Strategic Marketing
MKT 382.4 – Unique 04440
Fall, 2004

Instructor: Kate Mackie Office: CBA 7.210 Classroom: UTC 1.102 Office hours: TTh, 10-11 (and by appt.) Tel: 232-4844 E-mail: Kate.Mackie@mccombs.utexas.edu	TA: TBD Office: Office hours: E-mail:
MarkStratOnline Course ID: A40133	**(Use this when you register on MarkStratOnline)**

Course description

The primary objective of this course is to help you develop skills and gain experience in formulating, implementing, and monitoring marketing strategy. The course will focus specifically on issues such as the selection of businesses and segments in which to compete, how to allocate resources across businesses and segments, and elements of the marketing mix. It will also address other significant strategic issues facing today's managers.

Learning methods

The course uses (a) case discussions complemented with (b) lectures and discussions of readings, and (c) an extensive computer simulation. You will work on the simulation in teams.

We will use a combination of lecture and reading/case discussions in this class. The classroom environment will be very interactive, so prepare to get involved. Students come from a variety of backgrounds with a large and diverse knowledge base. Therefore, the primary role of the professor will be to facilitate discussions that bring out pertinent issues and to better frame the analyses of these issues. Additionally, please familiarize yourself with how to prepare a case analysis (see Appendix 1). An analysis is very different from a descriptive review of case facts. A good case analysis would use the required format, highlight pertinent environment issues, offer and argue alternative solutions, and support a final recommendation.

A comprehensive strategic marketing simulation, *MARKSTRAT ONLINE*, will allow you and your teammates to develop and monitor the effectiveness of marketing strategies, including targeting, positioning, and resource allocation decisions. This realistic computer simulation allows you *to learn by doing* (well, virtually) and to appreciate more deeply (a) the need for understanding customer needs, (b) the importance of taking a long-term perspective, and (c) the inherent ambiguities in developing strategies in dynamic competitive environments.

Required materials

Text: Larréché, Jean-Claude, Hubert Gatignon, and Remi Triolet (2003), MARKSTRAT ONLINE: Student Handbook. Minute Man Press, Cambridge, MA. (Note, previous classes used Markstrat 3. MarkStrat Online is a new version and the old manuals will not work). Note that *every student* will need a Course ID number to register online for MarkStrat. Our Course ID number will be: **A40133**

Case Packet: The case packet is available through University Duplicating here in the Business School. It includes Harvard Case Studies as well as a few articles which were not accessible electronically.

Other Readings: A number of readings for this class are identified as "Business Source Premier" in the course schedule. These articles can be printed or downloaded in PDF format from Business Source

Premier. For these articles, go to http://www.lib.utexas.edu/. Go to the heading called FINDING INFORMATION. Click on "Databases and Indexes to Abstracts." Click on "Databases by Subject". Click on "Business." Click on "Business Source Premier." You will need to sign in with your UT EID. Then, type the name of the article into the "Find" box. For example, for the first article in the schedule, type in Discovery Driven Planning. You will find the article part way down the page. Click on the PDF version of the article. Once it opens, you can either print or save it to your hard drive.

Other Materials: Other materials, such as study questions for case studies, grading sheets for assignments, and lecture slides, are available on Blackboard.

Grading

Each student will be evaluated on the following basis:

Contribution in class (individual)	15%	Ongoing
Contribution to team – peer evaluation (individual) (Note that if you do not submit a peer evaluation for your teammates, you will receive a score of 0 for this assignment)	05%	Ongoing – Evaluation due 12/02
Case write-up (individual) (6-8 pages, double-spaced)	20%	Case day
Case brief (individual) (1 page, single-spaced)	10%	Case day
MarkStrat Bus. Review and Yr. 3 Mktg Plan (Team)	15%	10/05
MarkStrat Bus. Review and Yr. 9 Mktg Plan (Team)	20%	11/23
MarkStrat Bus. Review and Yr. 9 Mktg Plan (Team) Presentation	10%	11/23, 11/30, 12/02
MarkStrat Performance	05%	Decision 9 Results
	100.00%	

Class contribution (15% + 5%) (Individual Work)

All students are expected to be present, ***punctual***, and ***prepared*** to contribute to all class sessions. Because of the commitment to class discussion, learning hinges on your constructive in-class contribution. By constructive contribution I do not mean "air time," but comments and questions that help advance everyone's learning, including mine.

Specifically, the elements considered in grading class contribution are: Do your comments indicate that you prepared the materials for the day? In a case discussion, do you go beyond repetition of case facts to analysis and recommendations? Do your comments show evidence of assimilating and integrating what has been covered in the course so far? Are you a good listener – do you listen to what others are saying and contribute constructively to enhancing the discussion? Do you make insightful comments or ask thought-provoking questions? Have you contributed to the learning in the room?

Contribution Scoring: At the end of each class, I will score each student's contribution on the following scale and post the scores on Blackboard. The emphasis on scoring will be on quality over quantity. In other words, with one "10" comment, you would receive a 10 for the day. The scale is:

0 = absent
7 = present, but no contribution
8 = 1 or more average contributions
9 = 1 or more insightful contributions

10 = 1 or more outstanding contributions

For more information, see Appendix 3, Effective Class Discussion.

Remember, constructive contribution requires that you attend class and *thoroughly* prepare the materials assigned for each day. I will cold-call. If you do not feel adequately prepared to participate in the discussion and do not want to be called upon, please let me know at the beginning of the class.

Similarly, your contribution to your team will be crucial for the success of the team as a whole. Moreover, providing accurate, realistic evaluation of one's peers (and subordinates) is a key part of any manager's job. Therefore, to provide practice in this important skill, you will be expected to provide as accurate an estimate as possible of the contribution made by each of your teammates in your team case discussions and MarkStrat. The Peer Evaluation form is posted in the Documents section of Blackboard, along with the Syllabus. The Peer Evaluation form is due at the end of our last scheduled class day. Please note that if you do not submit a Peer Evaluation form, you will receive a zero on your own Peer Evaluation, regardless of the scores submitted by your teammates.

Written Case Analysis (20%) *(Individual Work)*

One written case analysis (6-8 pages, double-spaced, Times New Roman, 12 pt. Font) will be due in the course of the semester. All work on this write-up needs to be done *individually* – no group submissions and no group discussion/preparation. I will e-mail a sign-up sheet for these on Thursday, Aug. 26 (Note that the first case write-up is due on Sept. 2). A maximum of six students will be able to sign up for each case and brief. Cases will be assigned on a first-come, first-served basis. All reports are due electronically by the beginning of the class session when the case is discussed. Late cases will not be accepted – no exceptions. For information about the case method, see Appendix 1. Success in business relies heavily on your ability to communicate information. You will also find that many businesses require specific formats for specific purposes. Therefore, case write-ups will also be graded on the quality of writing and adherence to the required format. A sample case write-up and the grading sheet that I will be using for case write-ups is posted on Blackboard.

Written Case Brief (10%) *(Individual Work)*

One written case brief (1 page, single-spaced, Times New Roman, 12 pt. Font) will be due in the course of the semester. All work on this write-up needs to be done *individually* – no group submissions and no group discussion/preparation. I will e-mail a sign-up sheet for these on Thursday, Aug. 26 (Note that the first case write-up is due on September 2). All reports are due electronically by the beginning of the class session when the case is discussed. Late cases will not be accepted – no exceptions. For information about the case method, see Appendix 1. Case briefs, like case write-ups, will also be graded on the quality of writing and adherence to the required format. A sample case brief and the grading sheet that I will be using for case briefs is posted on Blackboard.

MARKSTRAT Performance (05%)

Your performance in MarkStrat will be assessed on (1) your company's cumulative contribution and stock price index compared to other companies, and on (2) whether your company has healthy medium-term prospects by the end of the simulation. However, I reserve the right to evaluate the process from a pedagogical perspective. Hence, good profitability need not always be as highly rewarded as, for example, the sound use of strategic concepts in a turnaround situation.

MARKSTRAT - Two "Business Reviews and Marketing Plans" (#1-15%; #2a=20%; #2b=10%) *(Team Work).*

In a "real-world" setting, marketing managers are expected to conduct periodic (usually annual) business reviews in a methodical/disciplined way and present plans to "management." Therefore, there is a great deal of focus on your ability to develop and present logical, defendable strategy. Therefore, you will be expected to develop/submit two Business Reviews with Marketing Plans (Tuesday, Oct. 5 and Tuesday, Nov. 23). Each will be done in presentation format (10-14 slides, excluding title and back-ups. Note that you are expected to write detailed explanations/comments, as well as implications, in the Notes pages). See Appendix 3 for more details.

1. Business Review and Year 3 Marketing Plan	15%
2a. Business Review and Year 9 Marketing Plan	20%
2b. New Team Debrief of Business Review and Year 9 Mktg. Plan	10%

In addition, include answers to the following questions as <u>back up</u> slides to your final business review document. Do not include them in your New Team Debrief presentation.

1. How did our strategy evolve and why?
2. Our best strategic move was …
3. Our biggest mistake was …
4. If the simulation were to continue for three more rounds, our ongoing/future strategy would be …
5. The main take-away from our MARKSTRAT experience is …

<u>New Team Debrief (10%) *(Team Work)*</u>
Context: Instruct take-over team on the history/performance and ***drivers*** of this business. What have you done in the past and what do you recommend they do in the future? What makes this business tick?

<u>Peer Evaluation (05%)</u>
Compete the peer evaluation form that is posted in Blackboard→Documents and submit electronically by 5:00 p.m. on Dec. 12.

<u>Appendix 1: Guidelines for Case Analyses</u>

Case Study Preparation

It is imperative that a businessperson be competent in the process of problem solving. Through the use of case studies this course will develop your skills in analyzing various business problems. Therefore, a basic methodology for situation analysis and decision-making is presented which will useful in most areas of policy making. The major steps in this process are:

1. Define the problem and the decision to be made
2. Determine which information is relevant and organize it into separate issues
3. Analyze each issue
4. Formulate viable alternatives
5. Evaluate the alternatives
6. Make a decision
7. Devise a plan for implementation

Note that the required format will take you through this process.

In preparing yourself for class, the following process may be helpful:

1. Thoroughly familiarize yourself with all the information given in the case. As you go through the information take notes and/or highlight and be sure you differentiate between fact and opinion.

2. State the central problem(s) <u>in terms of the decision to be made</u>. Your problem statement should be very direct and very succinct. (Take care not to identify a symptom of the problem as the problem itself. For example, low sales volume is a *symptom* of a problem. Start asking yourself *why*? Sales may be declining because morale is low and turnover is high. Why is morale low and turnover high? These effects may be caused by an inadequate compensation plan, which in turn may be caused by inadequate profit margins. Profit margins may be low because products have been improperly priced or the distribution system is antiquated.)

3. Divide the problem into logical areas of consideration. For example, a decision on whether to enter a new market may involve analysis of issues such as size and growth of the market, existing and potential competition, competitive fit of current marketing programs, and government regulation and policy. Analyze the case information in each area and try to draw conclusions about the situation with regard to each area.

4. Formulate alternative courses of action. Brainstorm to develop as many potential solutions as possible. Then reduce the alternatives down to the most logical (perhaps 3-4 alternatives, depending on the situation).

5. Evaluate the "pros" and "cons" of each alternative. Be sure to consider the long-run impact of each alternative. Try to determine how sensitive each alternative will be to outcomes/changes in the business environment which are different from what you are projecting.

6. Decide which course of action you recommend. Know the weaknesses as well as the strengths of your chosen plan.

7. Develop a plan for implementation that is realistic and which attempts to minimize or avoid the weaknesses in your recommendation. An implementation plan is often a listing of who is going to what, when, and how. Depending on the case, your implementation plan might include a set of action priorities, time-lines, personnel recommendations, policy changes, and/or organization and system changes. In some cases you may need to include contingency plans for environmental changes different from the projections on which you base your recommendation.

Format for Individual Written Case Analyses (Required)
(Full analysis, 6-8 pages excluding exhibits, double-spaced, 1" margins, Times New Roman 12)

1. Statement of the central problem in terms of the Decision(s) to be Made
2. Short Summary of the case (OPTIONAL)
3. Analysis of Relevant Facts by problem area/issue
4. Evaluation of Alternative Courses of Action, including advantages and disadvantages of each alternative.
5. Statement of Decision along with Rationale for your choice.
6. Plan for Implementation of your decision.
7. Appendices (include financial analyses, charts, models and/or other exhibits to support your analysis – optional, but as necessary. Be sure to include, on each exhibit, a 1-2 sentence summary of the key "take-away" from that exhibit. Then also be sure that this exhibit is mentioned in the text of the write-up.)

Format for Written Case Briefs: (Required)
(Brief analysis, 1 page excluding exhibits, single-spaced 1" margins, Times New Roman 12)

1. Statement of the central problem in terms of the Decision(s) to be Made
2. Coverage of Key Facts and Conclusion by issue/problem area
3. Statement of Decision and Rationale
4. Appendices (include financial analyses, charts, models and/or other exhibits to support your analysis – optional but as necessary)

Try to avoid the following **pitfalls** in written case reports:

- Don't rewrite the case – a summary should be just that.
- Don't be repetitious with facts from the case. Use case information to support an argument or to illustrate a point – NOT just to rehash information already known. Remember: If you repeat facts from the case, ask yourself "So what?" then, put your answer IN your report. (If the answer is "I don't know" – go back to the drawing board.
- Don't jump from one topic to another. Keep your analysis tightly organized and follow a logical flow of presentation.
- Don't go off on tangents. Keep your analysis tightly focused on the central problem.
- Don't equivocate. Draw conclusions and MAKE A DECISION!
- Avoid flowery rhetoric. Business writing should be direct and formal. (…and don't use the first person, i.e., I, me, mine).

Preparing Cases for Class Discussion[1]

When you prepare for class discussion, it is recommended that you plan on reading the case at least three times.

First Reading: The first reading should be a quick run-through of the text in the case. It should give you a feeling for what the case is about and the types of data that are contained in the case. It should also give you some insight into the problem requiring resolution, as well as background information on the environment and the organization. For example, you will want to differentiate between facts and opinions that may be expressed. In every industry, there is a certain amount of "conventional wisdom" that may or may not reflect the truth.

Second Reading: On your second reading you should read in more depth. Many people like to underline or otherwise mark up their cases to pick out important points that they know will be needed later. Your major effort on a second reading should be to understand the business and the situation.

Here you should carefully examine the exhibits in the case. It is generally true that the case writer has put the exhibit there for a purpose. It contains some information that will be useful to you in analyzing the situation. Ask yourself what the information is when you study each exhibit. You may find that you will need to apply some analytical technique to the exhibit in order to benefit from the information in the raw data.

---

[1] This material is taken from a note prepared by Associate Professor Dan R. E. Thomas. It is intended solely as an aid to class preparation.

There are several errors that people often make at this stage. First, you may form a premature conclusion regarding the key issues of the case. Doing this could cause you to overlook key information, or worse, form a preconceived idea of the "answer." This can be especially problematic because it could cause you to distort facts to fit that preconceived idea. A second error is that people start indiscriminately crunching numbers. Cases often contain many facts in the text and exhibits. As in real life, much of the data you find will not be relevant to the central problem(s) in the case. Make sure that you understand the meaning and relevance of the data before you start analyzing numbers. Finally, people often confuse supposition with fact. Be sure to ask yourself whether a given piece of information is a fact, based on actions or performance, or someone's opinion.[2]

Third Reading: On your third reading, you should have a good idea of the fundamentals of the case. Now you will be searching to understand the specific situation. You will want to get at the root causes of problems and gather data from the case that will allow you to make specific action recommendations. In reality, simple underlining will not provide you with sufficient information *in memory* to permit thorough analysis. Therefore, it is strongly recommended that you take notes regarding key facts and ideas as you go. Before the third reading, you may want to review the discussion questions in the course description. It is during and after the third reading that you should be able to prepare your outlined answers to the discussion questions. Note that if you have prepared a formal case write-up, you may not need to develop written answers to the discussion questions as you will have incorporated that information into your write-up.

Finally, be prepared for the fact that the discussion in class will not necessarily follow the exact wording of the discussion questions. However, careful preparation of the questions will provide you with a strong grasp of the case and therefore permit you to contribute in an effective way.

---

[2] Kerin, R. A. & Peterson, R.A. (2001), Strategic Marketing Problems: Cases and Comments, Ch. 3. Upper Saddle River, N.J., Prentice-Hall.

Appendix 2: Effective Class Discussion:

Some of the things that have an impact on effective class contribution are the following:

1. Is the participant a good listener? That is, do the participant's comments reflect an understanding of what previous participants have said?

2. Are the points that are made relevant to the discussion? Are they linked to the comments of others?

3. Do the comments add to our understanding of the situation?

4. Do the comments show evidence of analysis of the case or article?

5. Does the participant distinguish among different kinds of data (e.g., facts vs. opinions.)?

7. Is there a willingness to test new ideas, or are all comments "safe"? (For example, repetition of case facts without analysis and conclusions or a comment already made by a colleague.)

8. Is the participant willing to interact with other class members?

9. Do comments clarify and highlight the important aspects of earlier comments and lead to a clearer statement of the concepts being covered?

"Do's" for In-Class Case Discussions:	**"Don'ts" for In-Class Case Discussions:**
• Prepare before class - - with notes! • Enter the discussions • Relate outside experience and past knowledge • Relate past cases and material covered in the course • Relate outside research • Be brief, constructive and provocative • Summarize your ideas at the end of a comment • Keep your comments focused on the topic at hand • Keep an open mind and respect other students' views • Disagree • Listen • Have fun	• Repeat others • Repeat yourself • Repeat facts from the case (unless you are doing so to give a context for your own comments and conclusions or to refute another person's conclusion) • Make sudden topic changes • Dominate the discussions (Let other students have a say as well!) • Use hostility or sarcasm in evaluating other students' ideas or comments • Take criticism of your comments personally

Appendix 3: Guidelines for Business Reviews/Marketing Plans

Business Review/Marketing Plan for Year 3

The first Business Review/Marketing Plan (10-14 slides, due electronically on Tuesday, Oct. 5 at 5:00 p.m.) will include:

- Business Review for "Years" 1-2
  - Company Part I: Overall Mission and Strategy (Which of the value disciplines do you intend to pursue? Why? Prior to determining this, try to determine your company's key strengths, weaknesses, and core competencies)
  - Company Part II: Product and Product Line Performance by year, showing Year 2 forecasts (estimates) vs. actual performance and with explanations for differences.
    - Market Shares
    - Distribution
    - Sales ($ and Units)
    - Profitability
  - Industry Trends and Competitive Review (the kinds of information to examine here include overall industry trends (think Porter) plus key competitors' advertising expenditures, sales force sizes, prices, and, to the degree you can determine, their costs and strategies.)
  - Consumer Review (the kinds of information to examine here include segment growth rates, awareness, purchase intent, and shopping habits)
  - Context/Macroenvironment Review (the kind of information to include here includes economic trends and inflation rates).
  - Key Issues (Opportunities/Threats/Strengths/Weaknesses) (Note that "opportunities" should refer to facts that could provide an opportunity rather than actions.)
- Marketing Plan (Strategy Recommendation) for Year 3
  - Segmentation/Targeting for each product (with rationale in the Notes section)
  - Differentiation Strategy and Positioning Statement for each product (with rationale).
  - Product Strategies (Including R&D-related actions such as new product development or product cost improvements) and rationale.
  - Pricing Strategies and rationale.
  - Place/Distribution Strategies and rationale.
  - Promotion Strategies and rationale.
- Year 3 Forecast and Financial Implications (P&L)

Note that this should be done in PowerPoint. Use the slides to show the "Presentation" data requested above. Use tables with numbers to show most concepts, and include a discussion of what is happening in the Notes section. Also include 1-2 bullet points in the Notes section to show the key implications of each slide. These will be the implications that will show up in your SWOT/Key Issues Analysis. Note that you may use as many "Back-Up" slides as you wish. However, I will not look at them unless they are referenced on the slides or notes. Limit the central presentation to 10-14 slides.

The grading form that I will be using to grade this is posted in Blackboard.

Business Review/Marketing Plan for Year 9

The second Business Review/Marketing Plan (12-16 slides, due electronically on Tuesday, November 23, by 8:00 a.m.) will follow the same format as the first one to permit easy updating. It will include the Business Review for "Years" 1-8, and the Marketing Plan, Forecast, and P&L for Year 9. Again, the grading form is posted on Blackboard.

- Business Review for "Years" 1-8
    - Company Part I: Overall Mission and Strategy (Which of the value disciplines do you intend to pursue? Why? Prior to determining this, try to determine your company's key strengths, weaknesses, and core competencies)
    - Company Part II: Product and Product Line Performance by year, showing Year 8 forecasts (estimates) vs. actual performance and with explanations for differences.
        - Market Shares
        - Distribution
        - Sales ($ and Units)
        - Profitability
    - Industry Trends and Competitive Review (the kinds of information to examine here include overall industry trends (think Porter) plus key competitors' advertising expenditures, sales force sizes, prices, and, to the degree you can determine, their costs and strategies.)
    - Consumer Review (the kinds of information to examine here include segment growth rates, awareness, purchase intent, and shopping habits)
    - Context/Macroenvironment Review (the kind of information to include here includes economic trends and inflation rates).
    - Key Issues (Opportunities/Threats/Strengths/Weaknesses) (Note that "opportunities" should refer to facts that could provide an opportunity rather than actions.)
- Marketing Plan (Strategy Recommendation) for Year 9
    - Segmentation/Targeting for each product (with rationale in the Notes section)
    - Differentiation Strategy and Positioning Statement for each product (with rationale).
    - Product Strategies (Including R&D-related actions such as new product development or product cost improvements) and rationale.
    - Pricing Strategies and rationale.
    - Place/Distribution Strategies and rationale.
    - Promotion Strategies and rationale.
- Year 9 Forecast and Financial Implications (P&L)

In addition, include answers to the following questions in the <u>Backups</u> section of your final business review. Note: please do *not* include the answers to these questions (except #4) in your presentations.

1. How did our strategy evolve and why?
2. Our best strategic move was …
3. Our biggest mistake was …
4. If the game were to continue for three more rounds, our ongoing/future strategy would be …
5. The main take-away from our MARKSTRAT experience is …

New Team Debrief

The New Team Debrief will use a subset of the slides prepared for the Year 9 Business Review and Marketing Plan. Your role will be that of the management team. The class will represent the new team coming in to take over the business. The debrief will be done in a 15-minute presentation. (10 minutes pitch with 5 minutes Q&A) in class on 11/23, 11/30, and 12/02. Note that you will need to reduce your central presentation to make sure that you can present it in 10 minutes. In addition, two concepts must be made very clear in this presentation.

1) First, what do you consider to be the **drivers** of this business? What makes this business tick? What should anybody thinking of running your business in the future know?
2) Second, what strategies do you recommend they adopt going forward?

Team Instructions

- Form diverse 4-person teams
- Set up team meetings in calendars now
- Team Roles (Leader/recorder/etc.)
- Keep journal for final report
- Decision process (3 hrs to start; 2 hrs afterwards)