



**NEW YORK UNIVERSITY
Stern School of Business**

**B01.2310.12: Marketing Concepts
Fall 2004**

Professor Joel Steckel (jsteckel@stern.nyu.edu)
Suite 9-67 Kaufman Management Center
212-998-0521

Introduction

A marketing orientation drives strategic decision-making in most companies today. The business press is constantly discussing the efforts of companies to get close to their customers or to meet their needs better than the competition. Indeed, it is impossible to understand the current and potential financial success of companies today without a thorough understanding of their target markets, customer relationships, product development skills, and competitive advantages and disadvantages.

Marketing is all about creating and capturing value. By providing superior value to customers, companies enhance their own value. The marketing concept is so pervasive in companies that a marketing orientation extends well beyond the marketing department. Marketing has become everyone's job. This course will enable you to apply marketing tools and concepts, whether you work in the marketing department or not.

Course Objectives

During the course of the semester you should learn to:

1. Understand the role of marketing in companies.
2. Integrate the customer into every aspect of business planning. The core competence of marketing in any organization is its understanding of the customer.
3. Appreciate how companies develop relationships with customers that provide lifetime value to both the company and its customers.
4. Apply analytical tools appropriate for marketing analysis.

5. Develop specific recommendations and actions plans for companies facing difficult marketing decisions.

Achievement of the course objectives depends on you. This is *your* class, so participate actively. Ask questions, share your observations about the topic being discussed, and embellish the discussion with examples from your experience. In short, take charge. I will try to accommodate individual requests and suggestions while keeping in mind the needs of the class as a whole.

Course Format

The course uses a combination of lectures and cases.

Lectures

Lectures will be used to introduce new tools, frameworks and concepts that are important for conducting a thorough marketing analysis. These lectures will be interactive rather than simply a monologue.

Cases

Cases are descriptions of real-world business situations that provide opportunities to define and develop marketing strategies. Case analyses will illustrate how marketing concepts apply to these complex situations. Analyzing cases promotes your decision-making capabilities by developing a *process of thinking*. In addition, case discussions provide opportunities to develop your communication skills.

The success of our case discussions is largely up to you. Good case discussions involve interactions among students. Case discussions are based solely on the material presented in each case. Please do not collect any post-case information. Our emphasis will be on the decision-making process at the time of the case rather than on the decision outcome. Since managers must constantly make decisions without all the information they desire, being able to make decisions under these circumstances is a critical skill.

Typically, I will select one or two students to introduce the key elements of the case. Afterwards, I will open the discussion to the class. In our discussions, the roles of instructor and participants are crucial, but very different. My role is to facilitate the discussion, rather than to direct the discussion in a predetermined direction. You (collectively) must raise the relevant issues. I will make sure that all opinions and recommendations have a chance to be raised. Then, I will help the class synthesize the different perspectives and form a framework for decision-making. It is important to remember that the purpose of case analysis is not to determine right and wrong answers. The validity of any recommendation rests on its logic and incorporation of all relevant facts from the case.

Grading

Steinway & Sons (written case)	20%
Dell Online (written case)	20%
Class Participation	20%
Final Project	40%

Requirements

Written Cases

All students will formally write-up the Steinway and Dell Online cases. These write-ups should be in the form of an executive summary or memo written for the decision-maker in the case (**2 pages maximum**). Up to three pages of supporting material (tables, figures, graphs) may be attached. This material should be referenced in the text of the write-up. Professional quality writing and presentation are expected. **Write-ups must be typewritten, double-spaced, 12-point font with 1" margins.**

The written cases can be done individually or in teams of 2. They are due in class on the date the case is discussed. Students are permitted to discuss the case with other members of the class.

In preparing written cases, assume that you are a marketing consultant who has been hired by the company. Do not describe the case, but focus on the following three factors: 1) statement of the problem(s) or decision(s) to be made; 2) description of your decisions or recommendations; 3) supporting logic and analyses. Your recommendations should be based on quantitative and qualitative analysis of case data. Your analysis should anticipate potential objections to your recommendations and illustrate its superiority over other alternatives.

Class Participation

You must be prepared to discuss all assigned readings and cases. Your comments should reflect a depth of understanding indicative of thorough analysis. You should be prepared to articulate and defend your position when called on to do so. *Active participation of all students is required but quality and frequency of comments is more important than duration of each comment.* The ability to speak comfortably to a group is a vital business skill. If you are anxious about public speaking, the only way to get better is to practice. The best way to reduce your anxiety is to be thoroughly prepared. I will not hesitate to cold call.

The following are elements I will consider in evaluating your participation:

1. Are you a good listener?
2. Do you contribute to the learning environment by sharing your relevant business experiences and those you read about?
3. Do your comments show evidence of thorough analysis?

4. Do you ask constructive questions of other students that help to deepen everyone's understanding?
5. Do you distinguish between different kinds of data (i.e., facts and opinions)?
6. Are you willing to share ideas and information in a collegial fashion?
7. Are you willing to test new ideas, or are all comments "safe" (e.g., a repetition of the case facts without new insights)?
8. Are you willing to interact with other class members to help refine ideas?
9. Do your comments build on earlier comments to advance the discussion or are you merely repeating earlier comments or raising points that do not fit into the current discussion?
10. Do your comments incorporate concepts presented in lectures, readings and earlier cases?
11. Do you make your points succinctly?

The Final Project

The final project is an attempt to apply what you have learned in the course to a product or service of your choosing. This **SHOULD NOT** be the company you work for. You are essentially going to analyze the current marketing strategy and implementation for a product/service and make recommendations for how it should be changed (unless you think it is perfect already, which is highly unlikely).

The tasks for this final paper are the following:

1. Choose a product or service you would like to analyze. For small companies, you may not be able to distinguish the product from the company. Please contact me as soon as possible if you have some questions about whether your "topic" product is appropriate.
2. The first part of the paper should provide a brief background of the company and a description of the product/service and its major competition.
3. The second part of the paper is *descriptive*. We would like you to describe the product's current marketing strategy (objectives, target segment(s), value proposition) and implementation (marketing mix).
4. The third part of the paper is *diagnostic*. We would like you to evaluate the product's current marketing strategy and implementation. Use any criteria you feel are appropriate, but at least one should be the "consistency" of the strategy/marketing mix.
5. The fourth part of the paper is *prescriptive*. Based on your evaluation, we would like you to make recommendations for "fixing" the problems you found.

The paper should be 10 pages maximum excluding exhibits. You can do this project alone or in pairs. It is due **Wednesday, December 29**.

Course Materials

Text: Winer, *Marketing Management*, 2nd edition, Prentice Hall (2004).

There is also a coursepack containing the cases for the course.

General Case Preparation Guidelines and Advice

1. Skim through the case to understand the basic setting and framework. This will help you to assimilate the facts of the case when you read it.
2. Review all tables and figures.
3. Read the case study questions provided in the detailed outline at the end of this syllabus. Use these questions as a guide to some of the key issues in the case. Remember, it's still up to you to decide what is important based on the evidence in each case.
4. Now read the case and begin to analyze it qualitatively and quantitatively. What are the key issues? What do you recommend? What alternatives did you consider? Why did you select your preferred course of action?
5. Now with a reasonably good understanding of the situation, you should reread the case to incorporate important details that will impact your analysis.
6. In preparing the cases, don't look for a single right answer. Each case will raise a number of issues that need to be evaluated. A good recommendation is one that is based on solid analysis and considers multiple courses of action.

Note. If you miss class on a day when a case is discussed, please turn in one page of bullet points listing the key issues and your recommendations. They will count toward your class participation grade.

Rules of Case Discussion

Putting down legitimate comments (those not intended to be humorous) is not acceptable. Everyone's input, if not repetitious, must be considered valuable and encouraged. Feel free to question or disagree with other students, however, such disagreement must be based on the idea and not the person. Respect for your fellow students is the *sine qua non* of great discussions and great learning experiences.

Administrative Details

1. You should attend all class sessions and complete all assigned readings before each class. You should minimize disturbances during class, i.e., talking, arriving late, leaving early, etc.
2. Students are expected to adhere to the Stern School's Honor Code, "*I will not lie, cheat or steal to gain an academic advantage, or tolerate those who do.*"

3. No extra credit will be given in this course. Please see me right away if you are concerned about your performance in the class.
4. Deviations from the syllabus may be necessary.

TENTATIVE COURSE OUTLINE

<u>Session</u>	<u>Date</u>	<u>Topic</u>	<u>Assignment</u>
1	Sept 30	Introduction to Marketing Strategy	Read: Winer, Chapter 1 Case: Calyx and Corolla 9-592-035
2	Oct 7	Analyzing Buyer Behavior	Read: Winer, Chapters 4 and 5 Case: Black and Decker 9-595-057
3	Oct 14	Segmentation, Targeting, and Positioning	Read: Winer, Chapter 2, pp. 31-48, Chapter 7, pp. 180-188. Case: TiVo, 9-501-038 Case: TiVo in 2002. 9-502-062
4	Oct 21	Analyzing Competition	Read: Winer, Chapter 6 Case: Sealed Air Corp 9-582-103
5	Oct 28	Strategy over the Product Life Cycle	Read: Winer, Chapter 2, pp. 48-54 Case: Steinway & Sons 9-500-028 (Written Assignment)
6	Nov 4	Developing New Products	Read: Winer, Chapter 8 Case: Nestle Refrigerated Food: Contadina 9-595-035
7	Nov 11	Advertising & Communication	Read: Winer, Chapter 9 Case: Land Rover North America 9-596-036
8	Nov 18	Pricing	Read: Winer, Chapter 12 Case: Cumberland Metals 9-580-104

			Case: Coca-Cola's New Vending Machine 9-500-068
9	Dec 2	Sales Promotion	Read: Winer, Chapter 13 Case: Reynolds Metals: Consumer Products Division 9-597-045
10	Dec 9	Channels of Distribution	Read: Winer, Chapter 10 Case: Dell OnLine 9-598-116 (Written Assignment)
11	Dec 16	Branding	Read: Winer, Chapter 7, pp. 165-180. Read: "The Brand Report Card," <i>Harvard Business Review</i> , January, 2000 Product#: R00104 Case: Calvin Klein v. Warnaco 9-503-011
12	Dec 23	Customer Relationship Management Course Review	Read: Winer, Chapter 14. Case: Hilton Hhonor Worldwide 9-501-010

DETAILED SESSION OUTLINE

Session 1 – Introduction to Marketing Strategy

Learning Objectives

- 1) Introduce Marketing is a Business Philosophy
 - a) Creating customer value
 - b) Implementation through tactics (4 P's)
- 2) Gain an Understanding of what a Strategy Really Is
 - a) What Distinguishes Strategy from Tactics?
- 3) Introduce a Framework for Developing a Marketing Strategy

Case Questions – CALYX AND CAROLLA

1. What are the strengths and weaknesses of the Calyx & Carolla formula?
2. What steps should Ms. Owades and her associates take next to fully develop the Calyx & Carolla concept?
3. How would you determine the lifetime value of a Calyx & Carolla customer?

Session 2 – Analyzing Buyer Behavior

Learning Objectives

- 1) Understand how to identify who the customers are
- 2) Be able to understand what consumers really buy (benefits)
- 3) Gaining familiarity with how customers choose
- 4) Becoming aware of other relevant questions-; i.e. When, Where do customers buy?

Case Questions - BLACK AND DECKER

1. What is the cause of B&D's 9% share vs. Makita's 50%?
2. How does the buying behavior of the tradesman impact the situation?
3. What is Makita's competitive strategy and what role does Milwaukee (the #2 brand in the segment) play?
4. What action alternative should B&D pursue?

Session 3 – Segmentation, Targeting, and Positioning

Learning Objectives

- 1) Understand Essential Marketing Concepts: Segmentation, Targeting, Positioning, Differentiation, Value Proposition
- 2) Appreciate their roles in marketing strategy
- 3) Highlight the relationship among them
- 4) See how companies select from a variety of approaches to position their products
- 5) Become familiar with perceptual maps as a tool to make positioning decisions.

Case Questions – TiVO

1. Analyze the situation from the consumer's standpoint. What is TiVo? What factors facilitate its adoption? What factors make adoption difficult? Who is TiVo best suited for?
2. Now adopt the standpoint of the networks, the advertisers, and the cable/satellite companies: what do they want TiVo to be? Thinking about the competition: What are Microsoft's potential strengths and weaknesses in this market?
3. How would you describe and characterize TiVo's action plan as given at the end of the case? How do you evaluate the planned communication campaign? Does your situation analysis suggest an alternative plan?

Session 4 – Analyzing Competition

Learning Objectives

- 1) Appreciate the importance of understanding competitive behavior
- 2) Learn what the components of a good competitor analysis are
- 3) Become familiar with the information sources for competitor analysis
- 4) See some tools for performing competitor analyses
- 5) Understand a basic logic for forecasting competitor actions.

Case Questions – SEALED AIR CORP.

1. Describe the corporate culture at Sealed Air.
2. What arguments can be made for introducing an uncoated bubble? What would the CEO think of these arguments?
3. What would be the major problems to overcome if Sealed Air were to introduce uncoated?
4. Propose an introductory marketing program which overcomes these problems.

Session 5 – Strategy Over the Product Life Cycle

Learning Objectives

- 1) Become familiar with the stages of the Product Life Cycle (PLC).
- 2) Understand the major market characteristics of the different stages of the PLC.
- 3) Communicate the major strategic options at each stage.
- 4) Examine what can be done to affect the life cycle, especially at maturity.

Case Questions – STEINWAY AND SONS

1. What rationale could Messina and Kirkland have for buying this company? What opportunities (if any) exist within this industry? Within the company?
2. What value (if any) do Messina and Kirkland bring to Steinway & Sons? What negatives (if any) do they bring?
3. What do you think of Steinway's 1992 decision to launch the Boston line of pianos? How does the Boston line fit?

4. Moving forward, what is Steinway & Son's single biggest strength? How can it best be leveraged? What is Steinway & Son's single biggest weakness? How can it best be minimized or eliminated?
5. What recommendations would you make, both long and short term, to Messina and Kirkland?

Session 6 – Developing New Products

Learning Objectives

- 1) Examine the stages of the New Product Development process
- 2) Become familiar with some of the tools useful in New Product Development
 - a) Conjoint Analysis
 - b) Taste tests
 - c) Simulated Test Markets
- 3) Understand why most new products actually *fail!!*

Case Questions – NESTLE REFRIGERATED FOOD: CONTADINA

1. Using the BASES model described in Exhibit 9, forecast the estimated demand (trial and repeat) for the two Pizza options under consideration: Pizza and Topping and Pizza Only.
2. What can one learn from Exhibits 13, 14, and 15?
3. How does the pizza concept test data compare to the pasta concept test data?
4. In general, how would you compare the pizza opportunity to the pasta opportunity? What are the similarities? Differences?
5. Why was the pasta product so successful?
6. Would you launch the pizza?

Session 7 – Advertising and Communication

Learning Objectives

- 1) Understand the function and purpose of communications and advertising
- 2) Clarify the 5 M's of advertising decision making (mission, message, money, media, measurement)
- 3) Learn some basics about aggregate market response to advertising, both short and long term.
- 4) Become familiar with some of the basics of message and media strategy.
- 5) Learn how advertising campaigns are evaluated.

Case Questions – LAND ROVER NORTH AMERICA

1. Why is LRNA launching the Discovery?
2. Why do people buy SUV's?
3. Who is the typical SUV customer and how is this changing?
4. What are the differences among competitive SUV offerings?
5. What strategic considerations are involved in moving this brand forward?

Session 8 – Pricing

Learning Objectives

- 1) Become familiar with the basic (MR=MC) Microeconomic model of price determination and its limitations;
- 2) Learn approaches to assessing consumer value (in use and perceived);
- 3) Gain awareness of some special pricing problems faced in industry today;
- 4) Be exposed to some of the more interesting research in marketing (I.e. behavioral pricing).

Case Questions – CUMBERLAND METALS

1. What is your price for the curled metal pads? Why?
2. How much do you think one of these pads is worth to a customer? Do the test data tell you anything about that?
3. How big is this market? What kind of opportunity is it?
4. Does your price affect how much of the market you'll get? How big the market is?
5. Is it more important to make high profits or build market share at this point?
6. Who has to say "yes" before you sell a CMI pad?
7. How are you going to market these pads? Consider the buying process in the organization.

Session 9 – Sales Promotion

Learning Objectives

- 1) Clarify the use of the word "promotion" in marketing;
- 2) Distinguish between those "promotions" that build equity and those that stimulate sales;
- 3) Understand the difference between consumer and trade promotions;
- 4) Describe what is known about the effects of each.

Case Questions – REYNOLDS METALS COMPANY: CONSUMER PRODUCTS DIVISION

1. Compare and contrast MDF with off-invoice deals. How are the objectives of the two different?
2. Does MDF offer a more effective trade promotion alternative to off invoice? Why or why not?
3. If Reynolds were to fully implement MDF, how should Rosser go about obtaining retailer support? Is it even necessary?
4. How should Rosser manage the transition of trade deal responsibility from the marketing department to the sales department?

Session 10 – Channels of Distribution

Learning Objectives

- 1) Understand the importance of Distribution;
- 2) Become familiar with the functions performed by a Channel of Distribution;
- 3) View the tradeoffs between Direct and Indirect Distribution and Multiple Channel Systems;
- 4) See how Distribution can serve as a competitive advantage.

Case Questions – DELL ONLINE

1. How would you judge Dell Online's success?
2. What advantage does Dell derive from its online success? Is it a big deal?
3. How substantial and sustainable are these advantages in comparison to its competitors? Which competitors should Dell worry about? Why?
4. How should Dell go about conducting 50% of its business over the internet by the year 2000?

Session 11 – Branding

Learning Objectives

- 1) Convey why brands are important to firms and customers
- 2) Gain familiarity with the major branding decisions a business makes
- 3) Examine how to manage and enhance brand equity
- 4) Learn the ways to extend brand names to new products
- 5) Appreciate various approaches to assessing brand value

Case Preparation – CALVIN KLEIN V. WARNACO

- ***Last name beginning with A-L:*** Take the role of attorneys working for Calvin Klein. Prepare arguments that would persuade a jury that Calvin Klein should win the case.
- ***Last name beginning with M-Z:*** Take the role of attorneys working for Warnaco. Prepare arguments that would persuade a jury that Warnaco should win the case.

Session 12 – Customer Relationship Management

Learning Objectives

- 1) View customers as assets (like technology and brands) that are used to generate revenues and profits;
- 2) Examine the details of LVC;
- 3) Understand the structure and significance of relationship marketing;
- 4) Learn the tools and concepts firms use to manage customer relationships.

Case Questions – HILTON HHONORS WORLDWIDE: LOYALTY WARS

1. Hotels are an unusual kind of product. Consumers buy a branded experience, but the experience is delivered far from corporate scrutiny, under various kinds of

- control – a manager, a franchisee, or a property operator. How can a loyalty program help the property operator and brand owner manage customers better?
2. Can you quantify the value of the Hhonor program to Hilton? How does the value generated by the program compare to its cost?
 3. Now look at the program from the perspective of a franchisee. If they had the choice of putting the Hilton or a Starwood brand onto its property, which would you do?
 4. Diskin points out that properties cheerfully pay 10% of room rates to travel agents (p. 10). Imagine that a franchisee paid Hhonor 10 cents per dollar instead of 4.5. How would you recommend that Hhonor should spend the additional revenue? Would the franchisee get value?
 5. What should Hilton do in response to Starwood?