



ENGM 181: Marketing

Fall Term 2013

Professor Amit Bhattacharjee
Office: Woodbury 303
Amit.Bhattacharjee@tuck.dartmouth.edu
Office Hours: Wednesdays 3:00 – 5:00pm

Class Meetings: Wednesdays and Thursdays 8:20 – 9:50am
B01 MacLean

Academic Coordinator: Alison Pearson
Office: Buchanan 103
Alison.Pearson@dartmouth.edu

TAs: Pranjali Ganoo, Nur Izzati Idris, Pavan Yerram

Course Overview and Objectives

Marketing is the business function that deals with customers' needs and wants. The role of marketing management is to help companies better understand customer preferences, link that knowledge to designing appropriate products and services for selected customers, and determine appropriate methods to communicate, to deliver, and to capture value. Successful firms are those that pursue objectives, deploy resources, and invest in the future of an organization, to consistently satisfy the needs of customers better than competitors. The basic principles of marketing apply to both for-profit and not-for-profit organizations.

The objectives of the course are:

1. To introduce you to the key elements in developing a marketing strategy and planning a marketing program.
2. To enhance your problem-solving skills in marketing by offering a set of analytical tools (i.e., frameworks, concepts, models, and techniques).
3. To provide you with examples of how companies organize their marketing efforts across a variety of business settings (e.g., consumer packaged goods, pharmaceutical, telecommunications, financial services, nonprofit organizations).

4. To give you an opportunity to (i) refine your oral and written communication skills and (ii) improve your ability to work effectively in a team, both of which are essential to a business career.

Required Materials

1. Course packet: includes syllabus, cases and supplementary readings.
2. Philip Kotler and Kevin Lane Keller, *Marketing Management: Analysis, Planning, Implementation, and Control*, 14th edition. (Available for purchase at Wheelock Books and also on reserve at the main library and Feldberg.)
3. *MarkStrat Online Student Handbook* by StratX. (The book contains your individual serial number required to participate in the online simulation. Each student must purchase a new copy of the book. Used books have no valid serial numbers and would not allow you to participate in the simulation. Instructions on how to purchase the handbook online and to complete the registration process will be given later in the course.)
4. The course Blackboard site: announcements, homework assignments, lecture notes. Check it frequently for updates. I will also periodically post news articles, links, research papers, and other delightful surprises pertinent to our class discussions on the “Supplementary Readings” section of Blackboard; these readings are not required but they can be very helpful in deepening your understanding of today’s most prominent marketing issues.

Class Participation

Much of the learning in this course will occur in class as you share your experiences, questions, and analyses with each other. Therefore, you cannot make up for a missed class by simply reading my lecture notes later. So, **attendance is strictly required**. If you are unable to attend class due to illness or family emergency, you are expected to notify me by email in advance. Unexcused absences will negatively affect your grades.

You are expected to be thoroughly prepared at each class meeting (i.e., to have done the required readings and thought carefully about the discussion questions). To reinforce this expectation, I will often randomly select (i.e., cold call) a class member to comment on an issue or open a case.

Note that your class participation grade is not simply a function of the "air time" you take up; you will be evaluated on how effectively you contribute to the learning of the class and how thoughtfully you respond to questions.

The regular class sessions consist of (1) lectures/discussions, (2) case studies and (3) a special guest speaker lecture. In lectures/discussions, we will focus on concepts, theories and examples. Although there will be some “lecturing” on my part, I intend these sessions to be a dynamic and collaborative learning experience, where you are encouraged to share your experiences and thoughts on the class topics. In case studies, we will apply the frameworks and concepts discussed in lectures and readings to real-world business problems. The case method is a highly effective means of sharpening your analytical skills, and is usually the staple of management education. The following paragraphs tell you how to prepare for case discussions.

Case Studies

For case discussions, I will assume that everyone has carefully studied the case and is ready to discuss. In preparing for a case discussion, you should read the case at least twice. The first reading should give you an impression of what the case is about and the types of data contained in the case. Be sure to pay attention to the exhibits, which often contain important data. Once you have a good idea of the fundamentals, you should read the case again with the goal of getting at the root causes of problems and gathering information from the case that will allow you to make specific action recommendations. After the second reading, you should prepare your answers to the assigned discussion questions individually, and then discuss these questions in your study groups. The study group is a useful and informal forum in which to test your ideas and to debate the pros and cons of each alternative.

Some discussion questions require arithmetic (spreadsheet) calculations; for such quantitative analysis, you should bring your Excel spreadsheet and be prepared to share it in class.

The case provides all the facts that you need. You should not find out what actually happened or bring in outside information about the company or the industry beyond what is described in the case. Such information is often irrelevant and counterproductive for your learning.

In class, my role is to facilitate discussion, while the direction and quality of the case analysis is the collective responsibility of the class. A typical request at the end of a case study is: “What is the right answer?” Keep in mind that, in many business situations, there may not be an “optimal” or “perfect” recommendation; however, there can be more than one “viable” action as well as several ill-considered actions. The goal of the case method is not to prescribe a solution to one specific problem but to thoroughly understand a complex issue from multiple angles, which then helps you construct a sound framework to tackle similar problems in the future.

Guest Lectures

Guest lectures are an integral part of class. These marketing executives are invited to speak about a course topic and to answer your questions based on their professional experience. Attendance is mandatory. Due to coordination between sections, the two guest lectures may be scheduled outside normal class times (any updates or changes will be posted in BlackBoard). If you have another class during these times, please notify me in advance explaining your absence. In this case, your participation grade will not be affected, but it is your responsibility to make up for the missed guest session with your study group.

Seating Assignment and Name Cards

From the second week on, please choose a seat where you will be comfortable for the rest of the term. Please bring your name cards and use them in every class so I can learn your names. If you forget your name card, you may not be given proper credit for your class participation.

Punctuality

Lateness is disrespectful and disruptive. Chronic lateness will not be tolerated. Please be punctual for class and for your group meetings.

Laptops, Tablets, and Cell Phones

Laptops and iPads are not permitted in class (unless I make explicit exceptions for certain sessions). Please *turn off* (not just *silence*) your cell phones in class. If someone is seen operating their cell phones (or any other telecommunication devices) in class, they will be asked to leave the classroom.

Group Case Write-up

Your group can choose any one of three cases (Medicines Co., Charles Schwab, Natureview Farm) to complete a case write-up. Each write-up should address *all of the discussion questions* listed in the syllabus for that case and is restricted to 5 double-spaced pages. (Exhibits are not included in the page limit but should be used sparingly.) The case write-ups are due at the beginning of the class where the case is discussed.

General case write-up guidelines: Provide a coherent, well-organized analysis grounded in course concepts, not simply a list of arguments for or against a position. Be concise and do not spend time rehashing or paraphrasing the facts given in the case. Be as direct as you can in answering the discussion questions.

MarkStrat Simulation

MarkStrat is a computer-based simulation game that allows you to practice the strategic marketing concepts and skills learned during the course in a virtual marketplace. During the simulation, your study group will be competing with other groups in a virtual industry for six decision cycles, during which you will analyze market research in real time, formulate and revise your marketing strategy (segmentation, targeting, positioning), make tactical marketing decisions (e.g., pricing, advertising, new product development), and learn from the reactions of the market.

The simulation comprises six decision rounds, each of which takes 1.5-3 hours, and you will probably spend more time on early rounds than later rounds due to the learning curve. Please schedule ahead of time to accommodate these group sessions. Your grade for the MarkStrat game will depend on your firm's financial performance (measure by key indices such as stock price, profitability, and market share), on the quality of your strategy and implementation, and on the key lessons learned. In addition, to dissuade unrealistic end-gaming, your team's final strategic position will be considered in the overall evaluation.

You should keep a good record of your experiences and strategies during the game. After the results from the final decision cycle are revealed, your team will prepare a written report.

Final Exam

There will be a take-home exam. The exam will be made available on November 18 and due on November 21 (exact times will be notified later). The exam questions may be based on lectures, case discussions, required readings, MarkStrat, and the guest speaker presentation. The 'Marketing Management Toolkit' note, which will be handed out towards the end of the class, will offer a study guide to all the essential topics you are responsible for in the final exam. No make-up exam will be offered and you will not be permitted to take the exam early.

Honor Code

Sections meet in different times, so you should not share or discuss class materials with students in a different section until both sections have met. Do not use notes from earlier years' classes at any time. Do not redistribute class slides or notes to anyone not enrolled in this course without my prior permission.

The prevalence of group work is consistent with the principle that much of your education here will come from each other, and I encourage you to discuss all cases and other materials with your group prior to coverage in class. However, any *individual* work, including the individual exercise and the notes and spreadsheets prepared for case discussions, should be developed and modified on an individual basis.

Group work accounts for half of your final grade. If your name is on the final product (e.g., case write-up or project report), you must have put significant effort into the preparation process. Individuals will not receive credit for group work in which they have not participated, and may receive a lower grade if their contribution is clearly below expectations. Such procedure is initiated by the group members who, after unsuccessful, documented warnings to the individual, explain the issue to me in writing (email or letter, signed by a majority of group members). I will make the final decision after consulting all members.

According to the Dartmouth College Academic Honor Principle, "Plagiarism is defined as the submission or presentation of work, in any form, that is not a student's own, without acknowledgement of the sources." Any form of plagiarism constitutes an affront to academic integrity and honesty and is therefore strictly prohibited. For a full description of Dartmouth's honor policies on examinations, unauthorized collaborations, and plagiarism, visit the Dartmouth College Academic Honor web page (<http://www.dartmouth.edu/~reg/regulations/undergrad/acad-honor.html>).

Every student is obligated to report to me or the TAs any suspected violation of the honor code that he or she has observed. If you wish not to reveal your identity, please drop a note in my mailbox at Tuck.

Grading

<i>Individual</i>	
Political / Super Bowl Ads Exercise	10%
Class Participation	20%
Final exam	25%
<i>Group</i>	
Conjoint Group Assignment	10%
Group Case Write-up	15%
MarkStrat (performance and written report)	20%
<i>Total</i>	100%

No regrades are permitted other than calculation errors (e.g., 4 points + 5 points = 7 points). If a calculation error has been made in the grading of an assignment or exam, or in other exceptional cases, please write a memo to your TA describing the error and give it to your TA with the original graded document. Also include documentation in support of your opinion (e.g., a photocopied page from the textbook with the relevant information highlighted). The TA will make the decision and I will review the TA's decision. Students have one week after an assignment has been returned to them to bring a calculation error to the TA's attention. If you are late picking up your assignment because you are not in class, you will not receive extra time.

Overview of Course Schedule

Week 1

- 1 Wed. Sep. 18 Introduction to Marketing Management
2 Thur. Sep. 19 Understanding Consumer Behavior I
Conjoint Individual Assignment due

Week 2

- 3 Wed. Sep. 25 Understanding Consumer Behavior II
4 Thur. Sep. 26 Segmentation, Targeting, and Positioning
Conjoint Group Assignment due

Week 3

- 5 Wed. Oct. 2 Case: Black & Decker
6 Thur. Oct. 3 Pricing

Week 4

- 7 Wed. Oct. 9 Case: Medicines Co.
8 Thur. Oct. 10 Guest Speaker: Michelle Stacy (*President, Keurig*)

Week 5

- 9 Wed. Oct. 16 Marketing Communications
Political / Super Bowl Ads Individual Exercise due
10 Thur. Oct. 17 Case: Charles Schwab

Week 6

- 11 Wed. Oct. 23 New Product Development
12 Thur. Oct. 24 Guest Speaker: Joseph McGee (*CEO, Roxbury Partners*)

Week 7

- 13 Wed. Oct. 30 Case: Natureview Farm (Marketing Channels)
14 Thur. Oct. 31 MarkStrat Overview

Week 8

- 15 Wed. Nov. 6 No class meeting.
MarkStrat D1 due 10am
16 Thur. Nov. 7 No class meeting.
MarkStrat D2 due 10am, Nov 7; MarkStrat D3 due 10am, Nov 8

Week 9

- 17 Wed. Nov. 13 No class meeting.
D4 due 10am, Nov 11; D5 due 10am, Nov 12; D6 due 10am, Nov 13
18 Thur. Nov. 14 Course Wrap-up
MarkStrat group report due by 12pm, Monday, Nov 18
Final exam due by 12pm, Thursday, Nov 21

Outline of Classes

1. Wed. 9/18 Introduction to Marketing Management

Readings:

Syllabus
Kotler & Keller, Chapter 1, pp. 1-19.

2. Thur. 9/19 Understanding Consumer Behavior I

Readings:

Kotler & Keller, Chapter 4, pp. pp. 97-117.
Harrington and Tjan, "Transforming Strategy One Customer at a Time," *Harvard Business Review*, March 2008.

Discussion questions:

After reading the Harrington and Tjan article, make a list of the various types of marketing research studies conducted by Thomson. For each item on your list, consider the following:

- (i) What research question did it address? Why is this question important to managers?
- (ii) In general, what are the pros and cons of this marketing research approach?

Assignment:

Conjoint individual exercise due: to complete this assignment, follow the instructions given in "Conjoint_Individual.doc" on BlackBoard.

3. Wed. 9/25 Understanding Consumer Behavior II

Readings:

Kotler & Keller, Chapter 5, pp. 123-135.
"A Note on Useful Marketing Metrics" (You may need to refer to this throughout the course.)

Discussion questions:

1. Use the Customer Lifetime Value (CLV or LTV) formulas described in the "Useful Marketing Metrics" note to answer the following questions. (These formulas are slightly different from those on page 132 in the textbook; do not use the formulas in the textbook.)
Suppose that the average cost for AT&T to acquire a new customer is \$370 (including handset subsidy, sales force commission, advertising and/or direct mails expenses). Once acquired, a customer pays about \$60 a month. The average monthly cost to serve a customer is \$35. The monthly churn rate is 1.22%. Assume a 1% monthly interest rate.
 - a. How long does it take AT&T to break-even on a new customer?
 - b. What is the customer lifetime value for an average AT&T customer? (You can use the infinite-time-horizon formula.)
 - c. Suppose AT&T plans to launch a customer satisfaction improvement program through better network coverage and complimentary services (such as free Wi-Fi in Barnes and Noble bookstores). Marketing research shows that the new program can reduce the monthly churn rate to 1.05%. How would the CLV change as a result of the new program?

2. Why is CLV an important marketing metric? In what areas can it help a company make more informed decisions?

4. Thurs. 9/26 Segmentation, Targeting, and Positioning

Readings:

Kotler & Keller, Chapter 8, pp. 213-229.
Kotler & Keller, Chapter 10, pp. 275-289.

Assignment:

Conjoint group exercise due (To complete this assignment, follow the instructions given in Conjoint_Group.doc).

5. Wed. 10/2 Case: Black & Decker

Readings:

Black & Decker Corp. (A): Power Tools Division

Discussion Questions:

1. Why is Black & Decker, the overall market leader, doing poorly in the Professional Tradesman segment?
2. As Black & Decker weighs its strategic options, what are its strengths and weaknesses relative to competitors (especially Makita)?
3. Which of the three options should Black & Decker choose? Specifically:
 - a. Option 1 implies Black & Decker should not target the Tradesman segment. Do you agree? Why? (Hint: use the 3Cs framework in analyzing this *targeting* problem.)
 - b. If Black & Decker decides to remain competitive in the Tradesman segment, would you recommend Option 2 or 3? Furthermore, how would you like to position the brand? Explain. (Hint: you might find perceptual maps and the POPs vs. PODs framework helpful in addressing this *positioning* problem.)
 - c. What actions should Black & Decker take to achieve the positioning you recommend above?

6. Thurs. 10/3 Pricing

Readings:

Kotler & Keller, Chapter 14, pp. 382-403

7. Wed. 10/9 Case: Medicines Co.

Readings:

The Medicines Company (HBS 9-502-006)

Discussion Questions:

1. What is the Economic Value to Customer (EVC) per dose of Angiomax to a hospital, for “low-risk”, “high-risk”, and “very high-risk” patients, respectively?
2. Draw a Value Thermometer based on various benchmarks relevant to the Angiomax price and identify any upward or downward pressure on it. What price would you recommend Medicines charge per dose of Angiomax? Why?
3. Based on your pricing recommendation, outline a promotion plan for Angiomax’s launch. (You might find it helpful to approach this problem using the Consumer Decision-Making Unit analysis framework).
4. Evaluate the sustainability of the Medicines Company’s business model. What should it do next if Angiomax proves successful?

**** Note:** The first question asks you to calculate the EVC of Angiomax for the 'Low Risk,' 'High Risk,' and 'Very High Risk' patients. We interpret these to be three distinct, non-overlapping groups. However, the numbers in Table B on page 8 apply to both High Risk and Very High Risk patients, i.e., the 2161 Angiomax patients in Table B contain the 369 Very High Risk patients in Table C. To produce separate calculations for (Moderately) High Risk patients, you will need to "back out" the risk rates for the 2161-369=1792 patients in Table B who are High Risk but not Very High Risk.

8. Thur. 10/10 Guest Speaker: Michelle Stacy (President, Keurig)

Michelle Stacy: 12:00pm, Cook Auditorium (timing is tentative)

9. Wed. 10/16 Marketing Communications

Readings:

Kotler & Keller, Chapter 17, pp. 474-496

Assignment:

Political / Super Bowl Ads Individual Exercise due

Choose between watching Super Bowl commercials or Historical Political ads from recent years.

Super Bowl commercials can be found on Youtube (or through <http://www.superbowl-commercials.org>). Historical Political ads can be found on <http://www.hulu.com/historic-campaign-ads> or <http://www.washingtonpost.com/wp-srv/special/politics/track-presidential-campaign-ads-2012/>).

1. Pick an ad that you consider highly effective and an ad that you consider highly ineffective and comment on each. In your evaluation, you should address the following: (i) Who is the target audience that the ad is trying to reach? Does it resonate with the target audience? (ii) Which stage(s) of the customer decision-making process (DMP) is the ad trying to influence? (iii) What is the key message communicated? What creative strategies are employed (p. 484) to deliver its intended message?
2. Super Bowl spots are notoriously expensive (a 30-second ad costs about \$3 million). Suppose the Game was watched by 106.5 million viewers this year, what is the CPM of a Super Bowl ad? How is it compared with a 30-second primetime network TV spot during popular shows such as “CSI” or “Grey’s Anatomy” with a CPM of \$20-\$24? (See the “Useful Marketing Metrics” note for a definition of CPM.)

10. Thur. 10/17 Case: Charles Schwab

Readings:

Charles Schwab & Co., Inc.: The "Talk to Chuck" Advertising Campaign (HBS 9-507-005)

Discussion Questions:

1. Why was Charles Schwab not doing very well by 2004? (Hint: cover the 3Cs as well Charles Schwab's marketing strategy.)
2. How should Charles Schwab revise its STP strategy to rectify the current predicament? Specifically, among the four segments identified in Table B and Exhibit 6, which segment(s) should Schwab target? How should the brand be positioned for the chosen segment(s)?
3. What do you think of the "Talk to Chuck" test campaign? Using the 6Ms model to evaluate it. Please make sure you include the following issues in your assessment:
 - a. Are the test ads primarily promotion-focused or prevention-focused? What do you think of this choice?
 - b. Would a national campaign pay off financially? Calculate the Return on Marketing Investment (ROI or ROMI) of the campaign.*
 - c. Are there certain aspects of the test campaign you would want to change or improve upon?
4. Would you as CEO Charles Schwab approve Becky Seager's request to spend an additional \$55 MM on the "Talk to Chuck" campaign?

* Note: Exhibit 11 gives somewhat ambiguous information about the campaign's payoff. The following clarifies:

- "Lift" in Exhibit 11 is the percentage change in the test cities from 2004 to 2005, controlling for change in the control cities. For example, new accounts from new customers (households) increased 25% (125-100) in the test cities, controlling for change in the control cities.
- In order to quantify the ROI, you need absolute numbers, not just percentages. Please utilize the information below in your ROI analysis:

Net New Assets in the Test vs. Control Markets		
	Control Cities	Test Cities
April-September 2004	\$3.22 Billion	\$3.15 Billion
April-September 2005	\$3.41 Billion	\$6.65 Billion

11. Wed. 10/23 New Product Development

Readings:

Kotler & Keller, Chapter 20, pp. 566-588.

"Losses in Space: Iridium's Downfall," *The Wall Street Journal*, Aug 18, 1999.

Discussion questions:

In the Iridium case, which stage in the new product development process do you think was most accountable for the product's failure? What would you have done differently?

12. Thur. 10/24 Guest Speaker: Joseph McGee (Chief Executive Officer, Roxbury Partners)

Joseph McGee: 12:00pm, Cook Auditorium (timing is tentative)

13. Wed. 10/30 Case: Natureview Farm (Marketing Channels)

Readings:

Natureview Farm

Kotler and Keller, Chapter 15, pp. 415-421, 435-438.

Discussion Questions:

1. How has Natureview been able to succeed up to February 2000? (Comment on both its marketing strategy and tactics.)
2. What are the financial implications of each proposed growth option? In particular, calculate the incremental sales and profits under each option for the next 1-5 years. To do this, you need to prepare a profit-and-lost statement under each scenario. (You can refer to Page 123 of the textbook for an example of the P&L statement. Also refer to the “Useful Marketing Metrics” memo for how to work with calculations involving channel margins.)
3. Which of the three growth options would you choose? What are the pros and cons of each?
4. For your chosen option, how would you minimize the risks associated with it?

14. Thur. 10/31 Overview of the MarkStrat Simulation

Before this class session, you should have (i) registered for MarkStrat online, (ii) installed the TEAM software, and (iii) familiarized yourself with the functions of the software with the help of the Student Handbook. The memo “Getting Started with MarkStrat” provides instructions on (i) and (ii).

15. Wed. 11/6 No Class Meeting: MarkStrat D1 due by 10am

16. Thur. 11/7 No Class Meeting: MarkStrat D2 due by 10am

Assignments:

MarkStrat D3 due by 10am, Fri. 11/8

MarkStrat D4 due by 10am, Mon. 11/11

MarkStrat D5 due by 10am, Tues. 11/12

17. Wed. 11/13 No Class Meeting: MarkStrat D6 due by 10am

18. Thur. 11/14 Course Wrap-up

Discussion question:

What are your top three lessons from MarkStrat?

Assignments:

MarkStrat group report due by 12pm, Mon. 11/18

Final exam due by 12pm, Thurs. 11/21