINES

The final paper for the course is a marketing strategy for an actual company or brand. The focal company or brand, which must be approved, should present challenging strategic and competitive issues. The purpose of the assignment is to integrate the material presented in the course and MARKSTRAT in a single framework and apply that framework to a substantial strategy problem. In particular, your efforts should focus on strategic and competitive issues facing the company or brand you have chosen. Avoid companies presented with purely short-term problems, or with situations in which so little information is available that longer-term issues are vague (many new ventures fall in this category).

The format of the paper can vary, and should reflect the particularly important issues facing your target firm. I have several strong papers from past classes that you can review as examples, after you select your topic. (Note: you may not see any past papers on your particular chosen company.) Documents should be no longer than 15, double-spaced, typewritten pages plus tables and appendices. Papers are due at the start of the last class session.

Most plans should address the following issues: an analysis of the market and competition, objectives for the company or brand, a strategy for achieving those objectives in the market, and the tactics you recommend to implement the proposed strategy.

Market and Competitive Analysis

Address the market in which the company or brand competes. This typically involves addressing some of the following questions:

- What is the firm's served market?
- How is the market evolving? What are the relevant long-term trends?
- Who are the target customers and competitors?
- What do customers value? How is that evolving?
- What are the competitors' strengths and weaknesses (including those of your firm)?
- How is the competition evolving? Where is it headed?
- How can one gain a competitive advantage in this market?
- How will the basis of competitive advantage change?

Objectives

Use the objectives to indicate the directions and priority of actions, for at least a two-year planning horizon. Indicate:

- Where you recommend the firm/brand should compete.

- What it can expect to achieve, now and in the future in those segments or served markets (in terms of market share or sales and some measure of financial performance).
- The priority of those objectives. Which is the primary objective? Which is secondary?

These should flow logically from the market and competitive analysis and, of course, be internally consistent and reasonable. They should be stated clearly and precisely, as should the timetable for achieving them.

Strategy

The strategy should indicate how you intend to achieve your objectives. In other words, describe how you will compete, in terms of your marketing mix and other relevant factors including but not limited to the following:

- **Product Strategy.** How many products should be marketed, how should they be positioned, and in what way? Additional issues might include product quality, the timing of entry, and the evolution of the product line.
- **Pricing Strategy.** What is the overall pricing strategy you recommend, for the short and long-term?
- **Promotion Communication and Promotion Strategy.** Advertising and sales force strategy for the current and long-term.
- **Distribution Policy.** Where and how do you recommend distributing?
- **Service Policy.** How does service play a role in your strategy?

In stating these you need not be precise about details (e.g., particular price levels). However, you must clearly indicate the essentials of your strategy (e.g., premium price).

Most importantly, your strategy should indicate how this combination of marketing mix elements will create a sustainable competitive advantage. How will this mix create customers at the expense of competitors? What will prevent its duplication by competitors?

Tactics

Finally, you should indicate how your strategy would be implemented. What are the practical implications of your recommendation? Please indicate the relevant tactics for each element of your strategy; if pricing is an element of how you intend to gain competitive advantage, indicate the price levels you recommend for the planning horizon. Be specific with respect to all elements of your strategy.

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GROUP EVALUATION FORM

Please list below each member of your group. For each person, assign a grade (A, B, C, D or F) that represents your assessment of that member's contribution to the groups' output. You may consider the quality of individual's work along with other factors that affected their participation and contribution to Markstrat, presentations, or the final paper. Your responses will not be available to the other members of the group.

Group Member	Grade
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Preliminary Schedule

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Monday, 3/31

Course Introduction and Overview (Web-Site)

Read: Shapiro, "What the Hell is 'Market Oriented'?" Harvard Business Review, 1998.

Read: Hennessy, "Five Ways to Know Your Customer Better than Your Competitor Does," 2007, (Web-Site)

Thursday, 4/3

Market-Driving Strategy

Case: Stainmaster (Case Packet)

Discussion Questions:

1. What were Stainmaster's options for significantly growing the business?
2. What is the channel structure in the carpet business? Where is the power in the channel? How does this change after Stainmaster's entry?
3. Think through Stainmaster's entry strategy (product/service, pricing, distribution, communication efforts)? How did these support success, given likely competitive and channel partner actions?

Markstrat Team lists due.

Monday, 4/7

Introduction to MARKSTRAT (Web-Site)

Get Markstrat Online and Register

Read: Intro to Markstrat (Web-Site) and

Ten Common Markstrat Questions (Web-Site)

Introduction to MARKSTRAT: Handed Out in Class

MARKSTRAT teams finalized.

Thursday, 4/10

New Products: EMI and the CT Scanner (B) (Case Packet)

Discussion Questions:

1. List the positives for EMI. What can Powell feel good about?
2. List the negatives that EMI faces. Which of these are the most serious?
3. Evaluate EMI's entry strategy. Did they *target* any particular segment of the market? Describe the marketing mix supporting the first generation scanner. Under what market conditions would EMI's strategy be successful?
4. Suppose you were to conduct a segmentation, targeting, positioning analysis of the CT scanner market. For the sake of this exercise, consider the following three segments: research hospitals, large community hospitals, and small hospitals. What benefits do each of these segments seek? What features do they look for in the product that will deliver these benefits? What skills does a company need to deliver the benefits sought by the different segments? Based on this analysis, where is EMI best positioned?
5. As they look to the future, what are EMI's options? Make a recommendation

Monday, 4/14

Market Pioneer: Teach for India (Web-Site)

Discussion Questions:

1. Who should be the primary recruitment targets, fresh undergraduates or young professionals with a few years of work experience?
2. How could they convince the youth in India to join the fellowship?
3. Should the fellowship's appeal be logical (i.e., career oriented) or emotional?
4. Which promotional strategies and media should they employ?

Wednesday, 4/16

First MARKSTRAT decision due at midnight

Thursday, 4/17

Writing Marketing Plans

Read: Breakthrough Marketing Plans Chapters 1-5

Monday, 4/21

No Class:

Instead of this class, all teams will have a 15 minute team meeting on Monday, Tuesday, or Wednesday, 4/22-24 to review their Markstrat results

Wednesday, 4/23

Second MARKSTRAT decision due at midnight

Thursday, 4/24

New Product Strategy – Pioneering (Web-Site)

Read : Carpenter, Glazer and Nakamoto, “Market Driving Strategies: Toward a New Concept of Competitive Advantage,” in D. Iacobucci (ed.), *Kellogg on Marketing*.

Read: Kim and Mauborgne, Blue Ocean Strategy, HBR # R0410D

Written Assignment: Markstrat Marketing Plan #1 Due 4/24

Monday, 4/28

Late Entry New Products: Biaxin Zithromax Case (Web-Site)

Please prepare the following questions for class discussion;

1. What ethical and economic issues affect the development decisions in the antibiotic market?
2. How has Abbott traditionally measured and improved product quality?
3. How is this different from how other potential customers experience quality?
 - Patients
 - Care-takers
 - Physicians
 - Insurance Reimburseurs
4. What mistakes did Abbott make in its efforts to protect the Biaxin business?

Wednesday, 4/30

Third MARKSTRAT decision due

Thursday, 5/1

New Product Strategy – Late Entry New Products (Web-Site)

Read: Krishnamurthi and Shankar, “Do You Always Have to Be the First Brand in A New Market?”

Read: Dipak Jain, Kellogg on Marketing, "Managing New Product Development for Strategic Competitive Advantage", 2001

Monday, 5/5

Growing Established Businesses: Steinway Case (Case-Packet)

Please prepare the following questions for class discussion:

1. How has Steinway been historically positioned?
2. Assess the Boston opportunity. What is the upside/downside of this move?
3. What other profitable growth opportunities can you identify for the firm?

Wednesday, 5/7

Fourth MARKSTRAT decision due

Thursday, 5/8

Growing Established Business: Guest Speaker

Monday, 5/12

Growing Established Businesses: Oscar Mayer Strategic Market Planning (Case-Packet)

Written Assignment or Potential Presentation: The division (and Marcus McGraw) faces some critical issues as they look to the future.

Your case write-up should address the following:

1. Executive summary outlining what McGraw should do.
2. An opportunity/situation analysis and *implications* for the Oscar Mayer division from this analysis.
3. A critical evaluation of each of the four proposals. If you were Marcus McGraw, what would you agree with, disagree with in each proposal? How do you reconcile the quantitative goals (in pounds volume and operating income) of McGraw with the four proposals?
4. Your recommended strategic actions and financial targets for the upcoming year—overall and by business.

How would you set plan for the next year: summary P&L's for each business area and in total. How close can you come to meeting the stated goals of 4% volume and 15% income growth?

This case is an interesting example of decisions faced by senior management. How do you pick among competing alternatives? Of course, you don't have to just pick one. Create your own recommendation from the information provided. You have some difficult trade-offs to make.

Wednesday, 5/14

Fifth MARKSTRAT decision due

Thursday, 5/15

Growing Established Business (Web-Site)

Hand-out: Slides in packet

Read: Carpenter and Tybout, "Post Modern Branding", Financial Times

Read: Stalk, Pecaut & Burnett, "Breaking Compromises, Breakaway Growth", HBR, 1996

Monday , 5/19

Growing Established Businesses: Guest Speaker

Final Paper Topic Due

Wednesday, 5/21

Sixth MARKSTRAT Decision Due

Thursday, 5/22

Growing Established Business: Tartans in Thailand (Web-Site)

Kellogg Case: Posted on Web-site

1. How is the market for whisky different in Thailand as compared to other countries? How does this impact both consumer decision making and also the competitive structure of the market?
2. Why has Pernod recently lost share? How have our own actions over past three years contributed to this?
3. What should Pernod do to regain momentum in this important market?

Monday, 5/26 **No Class: Memorial Day**

Wednesday, 5/28 **Defense Strategy**

Read: Defending Your Brand, Calkins, Chapters 2 and 3

Wednesday, 5/28 **Seventh (Last) MARKSTRAT Decision**

Thursday, 5/29 **Business Defense : Barco Projection Systems (A) (Case-Packet)**

Questions for Discussion:

1. What kind of a company is Barco Projection Systems?
2. Evaluate Barco's product line strategy. What has been their launch strategy over time? (see Exhibit 4)
3. Describe the structure of the market and growth prospects.
4. What is Sony's current positioning in the market?
5. Explain Sony's attack with the 1270. What are Sony's objectives?
6. How should Barco respond? Focus both on product and price options.

Written Assignment: Markstrat Marketing Plan #2 Due 4/29

Monday, 6/2 **Defensive Strategy: A-1 Case (Web-Site)**

Questions for Discussion:

1. What is the financial risk to A. 1? Quantify this figure.
2. Should A.1 defend? What or why not?
3. If so, what precisely should the A.1 team do?

Thursday, 6/5 **MARKSTRAT Wrap-Up and Key Learnings Summary**

Written Assignment: FINAL PROJECT DUE 6/6 in class.

Final Exam: Released on 6/5, due by 5pm on 6/13.
