COURSE DESCRIPTION

This is a “hands-on” course that emphasizes decision-making. Throughout the course, the focus is on helping you to sharpen your problem-solving skills by rigorously applying theory and empirical methodology to solve complex real-life problems involving domestic and international marketing strategy.

COURSE MATERIALS


*Note: This book is optional and can be used as a reference book. The lectures may discuss some of the material in this book.*

A set of Harvard cases described below. These materials are required and are available from [upublishing.com](http://upublishing.com). Use the search word "Jagpal".

LEARNING GOALS AND OBJECTIVES

**Scope**

Strategic decisions---both domestic and international---are made under considerable uncertainty and are of necessity based on incomplete information. Furthermore, these decisions have significant ---and sometimes irreversible---long-term effects on the firm.

This customized Marketing Strategy course is designed to help you to develop expertise in making strategic marketing decisions under uncertainty. Strategic decisions, unlike tactical decisions, are made under considerable uncertainty and have long-term effects on performance and stock value. Consequently, they are typically under the purview of senior management including CEOs.

This course will focus heavily on how to make optimal resource allocation decisions in the multiproduct firm under uncertainty ----- both domestically and internationally. Specifically, we will use the theory
and concepts to analyze the marketing strategies of a number of domestic and multinational firms with operations in the United States, Europe, China, and other Asian markets.

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**General Approach**

We will analyze in depth how to coordinate decisions across different functional areas in the firm (e.g., marketing, finance, and engineering) to achieve optimal long-run performance, how to measure the financial value of strategic flexibility in an uncertain environment, and how to make optimal decisions given incomplete information. Throughout the course we will focus on optimal methods for combining theory and measurement in the firm to maximize performance.

Broadly, the course focuses on three interrelated problem areas in marketing strategy. The first is: How can a multiproduct firm use its scarce resources to obtain a sustainable long-run competitive advantage in the rapidly changing and highly uncertain domestic and international marketplaces? We will critically evaluate and apply new state-of-the-art theories in such crucial areas as product positioning, brand equity analysis, supply chain management, customer relationship management (CRM), and organizational structure. We will also focus on fundamental measurement issues in marketing including the choice of metrics for measuring and rewarding the performance of country managers in multinational corporations.

The second is to analyze the effects of competitive strategies in an uncertain environment. We will focus on the following questions. How should the firm choose strategies given demand and technological uncertainty? How can the firm measure the costs and benefits of different entry deterrence strategies?

The third is to analyze the dynamics of competitive strategy. Specifically, we will focus on how to choose optimal marketing strategies in repeated games with incomplete information and a changing set of firms in the industry.

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**Teaching Method**

The course relies on a combination of (a) Customized lectures on marketing strategy; and (b) Harvard Business School cases. Each case has been carefully chosen to help you to sharpen your analytical skills, understand the linkages among different functional areas (e.g., marketing, finance, product design, and production), and apply the theory and concepts (many of which are new) that I teach in class.

The lectures will present the key theoretical concepts that are essential to an understanding of marketing strategy. They will also synthesize key concepts gleaned from the cases.
Heavy emphasis will be placed on applying theoretical concepts to solving real-life problems. To illustrate the theory and concepts, we shall study cases from a wide spectrum of industries ranging from frequently purchased products (e.g., Coca-Cola) to those in the industrial and high-tech sectors, including the Internet and the computer industry (e.g., Arrow Electronics and Dell). All cases have been carefully selected to provide examples of real-world situations where the theory can be effectively applied to strategic decision-making under uncertainty. They also provide “20/20” insight into why certain companies succeed or failed in the past.

Case Discussion and Write-ups

The course will rely heavily on case analyses (team-based and individual). Your individual and group performances will be evaluated on two dimensions. The first is the analytical rigor and practical value of your case solutions. The second is your ability to thoroughly analyze the available case information.

All assignments are compulsory and must be submitted at the beginning of the relevant class session when the case is to be discussed. Late assignments or assignments that do not meet the specifications described above will not be evaluated.

Team Presentations/Reports:

At the end of each presentation the presenting team should give me a hard copy of their presentations so that I can provide written feedback. Each team member is expected to participate in at least one case presentation. Please staple all pages and do not use any covers (plastic or otherwise). In addition, please submit ONLY black-and-white copies of your presentations. Please do NOT email me your presentation.

The case presentations and group critques will be evaluated on the basis of both content and delivery. Non-presenting students will be evaluated on the basis of the quality of their questions and their class participation. The maximum time for each team presentation is 20 minutes. The maximum time for each critique is 7 minutes.

Individual Case Analysis:

Each student will be required to complete an individual case report to be submitted at the end of the course. (Maximum length = 6 typed, double-spaced pages, excluding tables and exhibits. Please use 12 font only and leave a 1 inch margin on all sides.) Additional details are given later in this syllabus.
Course Evaluation

Group presentations 30%
Group critiques 10%
Individual-level class participation 30%
One individual written case report 30%
Total 100%

COURSE ASSIGNMENTS

Session 1 (September 2): Introduction to Marketing Strategy and Game Theory Lecture on fundamental concepts including the valuation of strategic options under uncertainty, the marketing-finance interface, game theory, industry analysis, and the economic value of flexibility.

Session 2 (September 9): Market Segmentation and Product Positioning

Session 3 (September 16): Global Marketing Strategy

Session 4 (September 23): NO CLASS

Discussion Issues:
Do you agree with Coca-Cola’s new pricing policy?
Where, how, and for whom does this technology create/destroy value? For example, distinguish among loyal Coke customers, switchers among cola products, and loyal Pepsi customers.
Are there any pricing-related issues that can adversely affect Coca-Cola?
What did Coca-Cola do right? What did it do wrong? What should Coca-Cola have done?
What is Coca-Cola really trying to do?
What is price discrimination and when does it work?
How does the Internet affect the ability of firms to price-discriminate across consumers? What do you think of Ivester and his comments
Session 6 (October 7): Coordinating the Supply Chain, Choosing Multiproduct Strategy, and Entry Deterrence Strategies

Coordinating Marketing, Finance, and Production Strategies

Case ---Cramer Electronics, Inc. (HBS #9-377-063) Discussion Issues:

Analyze the industry structure.

Discuss the pattern of rivalry among firms, the power of suppliers, and the power of customers.

What are the key elements of Cramer’s present strategy? What assumptions are inherent in Cramer’s strategy?

Evaluate Cramer’s current strategy.

What is the likely impact of market entry by Japanese firms?

Develop a strategy for Cramer.

Session 7 (October 14): Product-Line Strategy

Case ----John Deere (HBS #9-577-112) Discussion Issues:

Analyze the competitive structure of the market.

Should John Deere enter the industrial equipment market? If so, which segment should it target?

Evaluate the alternative marketing strategies that John Deere should follow.

How will Caterpillar react if John Deere enters the market?

What marketing strategy should John Deere follow?

Session 8 (October 21): Entry Deterrence Strategies

Case -----The Disposable Diaper Industry in 1974 (HBS #9-380-175) Discussion Issues:

Why did two-piece diapers fail in the United States?

Analyze the barriers to entry in this industry.

What is the minimum efficient plant size?

Analyze the costs and benefits for a potential entrant into this industry.

What entry deterrent tactics are available to P & G?
Which competitors should P & G be worried about?
Predict the future evolution of this industry based on case information.

**Session 9 (October 28): Multiperiod and Multiproduct Strategic Games**

Case ---- Polaroid vs. Kodak (HBS #9-376-266) and Addendum to Polaroid vs. Kodak (HBS #9-378-165) Discussion Issues:

Analyze the industry structure.

Why has Kodak entered the instant camera business?

How serious is this threat to Polaroid?

Critically evaluate Kodak’s and Polaroid’s pricing and product-design strategies?

Formulate the decisions problems facing Kodak and Polaroid.

What should Kodak and Polaroid do?

How successful has each firm been in reading the signals sent out by its rival?

What sequence of moves and countermoves do you expect?

What is the likely outcome in the long run?

**Session 10 (November 4): Dynamic Games with Capacity Constraints**

Case ------General Electric versus Westinghouse in Large Turbine Generators (HBS #9-380-128) Discussion Issues:

Perform a structural analysis of the large turbine generator industry.

Is the large turbine industry profitable in the long run? Why?

Analyze the price sensitivity of the market segments in the industry.

Discuss the wisdom of adding to capacity at different points in the business cycle.

Evaluate GE’s present strategy. What segmentation policy should GE follow?

Evaluate Westinghouse’s strategy.

What should GE do to try to stabilize the industry?

**Session 11 (November 11): Reaction to Competitive Entry**
Case ------ Leadership Online: Barnes & Noble vs. Amazon.com (A) (HBS #9-798063)

Discussion Issues:
Compare the business models used by Barnes & Noble and Amazon.com

Assess Barnes & Noble’s response to the threat from Amazon.

How did Amazon respond? What was the net effect? Do you agree with Amazon’s strategy?

Predict the future evolution of the online bookselling industry based on the information in the case.

Session 12 (November 18): Business Unit Strategy
Case---- Matching Dell (HBS #9-799-158) Discussion Issues:

How and why did the personal computer industry come to have such low average profitability?

Why has Dell been successful despite the low average profitability in the PC industry? Prior to the recent effects 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.

How effective have competitors been in responding to the challenge posed by Dell’s advantage? How big is Dell’s remaining advantage?

What should each of Dell’s major rivals (IBM, Compaq, HP, and Gateway) do now?

Session 13 (December 2): Choosing Channel Strategy in a Turbulent Market
Case ---- Arrow Electronics (HBS #9-598-022) Discussion Issues:

How do the Arrow/Schweber salespersons build their relationship with their customers?

What is Arrow’s business model? What value does it add for its suppliers? What value does it provide to its customers?

How does Express affect Arrow’s business and its selling effort/ Will Arrow be able to keep its margins above the 15% target set by Kaufman?

How should Arrow respond to the Express proposal? What other measures should Arrow take?

Explain the relationship among Arrow and its suppliers.
What is the impact of the Internet on the Arrow salesperson?
Is the Internet a friend or a rival to Arrow? In what ways can Arrow leverage the Internet to facilitate its sales effort?

Session 14 (December 9): Multisegment Strategy
Case---- “KONE: The MonoSpace Launch in Germany” (HBS #9-501-070)

Discussion Issues:
KONE has targeted MonoSpace directly at Europe’s largest new-equipment market segment: low-rise residential elevators. Put yourself in Hatala’s shoes and develop a detailed marketing plan for launching the MonoSpace in Germany. Set a price for the MonoSpace and specify clearly how it is to be positioned relative to the current products in the marketplace (PH, PT, PU, and PS). Based on the pricing and positioning decisions, propose a marketing and sales effort. Justify your decisions and investments on the basis of anticipated sales and the associated contribution relative to the amount you plan to spend.

How important is the product launch for KONE? What are the implications of the success or failure of the MonoSpace launch?

What can be learned from the test market and market launches in the other three countries? How does the German market (and KONE’s position in it and approach to it) differ from the other markets? What are the implications of these differences for transferring experience gained in the other markets?

How do you expect competition to react to your launch plan? How do you plan to manage competitors’ reactions?

Where does the MonoSpace fit price- and performance-wise relative to KONE’s and its competitors’ current product lines? Does it potentially change anything? If yes, how? What are the short-term and long-term implications of your approach?

What key weaknesses in KONE’s current capabilities will need to be managed to ensure the success of the product launch?

Each student must hand in a hard copy of a written case analysis of the Sealed Air Corporation case. The maximum length of the write-up is 5 double-spaced, typed pages, excluding exhibits and tables. Please use ONLY 12 font and leave 1 inch margins on all sides. Any material that exceeds the page limit will not be evaluated. Late papers will not be accepted.

Discussion Issues for Sealed Air Corporation Case (HBS#9-582-103)
Evaluate Sealed Air’s current and past marketing strategies.
Analyze the competitive structure of the market and the strategic alternatives facing Sealed Air.

Determine the optimal product-line and marketing strategies for Sealed Air.

In addition, you may discuss any other issues that are managerially important.

What changes, if any, are needed in Signode’s marketing strategy? How costly are these changes and how should they be implemented?