

**NORTHWESTERN UNIVERSITY
KELLOGG SCHOOL OF MANAGEMENT**

**Marketing 451, Section 81
Marketing Channel Strategies
Winter 2010**

**Professor Anne Coughlan
Office: Leverone 482
Hours: by appointment
Phone: (847)491-2719, fax: (847)491-2498
e-mail: a-coughlan@kellogg.northwestern.edu**

NATURE AND PURPOSE OF THE COURSE:

This course will study the elements and management of marketing channels. For our purposes, any marketing channel is viewed as an interorganizational system involved with the task of making goods, services, and concepts available for consumption by enhancing their time, place, and possession utilities. The focus is on how institutions can effectively and efficiently transmit things of value from points of conception, extraction, and/or production to points of consumption.

We will analyze marketing channels using a framework for analysis that can be used for consumer product sales, business-to-business sales, and sales of services. We will first discuss how to interpret the demands consumers have for the productive outputs of the channel. We will then show how to describe the productive activities of channel members that produce these valued service outputs. We will identify the types of gaps that can exist in channel design and how to close them. We will then discuss how to manage the channel to control channel conflict and enhance channel coordination through the constructive use of channel power. Throughout these sessions, we will use lecture/discussion, case discussion, outside speakers, and a major channel audit project to develop and use the course knowledge. We will also discuss some important channel issues, such as pricing through the channel and gray marketing, in light of the analytic framework for the course.

The orientation of this course is toward the management of relationships within and among organizations that are linked together in a distribution system. The successful management of these relationships, whether through the creation of consistent incentive systems for all channel members or through the exertion of other types of influence, is crucial for the long-term competitive viability of the firm.

REQUIRED TEXT AND REFERENCES FOR ASSIGNMENTS:

1. Anne T. Coughlan, Erin Anderson, Louis W. Stern, and Adel I. El-Ansary, Marketing Channels, 7th edition (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 2006) (hereafter, "MC7e").
2. Case packet of readings and cases.

EVALUATION OF STUDENTS' WORK:

Your grade in this class will depend on several assignments done during the quarter. All assignments are required. There will be no final exam in this course. Assignments and their weights are as follows:

ASSIGNMENT	GROUP/INDIVIDUAL?	WEIGHT
Retail Service Output Audit exercise	Individual	15%
Online case memos (two are required):	Individual	10% each
Class participation:	Individual	10%
Major Group case:	Group	20%
Channel audit:	Group	35%

RETAIL SERVICE OUTPUT AUDIT EXERCISE:

The Retail Service Output Audit exercise is due at the beginning of class on **Thursday, January 14**. It is an individual assignment – meaning that you are to work on it alone and hand in an individual paper on it. This assignment is worth 15% of your course grade. We will discuss what service outputs are, and how to use them to segment end-users for the purpose of channel design and management. Your assignment will be to shop *either* for (a) a specific book; (b) a specific movie DVD; or (c) coffee (or tea if you drink tea, not coffee). We will discuss the assignment requirements in our first class on Thursday, January 7.

Please use the electronic version of the assignment to complete the work. Please submit a paper copy to me at the beginning of class on January 14, and also please post an electronic copy of your entire assignment to the course website's Digital Drop Box by 6:30 p.m. on January 14.

CASE MEMOS:

We will be discussing seven cases in class other than the major case (Verklar, Laura Ashley and Federal Express Strategic Alliance, Guarantee Mutual, Cemex, Mary Kay, Michaels Crafts Stores, and Minolta). You are required to complete an individually done case memo for **two** of the seven cases. **Each case memo is due in to me (paper copy please) at the beginning of class on the day we discuss the case. You must also submit your memo electronically to the course's Digital Drop Box on the course website.** Each memo is worth 10% of your course grade. The questions you are expected to answer for each case memo are in your course packet just in front of the case itself.

I will not give credit for late memos!

You will have a chance to choose which case memos to hand in, subject to an approximately even number of students doing each case memo. I will have sign-up sheets available in class for you to sign up for your preferred case memo times.

To recapitulate: (a) individually-done case memos are due to me for two of the seven cases we discuss in class other than the major group case; (b) each case memo is to be handed in as a paper copy at

the beginning of class on the day we discuss the case; and (c) you must also submit an electronic copy to the course's Digital Drop Box.

Please note that you are expected to prepare every case for in-class discussion, even if you are not scheduled to turn in a case memo that day. Insufficient preparation will hamper your ability to participate in class and to learn from the case.

CLASS PARTICIPATION AND CASE DISCUSSION:

Each student is expected to participate regularly in class discussions. A substantial part of the benefit that you will derive from the assignments is a function of your willingness to expose your viewpoints and conclusions to the critical judgment of the class, as well as of your ability to build upon and evaluate critically the judgments of your classmates.

It is very important that all of you come prepared to air your views in class. I have provided suggested questions for you to prepare in studying the cases before class. In general, you should view preparing the cases as an opportunity to practice using the analytical tools we are developing in class.

10 percent of your grade depends on class participation. Effective (i.e., quality as well as quantity of) participation can therefore mean the difference between a higher and lower grade. Regular class attendance is crucial to good class participation.

WRITTEN GROUP CASE ASSIGNMENT:

20% of your final course grade will depend on your written analysis of the BMW's Project Switch (A): Importers vs. National Sales Companies Case (due on **Thursday, February 18 – week 7 of class**). The case assignment should be done by you *in teams*. Teams should include **no fewer than 3** and **no more than 5** people. Your team will submit a joint document (not individual ones) summarizing your evaluation and analysis of the firm's problems, and your suggestions for action. It is up to you to analyze the workings of the current channel, identify problems in its design or management, and suggest solutions to those problems. You will be evaluated on your ability to apply the general analytical concepts we develop in class to the specific situation you see in the case.

Your written case is limited to 2500 words of text, plus no more than 15 exhibits. Please submit a paper copy of your written case and an electronic copy to the course website's Digital Drop Box.

On the case analysis due date, one team will have the opportunity to present their case analysis orally to the class, rather than submitting a written paper to me. Teams wishing to do an oral presentation should see me upon forming your team, and I will randomly choose from among the interested teams to allocate the oral presentation slot. If no teams volunteer for the oral presentation, I will allocate the oral presentation randomly to one of the teams.

GROUP CHANNEL AUDIT ASSIGNMENT:

You will be required to perform an audit of a specific firm's existing distribution channel as part of the course requirements. Your audit will count for 35% of your final course grade, and is due at the beginning of class on **Thursday, March 11 – week 10 of class**. This audit will consist of a report describing the current state of the channel (its structure, members, allocation of channel functions and

flows, ability to meet target customer segments' demands for service outputs, gap analysis, and power and conflict characteristics), as well as suggestions for improvement of the channel design and management. You will be introduced to templates and analytic tools over the course of the quarter that will equip you to do this real-world analysis. You are responsible for finding a firm whose distribution channel you wish to study. You should do your best to use both primary (e.g., personal interview) and secondary (e.g., library research) data to perform your analyses. Your audit should include bibliographic references and citations to any secondary sources you use (business press articles, journals, books, etc.) as well as mentioning the names, titles, and companies of any people you interview for the audit. You will be graded on the quality of your analysis and recommendations and on your ability to apply the analytic concepts from class to your chosen distribution channel situation.

It is best to study a pre-existing channel rather than a firm's plans to enter a new market and build up a new channel. However, if you wish to look at a case of new market entry, you may do so, but please include an analysis of the firm's pre-existing channel for other products and suggestions for altering it for the new product or market.

Please work on your audit in the same teams you form for your major case analysis. **The report should be no more than 3000 words long, plus no more than 15 pages of exhibits.** As with the team case, please turn in a paper copy of your paper to me and also submit a digital copy to the course website's Digital Drop Box. Each team should also plan on a brief presentation about their channel audit to the rest of the class on March 11.

FINAL EXAM

There is no final exam in this course.

CONTACTING ME

I will routinely use e-mail to communicate with you about various course-related issues. Please view e-mail as a useful supplementary way to get in touch with me, ask me questions about course notes and concepts, and run case or project ideas by me. I check e-mail almost every day (but only sporadically on weekends). My e-mail address is: a-coughlan@kellogg.northwestern.edu .

I am also available to meet with you by appointment at our mutual convenience, and am happy to talk with you after class on Thursday nights as well.

THE HONOR CODE

Students in this class are expected to abide by the honor code approved both by the students and by the faculty. When doing your written graded assignments for this class, you are not permitted to copy material from assignments done by students who have taken this class in the past (this would be plagiarism). Individual assignments are to be done individually, without collaborating with other students. Cooperation between teams in preparing team assignments is also prohibited. It is also an honor code violation to sign in on an attendance sheet for someone who is absent from class, or to otherwise misrepresent one's lack of attendance at class.

Please remember that the honor code requires that any student observing another student or other students violating the honor code inform the professor of that violation. Failure to do so is in itself a violation of the honor code.

Clearly, activities such as sharing class notes or discussing in-class materials outside of class are not honor code violations. Indeed, I want to encourage such interaction among you, because it enhances learning.

CLASS ATTENDANCE AND CLASS BEHAVIOR

You may not take this class unless you attend the first class session. There will be no exceptions to this rule.

Please e-mail to me when you have to miss class. Regular class attendance is expected. Attendance is particularly expected on days that either an outside speaker is presenting, or your peers in class are presenting. I will take attendance on those days and each class missed (for any reason: interview, illness, trip out of town, etc.) will take away two of the ten percentage points available to you in class participation credit.

The use of Blackberries or other PDAs, cell phones, or other similar electronic devices is prohibited in class. There is no need to use a laptop in my class; your brain is the most useful “computer” you can bring with you to class! Nevertheless, you may use a laptop *for class note-taking only* in the *back row of the classroom only*. Use of your laptop for non-class purposes (e.g. surfing the web, checking or sending e-mail, etc.) is not permitted and violates the honor code for this class. I reserve the right to ask you to shut your laptops at any time if the laptop policy is being violated.

Please arrive on time for class. I will start class on time, so being late means you will miss part of class. Those arriving late to class will be required to deposit \$2.00 into a fund to be donated to a charity at the end of term. You may bring coffee, tea, or a soft drink into the classroom. Eating meals in the classroom is discouraged; it is disruptive to the other students in the room. We will take a break approximately halfway through each week’s class, so you will have a chance to stretch your legs then.

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. If this is the case, please let me know, 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.

**CLASS SCHEDULE, SECTION 81 (ALL CLASSES FROM 6:30 P.M. - 9:30 P.M.)
(current as of 10/14/09)**

Week	Date	Topic	Assignment
I. OVERVIEW			
1	1/7	Course Overview	Coughlan, Anderson, Stern, and El-Ansary (MC7e), Ch. 1 Channel Audit: An Informal Guide Channel Audit: An Application Handbook ATTENDANCE REQUIRED
II. CHANNEL PLANNING: SEGMENTATION, POSITIONING, TARGETING, AND REFINING THE CHANNEL DESIGN			
1	1/7	Service Output Demands	MC7e, Ch. 2 Retail Service Output Audit Exercise
2	1/14	Channel Flows	Verklar Case (prepare for class discussion) RETAIL SERVICE OUTPUT EXERCISE DUE
2	1/14	Channel Flows, cont.	MC7e, Ch. 3, 4
3	1/21	Gap Analysis	Laura Ashley and Federal Express Strategic Alliance Case (prepare for class discussion)
3	1/21	Gap Analysis, cont.	MC7e, Ch. 5
4	1/28	Achieving Channel Efficiencies in a Services Channel Outside speakers: Sandra Callahan and Robert Culver, Lincoln Financial Group	Middle Market Group Benefits Case and Guarantee Mutual Case (prepare both cases for class discussion) ATTENDANCE REQUIRED
4	1/28	SODs: Retail Service Output Exercise, Analysis Tools	No separate assignment; discussion of take-aways from the Retail Service Output Exercise
III. CHANNEL IMPLEMENTATION: POWER, CONFLICT, AND COORDINATION			
5	2/4	Channel Flows and Gaps: Analysis Tools and Examples	Cemex Case (prepare for class discussion) Channel Audit Workbook
5	2/4	Channel Coordination and Channel Power	MC7e, Ch. 6
6	2/11	Managing Multiple Channels Outside speaker: Gregg Jodie, CIO, Mary Kay Corporation	Mary Kay case (prepare for class discussion); ATTENDANCE REQUIRED
6	2/11	Channel Conflict and Conflict Management	MC7e, Ch. 7
7	2/18	Group Written Case Due in Class (BMW's Project Switch (A): Importers vs. National Sales Companies); In-Class Presentation and Discussion	ATTENDANCE REQUIRED
7	2/18	Pricing through the Distribution Channel	MC7e, Ch. 10 (for your reference; not required)

Week	Date	Topic	Assignment
8	2/25	The Air Travel Channel: Managing in a Time of Change Outside speakers: Gary Doernhoefer (co-founder, Accertify; Principal, SKYLARC LLC; and former General Counsel, Orbitz), and Karen Klein (General Counsel, Kayak.com)	ATTENDANCE REQUIRED
8	2/25	Using Power to Close Channel Gaps	Michaels Craft Stores Case (prepare for class discussion)
9	3/4	Channel Pricing, Gray Markets, and Conflict	Minolta Case (prepare for class discussion)
9	3/4	Channel Audit Meetings with Teams	Team meetings in time slots during second half of class tonight (sign up will be available in advance)
10	3/11	Oral Channel Audit Presentations; Course Wrap-Up	Written Channel Audit Projects Due ATTENDANCE REQUIRED

LIST OF MATERIALS IN CASE PACKET

1. Course Syllabus
2. Introduction (PowerPoint slides)
3. The Channel Audit: An Informal Guide
4. The Channel Audit: An Application Handbook
5. (Sample Channel Audit) Aluvia from Abbott Laboratories
6. (Sample Channel Audit) Southside Liquors
7. Service Output Demands (PowerPoint slides)
8. Retail Service Output Audit Exercise
9. Study Questions for Verklar Case
10. Verklar Case
11. Channel Flows (PowerPoint slides)
12. Study Questions for Laura Ashley and Federal Express Strategic Alliance Case
13. Laura Ashley and Federal Express Strategic Alliance Case
14. Gap Analysis (PowerPoint slides)
15. Study Questions for Middle Market Group Benefits Case & Guarantee Mutual Case
16. Middle Market Group Benefits Case
17. Guarantee Mutual Case
18. Study Questions for Cemex Case (case itself is to be distributed in class)
19. Channel Audit Workbook
20. Channel Power (PowerPoint slides)
21. Study Questions for Mary Kay Case
22. Mary Kay Case
23. Channel Conflict (PowerPoint slides)
24. BMW's Project Switch (A): Importers vs. National Sales Companies Case (no study questions accompany this case)
25. Pricing Through the Distribution Channel (PowerPoint slides)
26. Study Questions for Michaels Craft Stores Case
27. Michaels Craft Stores Case
28. Study Questions for Minolta Case
29. Minolta Case