

**Bus 60a
Business & Marketing Strategy**

**Mondays and Wednesdays
8:00 am – 9:30 am**

Spring Semester 2008

Lemberg 54

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**Office Hours: Mondays and Wednesdays 9:30am – 11am
or by appointment**

**Brandeis University
International Business School**

Course Description:

A company's success depends on its ability to design and implement a sound strategy which considers and integrates many internal and external factors. These factors include the company's own financial, human, technological, organizational, operational and intellectual resources and competencies, as well as the competitive and industry environment within which it operates. This course is a rigorous survey of the important concepts in the field of business strategy, with an additional, secondary emphasis on marketing strategies which refine the business strategy frameworks.

Course Objectives:

1. Analyzing a wide range of strategic business and marketing challenges and opportunities, and developing integrated plans which maximize profit and long-term corporate health.
2. Concepts covered include in part:
 - Analyzing industry structure and dynamics
 - Analyzing competitive scenarios and expected competitive reactions
 - Creating and sustaining competitive advantage
 - Identifying and refining core competencies and corporate strategies
 - Developing strategies for industries in transformation
 - Understanding technology and e-business strategies
 - Analyzing and developing strategies that create, capture and sustain value and corporate profitability through strategic marketing techniques
3. To refine each student's analytic and decision-making skills, his/her ability to express ideas and solutions persuasively in case discussions and to listen critically and respectfully to the ideas of classmates.

Course Requirements:

Business and Marketing Strategy requires a solid understanding of the basic business structure and issues, and the ability to read financial statements. Therefore, ECON 2a is required; BUS 6a and BUS 10a are highly recommended.

Course Approach

In each session of this course we will analyze and solve a strategic business challenge. We will use our time together in the classroom to sharpen our analytic skills and to build frameworks with which to understand and leverage solutions to business strategy challenges.

To benefit from this approach, each student must come to class prepared with an analysis and a solution for the opportunity or challenge at hand, not just a regurgitation of case facts. Class time together will follow a discussion format, with a constant challenging of viewpoints from the instructor and fellow students alike so that we actively learn from one another.

Each class will focus on an individual case. One student will be randomly selected at the beginning of each class to “open” the discussion, and to provide a 3-5 minute overview of the basic facts.

Students will participate in a semester-long group assignment to research, analyze and develop a business strategy for a company of interest. Each team will present their analysis, conclusions and recommendations to the class at an end-of-semester oral presentation. This assignment is designed to give students experience in business research, formal oral presentations, as well as team cooperation and leadership.

Course Materials

Textbook: There is NO required textbook. Readings will be in the form of case studies, Harvard Business School notes and articles clipped from current news sources.

Course Packs: Case studies are the focal point of most class discussions. Course packs with the cases we will cover are REQUIRED and only available through XanEdu, NOT the bookstore. I’ve chosen XanEdu because it is much, much more cost effective for you. To access XanEdu please go to the XanEdu Home webpage: <http://www.xanedu.com>.

- If you have previously registered at XanEdu, log in. If you are new to XanEdu, click the ‘Register’ link and then click the ‘Student Registration’ button under “New Users Register Here”. Complete and submit the registration form.
- Once logged in, (My XanEdu Page) click on ‘Buy a New Coursepack’.
- Enter your Country, State and Institution.
- Click on the Coursepack you want under ‘Available Coursepacks’. The system will walk you through the purchase of the Coursepack.
- To access this Coursepack at another time, please go to the XanEdu homepage and login using your User Name and Password. (You will need Acrobat Reader to view some of the articles. If you do not already have Adobe, you may download the software for free at: <http://www.adobe.com/products/acrobat/readstep2.html>.)

XanEdu Coursepack Info:

- **Institution:** Brandeis
- **Pack Title & Pack ID:** BUS 60A: Marketing Management, Spring 2008/PackID: 274703
- **Term:** Spring 2008
- **Professor:** G. Zimmerman

You have two choices in purchasing this pack:

A. Online access only: \$91.50

- You can print articles on your own.
- You can view on the screen.
- There are certain items from Harvard Business School Publishing that you will not be able to save to your machine, but you will be able to print and view them.
- Access will be immediate. You will be accessing PDF files.
- You will be able to access this pack for six months.

B. Digital (Online access)+ Printed coursepack (hardcopy): \$135.95

- Access to the PDF files will be immediate so you can start your readings.
- You can view all items on screen.
- You will be able to view the readings online for six months.
- You can print some items if you'd like with the exception of the Harvard material which constitute the majority of our materials (Harvard restriction).
- We will drop ship you a personal desk copy that will include all articles and cases. Ground shipping typically takes 2-3 days. XanEdu ships from Michigan, but is not guaranteed. There are three shipping options that will be shown to you when you are purchasing the pack and all pricing will be next to each choice (ground, expedited and overnight).

Course Pack questions:

If you have any questions about accessing your Coursepack, please contact Customer Service at: contact@xanedu.com or 800-218-5971. Customer Service is available from 8:00 am - 8:00 pm EST Monday through Fridays and Noon-5:00 PM Saturday through Sunday.

Grading

For the purpose of grading, assignments will be weighted as follows:

Class Participation	30%
Final Exam/Group Project	24%
Case Write Up #1	23%
<u>Case Write Up #2</u>	<u>23%</u>
TOTAL	100%

Disabilities:

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

Academic Integrity:

You are expected to be familiar with and to follow the University's policies on academic integrity (see <http://www.brandeis.edu/studentlife/sdje/ai/>). Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.

Class Participation:

Students are expected to attend every class and participate on a regular basis. Less value will be placed on the quantity of your contributions than on their quality. Absence from more than three classes can result in a failing grade for participation in this course. If you have to miss class for any reason, please notify me in advance by email.

To allow me to get to know you more quickly, please send me an email with your preferred email address and a few sentences about your work experiences and career goals. Also, please select your seat for the semester by the start of the second class, and use a name card, at least for the first several sessions.

Final Exam. The Final Exam will be a 25 minute oral presentation (of which 5 to 10 minutes must be reserved for a question and answer period) of an in-depth analysis of a corporation's current business challenge, opportunity or dilemma. Chose a company dealing with a business challenge and/or opportunity of interest, and using the concepts and strategies discussed in class, analyze all aspects of the company's business strategy, addressing corporate advantages and weaknesses, and the relevant industry, competitive and regulatory environments. Give us, your audience, your appraisal of the merits of this plan's elements, which you approve of and which you would change, how and why. Tell us whether you expect the company to achieve its stated goals or not, and how your suggestions would impact the desired outcomes. Set the stage by giving your audience a brief history of the company, as well as the challenges, successes and missteps that impacted the options which were available and led to the plan in question.

Feel free to work in groups of 4 people of your choosing. We'll do three presentations per class during the last 3 classes of the term. The presentation order will be chosen at random. In order to give everyone a chance to present to a full house, you must be present for all three final presentation dates. Absence on any of these dates will drop your individual final grade by a full letter grade. Due dates for this project: team assignments - class #4; topic and outline of project - class #9; draft outline or summary of plan and initial findings - class # 15. There is no written assignment for this project however all teams must submit their final PowerPoint or Adobe slide presentations to me by April 16, 2008 so that no team has more time than another to prepare for the final presentations.

Case Write-Up #1. For class # 12, instead of just preparing the case for class discussion, students should submit their answers in a case write-up of up to 4 pages. *This is an individual assignment.* Cases should be handed in on or at the start of class on Monday, March 3. Submissions after the start of class will not be accepted.

Case Write Up #2. For class # 18, instead of just preparing the case for class discussion, students should submit their answers in a case write-up of up to 4 pages. *This is an individual assignment.* Cases should be handed in on or at the start of class on Wednesday, March 26. Submissions after the start of class will not be accepted.

Office Hours

Office hours are Mondays and Wednesdays from 9:30 am – 11:00 am in **Sachar 124a**, and by appointment. I enjoy the opportunity to get to interact with you as much as possible. Email has proven very helpful in this regard. Please don't hesitate to contact me if you need assistance in any manner, or have comments, concerns or words of praise for some aspect of the course.

The best way to contact me and to schedule an office visit is by email. My email address is: gzimmerm@brandeis.edu

Or, you may deliver messages through Karen Muise, Lemberg 160, by email at kmuisse@brandeis.edu, or by phone at (781)-736-2240.

Assignments

Class #1: **Business and Marketing Strategy** (Wed 1/16)
Module: **Introduction**

- Discussion:**
1. Course Introduction
 2. Assignments
 3. Business and Marketing Strategy
 4. The Case Study Method – How to prepare for class

Pre-assignment

Readings: *What is Strategy?* Michael Porter, HBR96608

No Class on Monday, January 21 – Martin Luther King Day Holiday

Class #2: **Introduction to Industry Analysis** (Wed 1/23)
Module: **Industry and Competitive Analysis**

Readings: *Note on Structural Analysis of Industries.* Michael Porter (HBS 9-376-054)
Case: none

Lecture: We will spend the class period discussing Porter's 5 Forces

Class #3: **Industry Structure and Economics** (Mon 1/28)
Module: **Industry and Competitive Analysis**

Case: Cola Wars Continue: Coke & Pepsi in the 21st Century (HBS 9-702-442)

- Questions:**
1. Why is the soft drink industry so profitable?
 2. Compare the economics of the concentrate business to the bottling business: Why is the profitability so different?
 3. How has the competition between Coke and Pepsi affected the industry's profits?
 4. Can Coke and Pepsi sustain their profits in the wake of flattening demand and the growing popularity of non-carbonated drinks?

Class #4: Market Competition and Strategy (Wed 1/30)
Module: Industry and Competitive Analysis

Additional: Team assignments are due.

Case: Bally Total Fitness (HBS 9-706-450)

- Questions:**
1. What are the basic economics of health clubs?
 2. How structurally attractive was the health club industry in 2004? What average level of returns would you expect it to support?
 3. What do you see as the key trends in the industry in 2004? How do you think these trends will affect profitability and evolve over time?
 4. What advantages did Bally's scale bring? What challenges did Bally face? Evaluate Bally's response. What else might Bally do?

Class #5: Network Effects (Mon 2/4)
Module: Industry and Competitive Analysis

Case: Microsoft in 2002 (HBS 9-702-411)

- Questions:**
1. What are the 3 or 4 most important drivers of Microsoft's business model over the last 10 – 15 years which have produced the company's spectacular results?
 2. With a dominant share throughout the 1990s, how could Microsoft grow revenues at twice the level of the industry? Why did profits grow faster?
 3. In an industry with strong network externalities (also called network effects), what should you expect the competitive structure of the industry to look like? Compare this type of "network" industry with a more "traditional" industry, such as that of Crown Cork & Seal. What are the implications for strategy?
 4. Can Microsoft sustain its unusually strong position? What are the threats to Microsoft? How is Microsoft handling these threats?

Class #6: Cross-functional Perspectives (Wed 2/6)
Module: Managing Competitive Advantage

Case: Adolf Coors in the Brewing Industry (HBS 9-388-014)

- Questions:**
1. Why did the US brewing industry consolidate?
 2. Coors was very successful through the mid-1970s. What was its strategy historically?
 3. How did Coors' operating performance change relative to its competitors' between 1977 and 1985? Why?
 4. Should Coors build a brewery in Virginia? Will it be able to improve its position significantly?
 5. What, if anything, might Coors have done differently earlier on?

Class #7: Cost, Scale, Scope and Global Reach (Mon 2/11)
Module: Managing Competitive Advantage

Case: Wal-Mart Stores in 2003 (HBS 9-704-430)

- Questions:**
1. What are Wal-Mart's sources of competitive advantage?
 2. How did Wal-Mart create these advantages?
 3. How sustainable is Wal-Mart's competitive advantage?
 4. Are supercenters the answer to the threats identified? Will they provide Wal-Mart the potential for high growth the company seeks?

Class #8: Forging Corporate Advantage (Wed 2/13)
Module: Corporate Strategy

Readings: *Creating Corporate Advantage*
David Collis & Cynthia Montgomery (HBR 98303)

Case: Sharp Corporation: Technology Strategy (HBS 9-793-064)

- Questions:**
1. Why has Sharp been successful for so long?
 2. Is Sharp today an end products or a components company?
 3. Should Sharp enter into the Intel and Apple joint venture?
 4. How is Sharp able to coordinate and integrate activities across the corporation?

The week of February 18th is Winter Break. Enjoy your time off!!

Class #9: Business Strategy Review (Mon 2/25)
Module: Industry Analysis and Competitive Advantage

Additional: Final Project topic and outlines are due.

Case: Ice-Fili (HBS 9-703-516)

- Questions:**
1. How attractive is the Russian ice cream market? How is it likely to evolve?
 2. What are the potential sources of competitive advantage in the Russian ice cream market?
 - a. What determines willingness to pay?
 - b. How much must Russian consumers be prepared to pay to cover the extra costs of high quality ingredients?
 - c. What determines relative cost position? What are the economics of branding? Manufacturing? Distribution?
 3. How well positioned is Ice-Fili relative to its key competitors?
 - a. Who are Ice-Fili's key competitors?
 - b. How well positioned is Nestle? How does it compare on relative cost position/price realization?
 - c. How well positioned are small regionals? How do they compare on relative cost position/price realization?
 4. What strategic options does Ice-Fili have? What strategy would you recommend to Anatoly Shamonov? Be specific.
 - a. What choices do these entail?
 - b. What key assumptions are you making?

Class #10: Creating, Capturing and Sustaining Value (Wed 2/27)
Module: Marketing Strategy

Readings: *Note on Marketing Strategy* Robert Dolan (HBS 9-598-061)

Assignment: Your 2 page, bullet-formatted, draft outline for your final projects is due at the start of the class period. You must demonstrate a clear understanding of your company's strengths, weaknesses, opportunities and threats, and an analysis of the industry and competitive environment within which the company operates. I would like to see the beginnings of a plan to address these strategic issues, team member assignments and a work schedule for the remainder of the semester.

Lecture: An overview of marketing strategy examining how businesses create, capture and sustain value by strategic selection of market and customer segments, and integrated product, promotion, pricing and distribution strategies.

Class #11: Product Development
Module: Creating Value

(Mon 3/3)

Case: Omnitel Pronto Italia (HBS 9-501-002)

- Questions:**
1. What was Omnitel's competitive advantage when the service was launched In December 1995?
 2. Why did the launch not perform to expectations?
 3. What are the economics of LIBERO?
 4. Why is the churn rate so high for many European countries?
 5. Do you expect the churn rate to increase or decrease with the launch or LIBERO?
 6. What do you learn from consumer research? What do you learn from the results of the conjoint analysis presented in Exhibits 5 to 8?
 7. Will LIBERO lead to a price war? If yes, what could Omnitel do to avoid one?
 8. If you were Fabrizio Bona, what changes would you make to LIBERO and why?

Class #12: Product Development
Module: Creating Value

(Wed 3/5)

DUE: **Your hardcopy case write up is due BEFORE the start of class.**
THIS IS AN INDIVIDUAL ASSIGNMENT

Case: Colgate-Palmolive Company: The Precision Toothbrush (HBS 9-593-064)

- Questions:**
1. What changes are occurring in the toothbrush category?
Assess Colgate-Palmolive's competitive position.
 2. How is the toothbrush market segmented? Compare consumer behavior for toothbrushes and toothpaste.
 3. What are the arguments for launching Precision as (a) a niche product and (b) a mainstream brand?
 4. What marketing recommendations would you make to Steinberg? Be specific in your recommendations. Be sure to cover all 4 "Ps."

Class # 13: Integrated Marketing Communications (Mon 3/10)
Module: Communicating Value

Case: Cunard Line, Ltd: Managing Integrated Marketing Communications (HBS 9-594-046)

- Questions:**
1. In light of the difficult economic and competitive conditions, should Cunard use a more “sale-oriented” format with more emphasis on price for its tactical advertising?
 2. In better economic times would your judgement differ regarding the above?
 3. What is your recommendation to Cunard regarding the balance in the focus of marketing communications between the overall Cunard identity and image, and the identity and image of the individual ships?
 4. Which marketing communications elements do you believe should receive greater/lesser emphasis by Cunard? Why? Specifically, what about the role of direct marketing?
 5. What are the implications of the success of the “one-day sale” for Cunard?
 6. What effects do you expect the impending organizational change to have on marketing communications at Cunard?
 7. How would you prioritize and address the challenges facing Leslie at the close of the case?

Class #14: Pricing Strategy and Willingness-To-Pay (Wed 3/12)
Module: Pricing to Capture Value Through Enhanced Value Propositions

Case: Ducati (HBS 9-701-132)

- Questions:**
1. How did Ducati become the second most profitable motorcycle maker in the world despite its small scale? What is the fundamental economic logic of Minoli’s turnaround?
 2. Can Ducati sustain its position in the sport segment? Can Honda and the other Japanese manufacturers stop its growth in this segment?
 3. What strategic alternatives are available to Minoli in 2001?
 4. Which alternative would you recommend? Why? Be as detailed and specific as possible.

Class #15: Establishing Channels of Distribution (Mon 3/17)
Module: Creating Value through Distribution

Case: Hydrocision, Inc. (HBS 9-699-176)

- Questions:** Address the issues Freeman poses to himself on page 14 of the case.
1. Prioritize Hydrocision’s potential applications in order of attractiveness.
 2. Develop a resource allocation plan to spend the newly raised \$1 million. Be sure to address outstanding financial obligations and staffing plans.
 3. As Freeman, develop some negotiating scenarios and distribution recommendations to present to the board of directors.

Class #16: Disruptive Technologies and Market Segmentation (Wed 3/19)
Module: Capturing Value

Readings: *Industry Transformation* Michael Porter & Jan Rivkin (HBS 9-701-008)

Case: Matching Dell (HBS 9-799-158)

- Questions:**
1. How and why did the personal computer industry come to have such low average profitability?
 2. Why has Dell been so successful despite the low average profitability in the PC industry?
 3. Prior to the recent efforts by competitors to match Dell (1997-1998), how big was Dell's competitive advantage? Specifically, calculate Dell's advantage over the team of Compaq and a reseller in serving a corporate customer.
 - To examine relative costs, consider a typical PC equipped for the business market. From Exhibit 10b, you can calculate the price that Dell charged for such a machine in 1996. From Exhibit, you can calculate Dell's COGS for such a machine. Using information in the case, identify the major categories of cost differences between Dell and the Compaq/reseller team as each provides a typical corporate PC, how do they differ? Try to quantify the savings or extra costs associated with each difference.
 4. How effective have competitors been in responding to the challenge posed by Dell's advantage? How big is Dell's remaining advantage?
 5. What should each of Dell's major rivals (IBM, Compaq, HP and Gateway) do now?

Class #17: Marketing Strategy in Times of Industry Transformation (Mon 3/24)
Module: Capturing Value, Value Chains

Case: BMG Entertainment (HBS 9-701-003)

- Questions:**
1. Why have a handful of major record companies dominated the music industry through most of the last century?
 2. How does the advent of the Internet change the structure and economics of the music industry? Will major record companies continue to dominate the business?
 3. Does BMG's approach to the Internet make sense?
 4. What should Zelnick and Conroy do? Specifically, what should the strategy and structure of BMG's digital organization be? Should BMG continue to work with a wide array of technology partners?

Class #18: Corporate Repositioning – Changing Consumer Tastes (Wed 3/26)
Module: Sustaining Value

**DUE: Your hardcopy case write up is due BEFORE the start of class.
THIS IS AN INDIVIDUAL ASSIGNMENT**

Case: Bayerische Motoren Werke AG (BMW) (HBS 9-593-082)

- Questions:**
1. What was BMW's status in the market in 1986? Who was buying BMW and what were they buying?
 2. What caused the unit sales decline from 1986 – 1991? Could BMW have prevented it given its position in 1986?
 3. Evaluate Gerlinger's performance. What has he accomplished to date? Can BMW effectively compete against Lexus and Infiniti?
 4. What advice would you give Gerlinger to help him achieve his 100,000 units sales goals?

Class #19: Corporate Repositioning (Mon 3/31)
Module: Sustaining Value

Case: Gucci Group N.V. (HBS 9-701-037)

- Questions:**
1. Evaluate Gucci's competitors on the basis of their individual profitability potential: the level of their differentiation (their ability to sustain premium pricing) and their cost structures (their ability to keep costs low).
 2. Similarly, evaluate Gucci's position in 1990, 1994 and 2000?
 3. What were the key elements of De Sole's repositioning strategy?
 4. How is the industry changing and what factors are driving these changes?
 5. Evaluate De Sole's latest strategic move to buy Yves Saint Laurent (YSL) and Sergio Rossi.

Class #20: Global Branding Strategy (Wed 4/2)
Module: Marketing Strategy

Case: Henkel KGaA: Detergents Division (HBS 9-502-019)

- Questions:**
1. Why are Unilever and P&G harmonizing their brand portfolios internationally? What benefits are they aiming to achieve?
 2. Is it a strategic necessity for Henkel to follow suit – are they in the same situation as their competitors?
 3. What brand strategy should Henkel follow in Italy and Spain. Specifically, what are the potential losses and gains from introducing the Persil brand in these markets?

Class # 21: Global Branding Strategy
Module: Marketing Strategy

(Mon 4/7)

Case: L’Oreal of Paris: Bringing “Class to Mass” with Plenitude (HBS 9-598-056)

- Questions:**
1. Describe Plénitude’s position in the U.S. market in early 1996. Why has it apparently been less successful in the U.S. than in France when the French “success formula” was used in the U.S.?
 2. Consider the three custom research studies presented in the case (pages 8-15). These are three very different types of research
 - a) A large scale quantitative survey with 3500 respondents using state-of-the-art research techniques.
 - b) Acceptor/Rejector studies utilizing 10 focus groups. (8-10 people for 2 hours each.)
 - c) A mock-store study with 50 people who were each interviewed individually and then involved in a small focus group. (10 groups of 5 people each.)
- Take a careful look at the perceptual maps in exhibit 9 and 10. (See Appendix 1 of the case for a brief overview of perceptual map methodology.) What do you learn from these maps?
What do you get out of exhibit 11?
As you go through the research, consider whether the quantitative and qualitative findings seem consistent with one another, i.e. do your inferences from the perceptual map “square” with the qualitative research?
3. Based on your understanding of the situation and the market research data, what is L’Oréal’s problem?
 4. What should Carol Hamilton do? What results do you expect? Is L’Oréal France likely to support the plan?

Class #22: Integrated Marketing Strategies
Module: Marketing Strategy

(Wed 4/9)

Case: Aqualisa Quartz: Simply a Better Shower (HBS 9-502-030)

- Questions:**
1. What is the Quartz value proposition to plumbers? To customers?
 2. Why is the Quartz shower not selling?
 3. Aqualisa spent three years and €5.8 million developing the Quartz. Was the product worth the investment? Is Quartz a niche product or a mainstream product?
 4. Aqualisa currently has three brands: Aqualisa, Gainsborough, and ShowerMax. What is the rationale behind this multiple brand strategy? Does it make sense?
 5. What should Rawlinson do to generate sales momentum for the Quartz product? Should he change his marketing strategy to target consumers directly, target the DIY market, or target developers? Should he lower the price of the Quartz? Or, should he do something different altogether?

Class #23: Course Review (Mon 4/14)
Module: Business and Marketing Strategy

Case: Debrief the Welsh Water negotiations. Be prepared to share individual strategy, the negotiating process your team undertook and ultimate outcome of your team's negotiation.

Class #24: Marketing Strategy (Wed 4/16)
Module: Final Group Presentations

All teams must submit hard copy of their PPT slides at the start of class. Teams may not alter their slides after they have been submitted for any reason. On the day of your presentation, be sure that your slides are loaded and ready to go before the start of class so that we can use every minute productively.

No Class on 4/21 and 4/23 - Passover Break. Enjoy your holiday!

Class #25: Marketing Strategy (Mon 4/28)
Module: Final Group Presentations

Class #26: Marketing Strategy (Wed 4/30)
Module: Final Group Presentations