

STUART SCHOOL OF BUSINESS ADMINISTRATION ILLINOIS INSTITUTE OF TECHNOLOGY

BUS 471 - MARKETING MANAGEMENT

SPRING SEMESTER, 2009

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Office Hours: By appointment and before class

Classes: Tuesdays and Thursdays, 1:50 – 3:05 pm

I. INTRODUCTION:

STRATEGIC MARKETING (BUS 471) is a “follow-on” to the ‘core’ course in marketing (BUS 371). In this course we will emphasize the longer-term effects of Marketing Mix decisions, the integration of the Marketing Mix, and changes in the mix over time. “Price” becomes “price policy,” value-in-use and price discrimination. “Product” becomes product line breadth and variety and product life cycle choices. “Place” becomes the design and control of single or multiple channels and “promotion” becomes communications, customer loyalty and brand equity. We move from a focus on “tactical” decisions with low exit costs and “local” impacts to strategic” decision which have higher exit costs and broader impacts on: other functions, organizational effectiveness, the implementation of Business Strategy, and the sustainable profitability of the strategic business unit (SBU).

The course assumes marketing knowledge equivalent to BUS371 or by understanding the materials presented in A Preface to Marketing Management by Peter and Donnelly (McGraw-Hill, 10th Edition, 2006 ISBN 0-07-296216-x, paper).

There are seven big ideas in Marketing Management:

- A). **Taking a strategic approach to marketing decision-making.** The long-term integration of marketing mix decisions with each other and with decisions being made by other functions. In essence – marketing’s role in the “**cross-functional implementation of business strategy**”.

- B). Identifying and defining market segments and choosing target markets. Defining the “business” in terms of customer(s) served and problem(s) solved –i.e.: **“segmentation”**.
- C). The careful identification and analysis of market segments and the alignment of the marketing mix decision set with the needs and buying behavior of the segment – i.e.: **“positioning”**.
- D). The role of marketing in creating and sustaining a source of **Competitive Advantage** for the SBU. Creating a “culture” and a Business Strategy that is truly customer focused.
- E). Marketing decisions are intended to change the customer and the market’s behavior. Understanding **the economics and psychology of market activity** is the essential knowledge base for effective strategic marketing.
- F). Analyzing the economics of the Marketing Plan and its financial impacts on the business unit
- G). Developing and **executing** a ‘Plan of Action’ to implement the marketing strategy including allocation of resources, budgeting \$ control, and the allocation of ‘Decision Rights’ to various parts of the organization structure.

In addition I hope that each student will leave the course with improved skills in communications, teamwork, analysis and critical thinking; and Strategic Management.

II. COURSE MATERIALS

Required:

- (KP) 1. **Strategic Marketing Problems (11th Ed)**
by Roger A. Kerin and Robert A. Peterson
(Pearson Prentice-Hall, 2007, ISBN 0-13-187152-8)
- 2. **CAPSIM: A Strategic Management Simulation**
Go to www.capsim.com
Your Game is sim ID C28850– Register & Pay Online (Price: \$43.99).
Player’s Manual and team assignments and notes given out in class. Each Player on the Team must register and pay individually.
- (RT) 3. **Positioning by Ries and Trout (McGraw-Hill, paperback edition 2001)** a marketing “classic” emphasizing the importance of the customer’s cognitive processes.

(MWB) 4. **Marketing Management (6th Ed) by Mullins, Walker and Boyd**
(McGraw-Hill Irwin, 2008, ISBN 978-0-07-352982-0)

5. **Class Hand-Outs**

Highly Recommended (Also available on Library reserve)

1. The Marketing Imagination by Theodore Levitt (Free Press, 1983, ISBN: 0-02-919090-8) a Classic for (Future) “Practioners”
2. Total Integrated Marketing by Hulbert, Capon and Piercy.
Free Press, 2003
A well-written “trade” book making the case for marketing driven business planning and thinking.
3. Market-Based Management: Strategies for Growing Customer Value and Profitability by Roger J. Best (Prentice-Hall, 2004) An easy-to-read overview with emphasis on market analysis and strategic marketing mix decisions.
4. Mastering the Dynamics of Innovation by James M. Utterback (HBS Press, 1994, paper) a historical overview of the process of technological Innovation with special attention to the role of customers and competitors.
4. Analysis for Marketing Planning, 5th Ed by Lehman & Winer (McGraw-Hill/Irwin, paper 2002). Detailed help in competitor and customer analysis and demand forecasting.

III. Learning, Grading and Workload

This is an advanced elective course that requires students to take substantial individual responsibility for their own learning and for the learning of the class as a whole. Students need to be well prepared for class and to actively participate in classroom discussions and case analyses. The text and other books and readings are offered to provide you with useful concepts and techniques that will support your analysis of cases and playing the game; and also to further develop your own thought processes. The classroom time will focus on case analysis and the development of “action” plans for each situation. Extensive preparation of each case; including discussion with team-mates before class is important.

Grades will be subjective but will be developed based upon the following performance

criteria; in approximately *equal* weights:

- A. Class attendance and quality of participation in case discussions.
- B. Team written papers and team oral presentations including CAPSIM results and discussion paper
- C. Individual written assignments including the “Final Course Memo”.

Reasonable accommodations will be made for students with documented disabilities. In order to receive accommodations, students must obtain a letter of accommodation from the Center for Disability Resources and make an appointment to speak with me as soon as possible. My office hours are listed at the beginning of the syllabus. The Center for Disability Resources is located in the Life Sciences Building, room 218, 312-567-5744 or disabilities@iit.edu.

REMEMBER: Grades represent results; NOT level of effort. However, it is highly unusual for a student to earn a superior grade without a high level of effort.

Note #1: Individual extra credit opportunities are offered to provide you with some flexibility in your work load and are also an opportunity for a “late bloomer” to catch up. Extra credit grades will be used to replace either missing or poorly done individual case analysis assignments only (not including the Final Memo). That is, the highest extra credit grade will replace the lowest individual written grade, the next highest; the next lowest, and so on.

Note #2: All individual & team papers (including extra credit) are due at the beginning of the class in which the case is discussed or presented. Papers must be handed in – IN PERSON. NO “sent-in” or e-mailed papers will be accepted except under rare and extraordinary circumstances. Use the extra credit opportunities to make up for a missed assignment or class. Papers should be printed, double spaced and using a readable font and type size.

Note #3: Think more and write less! Do not repeat case facts –only reference them as “evidence” to support your analysis.

A Final Comment: Class discussions are a group problem solving exercise – Not a “contest” and NOT an occasion for each individual to impress the instructor. It allows NO SPECTATORS; everyone must participate and be prepared.

The classroom offers a “safe” environment to test your analytical and communication skills. Be an active participant! “High marks” will be given for aiding the flow of ideas and analysis and contributions to the

action plan and decisions developed by the class. If someone else makes your point – agree and move on – unless you disagree – then say so and explain your reasons and analysis.

You also may (and are expected to) speak up when you disagree with either the instructor or your classmates. The classroom is a joint or “community” learning experience. It is the process that counts – Not getting a “correct” answer. There are in fact very few “correct” answers – only analyses that fit the facts and actions that fit the analyses. The strength of your logic is as important as the creativity of your plan of action.

IV. SCHEDULE and ASSIGNMENTS

Week One –Tuesday, 1/20 and Thursday, 1/22, 2009

INTRODUCTION TO MARKETING MANAGEMENT

TOPICS:

- Industry Structure & Business Strategy (Videotape)
- Review of Marketing Principles
- Analytical Skills & Communications
- Some Useful Models & Theory
- Defining the Business – The Strategic Business Unit

Read: Review BUS 371 materials, especially text chapters on Consumer Behavior

Housekeeping:

1. Form 4 team case presentation groups (I , II, III, IV) AND one CAPSIM Team (Ferris)
2. Discuss CAPSIM Game and Team vs. Individual Assignments, Presentations, Hand-Ins and Class Discussions. Ethical Issues, Plagiarism and Co-Operation.
3. Handouts, etc.
4. Class roster – emails, etc. – fill out/hand in Appendix A

Case Discussions:

- 1/20 **MICROFRIDGE – THE CONCEPT**
 1/22 **MICROFRIDGE – THE EXECUTION**

Thought & Discussion Questions:

1. What is marketing? What is “Marketing Management”?

2. What are Marketing Strategy and Strategic Marketing?
3. What is a/the Marketing Plan?
4. What do “marketers” do? How/when do we know that /if Marketing/ers has been “successful” or effective?
5. Why do people/firms buy? Who buys?

Week Two –Tuesday, 1/27 and Thursday, 1/29, 2009

The Marketing Process- Strategy and Entrepreneurship

Segmentation & Positioning

- Demand Analysis
- Consumer & Buyer Behavior
- Marketing Mix
- Link to Corporate and/versus Business Strategy

Housekeeping:

Review Team Assignments and **CAPSIM** Game

Read:

1. **K and P:** Ch 1 and 2 and Appendix (P 688)
2. Note to the student on the case method
“What is Strategy” by Michael Porter (HBR, Nov-Dec ’96)
3. Various “Porter” Notes
4. “Marketing Myopia” by Theodore Levitt
5. **MWB:** Ch 1 and 2 and Appendix 2.1 (p.67-68)
6. ‘The Art of Designing Markets’ by Alvin E. Roth (HBR, Oct. 2007)

For Greater Depth:

- Hulbert, et al, p.1 – 54
- Peter & Donnelly p.1-36 and p. 55-84, p. 85-98, p. 275-340 (very useful!!)
- Best, p. 368-388
- “Lessons in the Service Sector” by Heskett (HBR, March-April ’87)

Case Discussion & Preparation

- 1/27 **Columbia Plastics**
- 1/29 **Calyx and Carolla**

Individual Written Assignment # 1 Due 1/29 in class

(Max Limit: 3 pages + exhibits)

Calyx and Carolla: What would C & C have to do to interest you in investing \$10,000,000 of your Hedge Fund to take C & C to the next level? What is the ‘next level’? How much can you expect to make on this investment opportunity?

Write a Memo to Ruth with your analysis of C & C's situation (competition, target market and buyer's needs/behavior, business strategy, organization structure and marketing 'tactics') and your recommendations for action to improve profits and attract your investment.

Week Three – Tuesday, 2/2 and Thursday, 2/5, 2009

Marketing Strategy: Technology and Innovation – New Product Introduction

- Defining and Analyzing Segment(s)/Choosing "targets"- Opportunity Analysis
- Putting the Mix together – "Positioning"
- Aligning the Mix with the Segment
- Aligning Marketing Decisions with Business Strategy
- Evaluating the Risks (exit costs)

Housekeeping:

Final Team Organization

Read:

1. **K & P:** Ch. 3 and Ch. 4
2. Marketing Strategy Formulation (note)
3. Industry Structural Change (note)
4. "Business Marketing: Understanding What Customer's Value" by Anderson and Norms (HBR, Nov-Dec '98)
5. **MWB:** CH 3 and 4

For Greater Depth:

1. Hulbert, et.al., p. 55-109
2. Lehman & Winer, p. 1 – 105
3. Peter & Donnelly, p. 37 – 54
4. Best, p. 3 –164 (skim for useful models)

Case Preparation & Discussion:

2/3 Toucon Collections, Inc.

2/6 **Shoes for Moos, Inc.**

Note: For each of these cases; analyze the opportunity and prepare a "go to market" plan – for class discussion. Be prepared to present your overall 'plan' to the class – ONE OVERHEAD ONLY.

(No Written Hand In Required)

Week Four: Tuesday, February 10, 2009:

NO CLASS – CAPSIM PRACTICE ROUND #1 due 9pm, Tuesday, 2/10

Thursday, February 12, 2009

TARGET MARKET SELECTION

Housekeeping: CAPSIM Teams and Schedule

Read:

1. **K & P:** Ch. 4 Review
2. Target Market Selection and Product Positioning
3. Understanding User Needs
4. Product Life Cycle
5. **MWB:** CH. 5 and 6

For Greater Depth:

1. Hulbert, et al, p. 111 – 167
2. Peter & Donnelly, p. 99- 122
3. Best, p. 165 – 194
4. Lehman and Winer Page 106 – 169 and 214 –246
5. “Marketing Intangible Products and Product Intangibles by Ted Levitt (HBR, May-June 1981)

Case Preparation and Team Presentations

2/12 **Jones-Blair Corp**

Team Oral & Written Presentation #1 – Team I

How has the industry evolved? What has happened to J-B’s business? What should J-B do now? WHY?

Oral: Team I will present a detailed analysis and action plan for its case.

Time: 30 minutes (max)

Written Hand-In: Team I will present a group paper with the details of its analysis and action plan.

Max Limit: 6 pages and exhibits due in class 2/13

Class Handouts: A one-page summary of your case analysis and action plan plus copies of slide or key exhibits.

Note: Everyone is responsible for reading and analyzing **all of the cases for every class** – not just your presentation case. The quality of class discussion after each case presentation will have an impact on the presenting Team’s grade. Be prepared to participate! (NOTE: ‘Do unto others as you would have them do for your team.)

Week Five: Tuesday, February 17, 2009

No Class-CAPSIM Practice Round# 2 due 9pm on Tuesday, 2/17
(NOTE: The CAPSIM game will be reset for 'real' play on Thursday 2/19 at 8pm)

Thursday, February 19, 2009

POSITIONING, BRAND MANAGEMENT AND PRODUCT STRATEGY

Read:

1. **K&P:** Ch 5
2. Commercializing Technology: Imaginative Understanding of User Needs
3. Product Development: A Customer Driven Approach
4. Trout & Ries, p. 127-136
5. **MWB:** CH. 7, 8 and 10

For Greater Depth:

1. Mastering the Dynamics of Innovation (see especially Chs 1, 2, 3, 8 and 9)
2. Lehman & Winer, p. 170 – 209
3. Peter & Donnelly, p. 123 – 138
4. Hulbert, p. 195 – 222

Case Preparation & Discussion

2/19 **Zoëcon Corporation**

Team Oral and Written Presentation # 1 – Team II

- How should Zoëcon bring their new technology to the market? Which “products” and Segments look most promising?

Team: Oral – 30 min limit (max)

Written: Hand In – 6 pages (max)

Class Handout – A one-page summary

Week Six: Tuesday, February 24, 2009

No Class – CAPSIM ROUND ONE due by 9pm, Monday 2/25

Thursday, February 26th, 2008:

Integrated Marketing Communication:

- Getting into the mind of the customer
- Changing consumer/ buyer behavior
- Brands (equity) vs. Products (attributes)
- Communications Aligns Segments with “ Position”

Read:

1. **K and P:** Ch. 6
2. Ries & Trout, CH. 1-6
3. Analyzing Consumer Perceptions
4. **MWB:** CH. 9 and 13

For Greater Depth:

1. Peter & Donnelly, Page 139 – 188
2. Best, page 246-268

Case Preparation and Class Discussion

2/27: **Crestfield Furniture Industries A and B**

Individual Written Assignment # 2:

What should Crestfield do? Support your recommendation with analysis of buyer behavior and the costs of advertising vs. direct sales (push vs. pull).

Limit: 4 pages & exhibits (max) Due in class 2/26.

Week Seven:

Tuesday, 3/ 3, 2009

No Class-CAPSIM Round Two due 9pm Tuesday 3/3

Thursday, March 5, 2008:

Channels of Distribution – Going to Market

- Channel Design & Selection
- Motivating & Controlling the Channel
- In House vs. Outsourced Channels – Weak Links in the Supply Chain
- Channel Design is the Allocation of Marketing Mix “Decision Rights”
- Customer Relationships & Relationship Marketing
- Who “Owns” the Customer?

Read:

1. **K and P:** Ch. 7
2. Cespedes, “Channel Management is General Management”
3. **MWB:** CH. 12

For Greater Depth

1. Hulbert, page 169-194 and 223 – 247
2. Peter and Donnelly page 165-202
3. Best, page 222 – 245
4. The High Impact Sales force

Case Preparation and Team Presentations # 1

3/5 Team : **Peak Garage Door, Inc.**

3/5 Team : **Merton Industries**

Team Oral and Written Presentation

Oral: Limit 30 Min

Written Hand In: 6 Pages (Max) due in class 3/5

Class Hand Out: 2 Pages (Max)

Week Eight:

Tuesday, March 10, 2009

NO CLASS - CAPSIM Round Three due 9pm Monday 3/10

Thursday, March 12, 2009

PRICING

- ‘Value-in-use’ pricing
- Price to Customer vs. Price to Channel
- Prices are Determined by competition in the “Market”
- Psychological Aspects of Pricing: Price Setting vs. Price “Getting”
- Price must cover the costs of the marketing mix
- Who is Responsible for PROFIT?
- Price or Cost?

Read:

1. **K & P:** Ch. 8
2. Price Discrimination
3. Precision Pricing for Profit in the New World Order
4. MWB: CH. 11

For Greater Depth:

1. Best, p. 195 – 221
2. Lehman and Winer, page 163-169, page 170-210
3. Peter and Donnelly, page 203- 212
4. Performance-Based Pricing is More Than Pricing

Case Preparation

3/12 - **Augustine Medical, Inc.**

Individual Written Hand-In #3

What price should Augustine Medical, Inc. set for the Bair Hugger? Retail? Wholesale? Other? Why? How profitable will the new product be? Support your recommendation with

appropriate analysis.

Limit: 4 Pages + exhibits (max) Due in Class 3/12

Tuesday, March 15 and Thursday March 17

SPRING BREAK NO CLASS

Week Nine:

Monday, March 24, 2008:

No Class – CAPSIM ROUND Four due 9pm Tuesday, 3/24

Thursday, March 26, 2009:

Strategy Execution and Control

READ:

1. **K & P:** CH. 9
2. **MWB:** CH. 17 and 18
3. **Ries and Trout:** CH. 7-12

Case Preparation

3/26 **Association Power.Com**

Class Discussion

What should Association Power.com do to sustain their growth and profits? Why? How? How well has AP.com performed so far? How do marketing expenses relate to revenues and profits at AP?

Week Ten:

Tuesday March 31, 2009:

NO CLASS - CAPSIM ROUND FIVE due 9pm Tuesday 3/31

Thursday, April 2, 2009:

CREATING, ORGANIZING and SUSTAINING INTEGRATED MARKETING – THE CHALLENGE AHEAD

- Read:**
1. Sustaining Value
 2. Sustaining Superior Profits: Customer & Supplier Relationships
 3. **K & P:** Ch. 10
 4. **Ries and Trout:** CH. 13-18
 5. **MWB:** CH. 15

For Greater Depth

1. Hulbert, et, al, page 249- 309
2. Best, page 269-386
3. Utterback, page 189 – 232
4. Peter & Donnelly, page 213-274

Case Preparation and Team Presentations # 3: Both Teams I and II

4/2 Curled Metal Inc. – Engineered Products Division

Should CMI introduce the new product? Justify! What is the potential profitability/ROI? Proforma Cash Flows? What target market? What marketing mix? Develop a plan. **Work the Numbers!**

BOTH Team I and Team II

ORAL: 30 min (max)

Written Hand In: 6pages + exhibits (max)

Hand Out: 2 pages (max) due in class 4/2

Week Eleven

Tuesday, April 7, 2009:

NO CLASS-CAPSIM ROUND SIX due 9pm, Tuesday, 4/7

Thursday, April 9, 2009:

Comprehensive Marketing Plans

Read:

1. **MWB:** CH. 14 and 16 and review CH. 9
2. **Ries and Trout:** CH. 19-25

Case Preparation and Class Discussion

4/9 **Dixit – A Marketing Opportunity**

Individual Extra Credit Opportunity #1

How can Dixit succeed in a market where two similar products have failed?

Limit: 4 Pages + Exhibits (max) due in class 4/9

Week Twelve:

Tuesday, April 14, 2009

NO CLASS-CAPSIM ROUND SEVEN due 9pm, Tuesday, 4/14

Thursday, April 16, 2009

Comprehensive Marketing Plans

Case Preparation and Team Presentations #2

4/16 **Team III:** **Frito-Lay, Inc.: Sun Chips**

What actions should Dwight Risky recommend to F-L's top Executives?
Why? Justify!

4/16 **Team IV:** **Keurig at Home**

What should Keurig do? Why? How? Support your suggestions
with appropriate analysis.

Oral: 30 min (max)

Written Hand In: 6 pages + exhibits (max) due in class 4/16

WeekThirteen:

Tuesday, April 21, 2009:

NO CLASS – CAPSIM ROUND EIGHT due 9pm Tuesday, 4/21

Thursday, April 23, 2008:

BRAND MANAGEMENT

Class Discussion:

4/23 **Kingsford Charcoal**

Individual Written Case # 4

Develop an Action Plan and *justify* your recommendations. (Work the Numbers!!!)

Limit: 6 pages + exhibits (max) due in class 4/23

Week Fourteen: Tuesday, April 28 and Thursday April 30, 2008

Case Presentations, Class Discussions and Assignments:

NOTE: Combine into 2 larger teams for this assignment on 4/28

4/28 Team I + II: **Swisher Mower & Machine Company**

4/28 Team III + IV: **Parker House**

Team Oral: 30 min (max) **Team Hand In/Hand Out:** 2 pages + exhibits

4/30 **A-1 Steak Sauce**

Individual Extra Credit # 2: How should A-1 react to introduction of Lawry's Steak Sauce?

Limit: 4 pages + exhibits due in class 4/30

4/30 **Mediquip**

Individual Extra Credit # 3: When did Mediquip lose the sale? Why? What could they have done better? Who is responsible for the lost sale? Why???

Limit: 4 pages + exhibits due in class 4/30

Week Fifteen – Tuesday, May 5 and Thursday May 7, 2009

Tuesday, May 5 – No Class

Thursday, May, 7

Organization and Management of the Marketing Function

Case Discussion: Cunnard Lines

Team Presentations and Papers on CAPSIM + Review and Catch-up

Limit: Oral: 30 minutes (max.) **Limit:** Written: 10 pages + exhibits (max)

Analyze your Team's performance in the simulation. What have you learned about strategic marketing? **What have you learned about team work?**
How well does the CAPSIM simulation align with the lessons learned from the Cases?
Be specific and give examples from both text/readings and cases.

Note: Treat this assignment as a final exam. Use it to demonstrate your mastery of the concepts presented in BUS 471.

Final Memo: Individual Written Assignment # 5)

Write me a memo evaluating the course and your learning experience. What have you learned in this course? How has it affected your thinking about marketing? How much of it was "New" to you? How will you use your new knowledge in the future? What did you like best about the course? What did you like least? What could I do to improve the course for future classes?

Max. Limit: None + exhibits. **Due in class by 5/7 or by email no later than 5/12 at 9pm**

THE END

APPENDIX A
BUS 471
STUDENT INFORMATION SHEET

NAME:

_____ **Nickname:** _____

CELL PHONE: _____

Email: _____

EXPECTED GRADUATION DATE: _____
FULL _____ **or PART TIME** _____

RELAVENT WORK EXPERIENCE:

OTHER RELAVENT BACKGROUND:

YOUR CAREER GOALS AND EXPECTATIONS ABOUT THIS COURSE: (USE BACK OF SHEET)

