INTRODUCTION

This course addresses the management challenge of designing and implementing the best combination of marketing actions to carry out a firm’s strategy in its target markets. Specifically, this course seeks to develop your skills in applying the analytic perspectives, decision tools, and concepts of marketing to the following decisions:

1. segmentation and positioning (assessing market potential, analyzing customer behavior, focusing resources on specific customer populations and against specific competitors)
2. product offering (including the breadth of product line, features, quality level, and customer service)
3. pricing (capturing the value created for the customer)
4. distribution channels (the role of distributors, retailers, and other intermediaries)
5. marketing communications (developing an effective balance of advertising, sales promotion, and personal selling)

OBJECTIVES

Your basic objective is to develop your own understanding and management skills in this critical aspect of general management. Our primary objective is to stimulate and guide this process. To achieve these joint objectives, the course will use lectures and case discussions to help you:

1. Appreciate the value of marketing concepts when they are used as guides for understanding management problems and developing comprehensive marketing programs;
2. Develop a disciplined approach to the analysis of marketing situations;
3. Expand your decision making skills by requiring you to make and defend marketing decisions in the context of realistic problem situations with incomplete information;

4. Make connections between marketing and other functional areas of business;

5. Understand the role of marketing in global business strategies;

6. Appreciate how the elements of successful marketing programs fit together.

**COURSE MATERIALS**


Course pack

**LEARNING SUPPORT**

The Wharton webCafe will be used as a source of various class handouts and a forum for communication and discussion.

A website (http://appsmx.wharton.upenn.edu/mme/) has been created that has a number of practice quantitative problems corresponding to the concepts covered in *Marketing Math Essentials*. The problems will become available on the site as we cover them in class.

**GRADING**

The weighting of the inputs for the final course grade is:

- Class Participation: 20%
- Case Write-up by groups: 30%
- Take Home Midterm Exam (individual): 50%

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100%

**POLICY ON USING OUTSIDE SOURCES OF INFORMATION**

Do not use any outside sources of information when preparing for case discussions or producing written case analyses. Outside sources of information include the library, the mass media, the Internet, and any people outside of your learning team. Cases are designed to be self-contained sources of information about specific business situations. Using outside information creates two problems. First, certain information may be deliberately left out or disguised. Obtaining this information not only will not help, it may actually confuse or misguide you in your analyses. Second, this course uses a
combination of “classic” and more recent cases. The analyses that can be done for the classic cases are widely available from a variety of sources (including students from previous years). These classic cases are retained because of their proven success as teaching tools, but all of the learning is in discovering for yourself how to apply the concepts covered in lectures and readings. If you use other sources, you are cheating yourself as well as other students.

COURSE SCHEDULE

Analyzing Marketing Situations (The Five C’s)

1. Analyzing Markets and Customers (Part I)

This class introduces the role of marketing in the firm and reviews the marketing decision process. It focuses on market segmentation and product positioning as key conceptual tools for analyzing markets. Methods for developing segment-based marketing strategies are presented, and the value of creating a clear positioning statement is illustrated.

Reading Assignment: Chapters 1, 7, and 9 (text), "Marketing Math Essentials: Introduction, Margin & Break-Even Analyses, and Chain Models" (course pack)

Case: Eastman Kodak Company: Funtime Film

Questions for Discussion:

1. What problem(s) is Funtime Film designed to solve?
2. What problem(s) might Funtime Film create?
3. What other strategies could they pursue?

2. Analyzing Markets and Customers (Part II)

This class explores more detailed approaches to market analysis, including models of customer decision making and estimating the lifetime value of a customer.

Reading Assignment: Chapters 4, 5, and 6, "Marketing Math Essentials: Lifetime Value of a Customer" (course pack)

Case: Federal Express (A) (course pack)

Preparation for Discussion:

Federal Express is the all-time best selling case study in Marketing. While the setting is in the early 1970s, it’s an “evergreen” case that describes classic issues a
young company faces in deciding how to grow and whether or not to invest in a new product. We will spend most of the time performing important analyses for a marketing plan for Courier-Pak.

Questions for Discussion:

Based on case information (rather than knowledge about current technologies and the industry today):
1. How large is the market for Courier-Pak? How did you arrive at your market size estimate?
2. How does Courier-Pak fit with the existing product line? What is the best way to evaluate and compare unit economics and profit potential?
3. What other key analyses do you have to do to have a sound basis for crafting a marketing plan for Courier Pak? Perform the analyses and be ready to describe your conclusions and their implications for a 4Ps marketing plan.

3. Product and Branding Decisions

In this session, we discuss a firm’s product and branding decisions. We will also analyze an ongoing case involving Tiffany & Company. The subject of the case is the management challenge of taking a public posture on the environmental impact of precious metal mining practices. This case provides cross-functional linkages to branding, business ethics, and operations management.

Reading Assignment: Chapter 8

Case: Tiffany & Company

Questions for Discussion

1. What are alternative courses of action?
2. What are the pros and cons of Mike Kowalski’s plan?
3. What specific suggestions would you give to Mike Kowalski?

4. Distribution Strategies

This class examines how to select and manage marketing channels. It also examines how to manage multiple channels and looks at new innovative routes which connect firms and customers.

Reading Assignment: Chapter 13 and 17
Case Write-Up (Guide Provided at the End): Rohm and Haas (A): New Product Marketing Strategy (course pack)

This case examines the potential introduction of a new chemical treatment along with channel and pricing decisions.

Questions to Think Over:

1. What factors led to the failure of Kathon MWX?
2. What alternative strategies should Joan Macey consider? What course of action do you recommend she follow?
3. How should this plan of action be implemented? Be specific about the pricing and distribution of the product.

5. Introduction to Pricing Issues

This class examines the many ways in which a firm can decide how to price a product. It reviews different pricing strategies and how they interact with the rest of the marketing mix.

Reading Assignment: Chapter 12, "Marketing Math Essentials: Economic Value to the Customer" (course pack)

Case: American Airlines (course pack)

In April 1992 American Airlines (AA) launched "Value Pricing" in an attempt to simplify the pricing structure of the airline industry. AA expected that this plan will benefit not only the customers but AA and the entire airline industry. However, there were uncertainties about how competitors will react to AA decision and whether or not this pricing policy will become the mainstay of the airline industry.

Questions to Think Over:

1. What is "Value Pricing" and why did AA introduce it?
2. What results did AA expect from this plan? What are the implicit assumptions in these estimates?
3. What is the likely reaction of each of the competitors? In the face of the likely competitive reaction, what should AA do?

6. Marketing Communications
In this class, we will introduce the basic elements of marketing communications (advertising, sales promotion, and personal selling). Particular emphasis is placed on developing message and media strategies that are consistent with the other components in the marketing mix.

Reading Assignment: Chapters 15 and 16

7. Final Exam
INSTRUCTIONS FOR CASE WRITE-UPS

Rohm and Haas (A)

Objectives

The objective of case write-ups is to give you experience in (1) developing skills to work effectively and efficiently in business teams; (2) defining marketing problems, performing appropriate analyses and crafting marketing plans; (3) developing oral and written communication skills.

Case Assignment

Recommend a specific plan of action for these firms. Be sure your analyses and recommendations address the problems explicitly mentioned in the case, but your definition of the problem and your analyses may reveal other important issues you believe must be addressed. Your recommended marketing plan should be based on appropriate analyses.

Paper Format

The paper should be no longer than 1,500 words (regardless of type font spacing, etc.). This is about 3 single-spaced pages. Use your word processor to count the words and report the final count on the cover page. Up to four additional pages of exhibits beyond the 1500-word limit are permitted. The exact style and structure of the text and exhibits is up to you. However, exhibits should be clearly titled, and should only be included if they provide supporting details for your analyses and recommendations. They should not introduce new ideas or include key arguments that are not explicitly presented in the text. Any quantitative analyses should be accompanied by a set of footnotes that describe the methods and assumptions used in the calculations. Key conclusions from the exhibits should be discussed in the text, and references to your exhibits should be made at appropriate places in your plan text (viz., “see Exhibit A.”) You should not reproduce any exhibits that are in the case study.

Paper Submission Process

A single Microsoft Word file containing all text and exhibits is due in class. The write-up should contain the names of your team members. It will be read by a TA and the instructor and returned with written feedback and a grade.
Class Presentations and Discussion

Teams all need to prepare for class presentations. All presentation teams should be prepared to give a 10-15-minute summary of their recommendations for Rohm and Haas. To this end, all teams should prepare no more than two PowerPoint slides and upload them to the team folder on Web Cafe (the filename should be identified by your team number). One of the slides should be a sample television, magazine, or online advertisement that would communicate to customers the product **positioning** that would result from your recommendations. This slide should also be one of the exhibits in your write-up (whether your team is making a presentation or not). However, the purpose of this part of the exercise is to provide an interesting and relevant focus for the presentations. It does not mean that this advertisement should be central to your written analysis--that’s for you to decide. In general, it’s the positioning idea that counts (not your artistic abilities). Also, oral presentations are intended to give you experience in on-your-feet business communication, and will not affect the write-up grade.

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