Kellogg School of Management Northwestern University

Mktg 451 Sec. 61 –Marketing Channel Strategies

Professor Rick Wilson Winter Quarter, 2011

Instructor Information

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Hours: M/R 10:00am – 12:00pm ... and by appointment

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Nature and Purpose of the Course

For the purpose of this course, a marketing channel is viewed as an <u>inter-organizational system</u> of companies involved with the task of making goods, services, and experiences available to endusers 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 markets for music, video game, and e-bookreader products.









Text and References for Assignments

- 1. Anne T. Coughlan, Erin Anderson, Louis W. Stern, Adel I. El-Ansary, *Marketing Channels*, 7th 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: <u>r-wilson3@kellogg.northwestern.edu</u>

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:

Grade Component	Weight
Retail Audit Exercise	10%
2. Two Case Memos	20%
3. Class Participation	25%
4. Group Project	25%
5. Final Exam	20%

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 <u>will be assigned on the first day of class</u>. Your case memos are collectively worth 20% 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 memorandum (single-spaced, <u>no bullets or outline formats</u>, 12 point font, maximum 1.25" margin) summarizing your detailed insights and recommendations. **All case memos are individual assignments.** Each case memo should be direct, concise, and clearly supported by your own individual strategic analyses and conclusions.

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. **25% 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. It is not an opportunity to listen to yourself speak.

Grade Component 4. Group Project

During the second week of class, you will be assigned to a group for purposes of collaborating on the Group Channel Strategy assignment which is due by noon on Sunday, 6 March 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 25% of your grade

Grade Component 5: Final Exam

The final exam in this course will account for 20% of your grade, and will be distributed during the last class session. This will be a take-home exam due to me via email before midnight on 14 March 2010. The final exam will be your opportunity to synthesize key learnings in the course, and demonstrate your comprehension of specific channel strategy concepts covered in class.

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 and initiative, and 3) 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

While the complete curriculum schedule for the course will he handed out in the first class session, below are the assignments for the first week we meet in January:

Class	Date	Subject	Assignments
1	3 - Jan	Course Introduction and Framework	Read: Marketing Channels, Chapter 1 Read: Customer Experience Systems (Technical Note; pp 1-8)
2	6 - Jan	Demand Side Analysis	Read: Marketing Channels, Chapters 2 Read: Channel Audit Assignment

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.

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Course Assignment Summary

Module	Date	Subject	Assignments
1	3 - Jan	Course Introduction and Framework	Read: Marketing Channels, Chapter 1 Read: Customer Experience Systems (Technical Note; pages 1-8)
2	6 - Jan	Demand Side Analysis	Read: Marketing Channels, Chapters 2 Read: Channel Audit Assignment
3	10 - Jan	Customer Experience Segmentation	Read: Additional Best Buy Readings (Blackboard) Prepare: Customer Experience Reinvention at Best Buy
4	13 - Jan	Consumer Market Channels	Read: Marketing Channels, Chapter 11 Read: Additional Consumer Channel Readings (Blackboard)
5	19 – Jan*	Vertical Integration in Channels	Read: Additional Zara Readings (Blackboard) Submit: Individual Channel Audit (due midnight 19 Jan 2011) Submit (Track 1): Fast Fashion at Zara
6	20- Jan	CMO Perspective (Guest Lecture)	Ms. Stephanie Gallo VP Marketing, E &J Gallo Winery
7	24 - Jan	Supply Side Analysis	Read: Marketing Channels, Chapters 3 and 5 Submit: Individual Channel Audit (due noon on Sunday 23 January)
8	27 - Jan	Closing Channel Gaps	Read: Additional Beauty Product Channel Readings (Blackboard) Submit (Track 2): Mary Kay Targets a New Generation
9	31 - Jan	Power and Conflict	Read: Marketing Channels, Chapters 6 and 7 Read: Additional Power and Conflict Readings (Blackboard)
10	3 - Feb	Vendor-Retailer Relations	Submit (Track 3): The Crafty Side of Channel Relationships
11	7 - Feb	Business Market Channels	Read: Marketing Channels, Chapter 12 Read: Additional Business Markets Channel Readings (Blackboard)
12	10 - Feb	Integrated Supply	Read: Additional B2B Channel Readings (Blackboard) Submit (Track 1): Customer-Driven Growth at Wesco Distribution
13	14 - Feb	Private Label Developments	Read: Additional H.E.B. Articles (Blackboard) Prepare: Private Label Growth in the Texas Hill Country
14	17 - Feb	The CMO Perspective (Guest Lecture)	TBD
15	21 - Feb	New Online Realities	Read: New Online Realities Readings (Blackboard)
16	24 - Feb	Managing the Digital Evolution	Read: Additional Gaming Industry Readings (Blackboard) Submit (Track 2): Target: Maintaining Relevance inGaming Market
17	28- Feb	Issues in Channel Reinvention	Read: Customer Experience Systems (Technical Note)
18	3 - Mar	Leading Channel Reinvention	Read: Additional Outdoor Power Equipment Readings (Blackboard) Submit (Track 3): STIHL Incorporated: Go-To-Market Strategy for Next-Generation Consumers
19	7 - Mar	Case Competition	Round One: Group Presentations
20	10 - Mar	Case Competition	Round Two: Group Presentations