Sloan School of Management, MIT
15.809
Strategic Marketing

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Schedule

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<td>A</td>
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<td>10.20-11.50</td>
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<td>E &amp; F</td>
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<td>C</td>
<td>C &amp; D</td>
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Web Site

The web site for the course is at: http://sloanspace.mit.edu

Nature and Purpose of the Course

In this course we seek to:

- Introduce you to key marketing ideas and phenomena, especially the core theme of delivering benefits to customers.

- Develop your skills in marketing analysis and planning.

- Familiarize you with the tactics of the marketing (product strategy, pricing, advertising, other communications, and distribution policy) and enhance your problem solving and decision making abilities in these areas.

- Provide you with a forum (both written and oral) for presenting and defending your own recommendations and critically examining and discussing those of others.
We explore theory and practice that draws on customer analysis, competitive analysis, and analysis of core strengths in marketing and product development. We use cases, discussions, and readings to provide a mix of integrating concepts and hands-on problem solving. We encourage a variety of perspectives on marketing issues.

Many ideas of marketing transcend the specific application. For example, ideas of customer input, matching the channel of distribution to the product, matching the technology to the market segment, and understanding core competence relative to competition apply to financial services, consumer products, automobiles, airline services, not-for-profit eye clinics, and even blue jeans. They apply to both bricks and mortar companies and to eCommerce companies. We draw material from a variety of sources including services, consumer products, industrial products and from a variety of settings (Europe, Asia Pacific, Latin America, US). This final step of transferring the ideas from the cases to your own situation is critical to making these ideas work for you.

The course is designed as an introductory survey of marketing topics for students who have not previously taken a marketing course. There are no pre-requisites.

### Course Materials

The course draws upon a readings packet containing cases and required readings. There is no required textbook for this subject.

### Evaluation of Work

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### Organization of Course

The course is organized so that each class is either a lecture or a case discussion. Lecture classes and case classes alternate, with the lectures covering material relevant to the next case. Copies of the slides I will be using will be available on the web in PowerPoint format ([http://sloanspace.mit.edu](http://sloanspace.mit.edu)). You should plan to review these slides before coming to class.
The slides are not complete - they will need to be annotated during the lectures. If you miss a class make sure you get annotations from a colleague. In the spirit of continuous improvement, the slides may also be changed. If I make dramatic changes to the notes I will try to bring new copies to class.

I recommend the following reading priorities: cases, required reading and then lecture notes.

**Forming teams**

Students are asked to form teams to prepare for the cases. The target size is four people. Three is viable but more than four or less than three is strongly discouraged. You are welcome to draw from the structure of your core teams, but this is not required.

In forming the teams we build on one of the strengths of the Sloan Management Program – its significant international population, the largest of any major business school. Marketing today is global. The basic ideas of marketing transcend national borders and it is essential to be able to analyze and adapt to new environments. We request that you form multinational teams. You will be better able to understand the issues in these cases if your team is drawn from a variety of regions with a variety of experience.

**Cases Generally**

The cases facilitate the discussion of marketing problems in real situations. You should read these cases carefully and come to class prepared to provide constructive input as the class works together to address the issues of the case. The situations in the case are complex. It is rare that the entire class will come to a consensus because the appropriate response often depends upon which assumptions are accepted. Real learning takes place when you see how others address a problem about which you have thought carefully. The better you are prepared, the more you learn.

The best way to prepare is to attempt to answer the discussion questions (posted on the website). These questions provide an outline of how we might proceed in class. If you can answer each question well, you will understand the basic issues of the case.

We strongly encourage you to discuss the case within your group. You will benefit from defending your ideas and you will learn by discussing other group members’ approaches. For the cases that are not due as written cases, you may discuss the general issues with other students at Sloan. However, you should not discuss these cases with any students who may have studied them in a prior
year. For the three written group cases you should discuss the cases only within your group. All group members should contribute to the case write-up, which is expected to be original material. Because a key benefit of case discussion is that you form your ideas and defend them to your peers, you are not to consult any files from previous years on the cases.

Early in the semester there may be some uncertainty as to what is expected in preparation for a case. The TAs are here to help you. I have asked the TAs to meet with each group as you prepare for one of the early case discussions. The TAs will attempt to arrange a time and place that is mutually convenient.

**Group Case Reports**

Each group will be required to hand in three case write-ups. You may choose any THREE of the following EIGHT cases:

- Barco
- American Airlines
- Vestron
- Optical Distortion
- Tweeter etc.
- Boston Whaler
- Michael Bregman
- Pizza Hut

The reports should consist of (at most) 3 pages and should address the questions that will be distributed. Your reports must be handed in at the start of the class in which the case will be discussed. These cases will be graded and will determine 40% of your overall grade.

Questions for each case can be found on the web site. Use these questions to guide your reports (and to help prepare for our discussion of the other cases). Some additional recommendations:

1. Your write-ups should be in bullet point form.
2. Separately answer each question. Use headings to highlight which questions you are answering.
3. Start with the most obvious points and then work from there. Do not omit the obvious points.
4. I am more interested in the quality of your analysis than the accuracy of your conclusions. Make sure that you give both the pros and the cons of each alternative.
5. Read the previous week's lecture notes before writing your analysis.

6. Structure your answers using sub-headings if necessary to make it clear that you have used an analytical approach to reach your answers. The grader will be treating (apparently) random lists of issues with caution.

A common remark made by students after the case discussions is that their group talked about most of the important points but ran out of space in which to write them all down. This is symptomatic. The role of the course is to help you to identify which of the details hidden in the myriad of facts comprising each case are most relevant. The page constraint forces you to reveal to me what you think is relevant.

**Individual Case Reports**

In addition to your three group case write-ups, each person must hand in an individual report on each case (not including the three cases that comprise your group report). This report should be no more than one page in length and should briefly summarize the answer to each of the case questions.

You will receive credit simply for handing in each of these reports on time. These reports will not be individually graded or returned, however, they will be used to help determine final grades for students close to the letter cutoffs.

**Final Exercise**

A final exercise will be handed out at the start of the semester. It will be a group exercise. Instructions will be provided and a report will be due on Monday November 17.

**Required Readings**

The materials listed in the Required Readings section at the end of this outline are all provided in the course packet. You should be ready to discuss the major ideas they contain.

**Class Discussion**

The benefit that you will derive from the course will depend upon the extent to which you expose your own viewpoints or conclusions to the critical judgement 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 suggest examples that demonstrate your understanding of the material. It is not an opportunity to listen to yourself speaking.

It is imperative that you read all of the cases to be discussed and come to class with a series of comments that you think will be interesting to the class. If you must miss a class, warn one of the TAs so that you do not lose credit for class participation. Try to remember to bring your name cards to class (at least for the first few weeks).

**Ethics**

An important concern in any discipline is the ethics of its practitioners. This is certainly true in marketing and advertising. Ethical issues will arise in the case discussions. Indeed, some managers in the cases act in ways you might not consider ethical. In some situations these actions are left in the case specifically to raise ethical issues. We encourage you to address these issues in class discussion.

We subscribe to the Sloan professional standards. Please arrive on time for class with uninterrupted attendance for the duration of the class. I will endeavor to end class on time. Furthermore, please maintain a professional atmosphere. This includes, but is not limited to, using respectful comments and humor, employing appropriate manners and decorum, utilizing computers and technology suitably (e.g., silencing wireless devices, no web-browsing or emailing), and refraining from distracting or disrespectful activities (e.g., avoiding side conversations and games).
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<td>7</td>
<td>3 Oct</td>
<td>Barco*</td>
<td>Case</td>
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<td>8</td>
<td>6 Oct</td>
<td>American Airlines*</td>
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<td>8 Oct</td>
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<td>Channels I</td>
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<td>16</td>
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<td>18</td>
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<td>Michael Bregman*</td>
<td>Case</td>
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<td>19</td>
<td>12 Nov</td>
<td>Pizza Hut*</td>
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<td>20</td>
<td>14 Nov</td>
<td>Final Class</td>
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*Cases eligible for group case reports.
Reading In Course Packet

Cases
Vicks Health Care Division, Project Scorpio (A)
Red Hat and the Linux Revolution
Barco Protection Systems (A)
American Airlines, Inc.: Proposal for a Three-Class Transcon Service
Vestron
Optical Distortion, Inc. (A)
Tweeter etc
Boston Whaler, Incorporated: Managing the Dealer Network
Michael Bregman
Pizza Hut

Customers
Segmentation, Targeting and Positioning
Mental Accounting and Consumer Choice
Get Closer To Your Customers By Understanding How They Make Choices
Always Leave Home Without It

Marketing Strategy I
Profits Increase With The Level of Firm Differentiation
When Slimming is Not Enough
Competing on Resources: Strategy in the 1990s

Marketing Strategy II
Double Marginalization: A Simple Illustration
Barnes and Noble, Ingram Deal Under Scrutiny
Republic Industries, Toyota Settle Dispute
Sovereign Consumers
Advertising (Note: this material is at the back of the course packet)
How to Produce Advertising That Sells
Snuggle Gets An Image Makeover
Clorox A, B, C, D, E and F, Stanford Case

Product Development
The Growth Machine, The Economist
Jager’s Gamble, The Economist
Know Thyself, The Economist
Phase 1 Research Instrument
Phase 2 Research Instrument

Pricing
How Do Customers Know the Price is Right?
Are Sale Signs Less Effective When More Products Have Them?
Effects of $9 Price Endings on Retail Sales
Price Discrimination as a Signal
Court: Vertical Price Fixing Isn't Necessarily Illegal
Manufacturers Allowed To Cap Retail Prices

Channels I
The Challenge of Managing a Supply or Distribution Channel
Channel Conflict on the Internet,
Economic Organization and Efficiency
Direct and Indirect Bargaining Costs & the Scope of the Firm
Village People
Categorical Imperatives

Channels II
Bose Corporation: The JIT II Program (B) and (D), HBS case