Please note that this syllabus for Spring 2006 is subject to minor changes. The date for the guest speakers is tentative and may also change.
MARKETING CONCEPTS AND STRATEGIES - B01.2310, Sections 21, 22, and 23
Prof. Eric Greenleaf
Spring 2006

OFFICE: 9-68 KMC before Jan. 6; 813 Tisch Hall after Jan. 6
CLASS HOURS: T/TH 9:00 – 10:20, 10:30 – 11:50, 1:30 – 2:50
CLASS ROOM: KMC 3-110
OFFICE HOURS: Tuesday, 12 - 1:20
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COURSE WEB SITE: http://sternclasses.nyu.edu (don’t use a “www” prefix)

Please read this syllabus carefully. It is your guide to the course and will help you learn more and do your best. It describes the course's objectives, how it is conducted, your responsibilities, and a synopsis of each session. There are also study questions for each case that is not part of an assignment. A copy of this syllabus appears on the course web site. All handouts and assignments will be posted on the site as they become available.

COURSE OBJECTIVES

This course introduces you to the concepts and skills you need to create and critique effective marketing strategy. This course is designed for all Stern students, regardless of their majors. Businesspeople in all areas need a solid understanding of marketing strategy to succeed. Simply put -

Effective marketing strategy satisfies consumer needs and creates consumer value while allowing the firm to achieve its objectives.

Usually the firm's ultimate objective is profit, but not-for-profit and government organizations are also major economic forces. Firms need customers who believe the firm satisfies their needs better than competitors - otherwise it will go out of business and the rest of business strategy is pointless. For simplicity this syllabus refers to a firm's offering as a "product," but this can refer to a tangible product or a service.

Marketing strategy covers several kinds of activities, each of which affects the others. Firms must resist the temptation to focus on one of these at the expense of the others. This creates an ineffective, unbalanced marketing strategy. Firms need to create a balanced, coordinated marketing mix, where all elements of its marketing strategy work together. Marketing strategy also requires combining qualitative and quantitative analysis. This course will give you experience in coordinating the marketing mix and combining quantitative and qualitative analysis. The course uses a combination of lectures, class discussion, case studies, assignments, and exams, as follows:
1. CLASS PARTICIPATION

You will learn the most from this class if you and your classmates participate fully. You all have different experiences and insights, and a great deal of what you learn in class is from each other. You make no contribution with silence.

Your class participation earns 10% of your grade. Class participation means contributing to class discussion in a way that benefits your classmates and helps them learn. You don't have to speak very frequently or in every class to earn the highest possible class participation grade. I am aware that some of you may be shy about speaking out and respect this while at the same time encouraging you to participate. But you should expect to add to the class discussion on several occasions during the semester. Class participation is not graded by any "curve" - it is possible and desirable for everyone in the class to earn a high grade for class participation.

Class discussion should encourage the free and open exchange of ideas. If you want to challenge what I, or another student, have said, do so. Constructive criticism is always welcome and is an important part of the Stern MBA experience. Do not be upset if I challenge something you say - we learn most when we have to defend our positions. If you ever feel that my comments or the comments of any student are not constructive, please let me know.

Sometimes we will have to stop discussion and move on to the next topic before hearing from everyone - there is limited time in each session and we want to use it wisely. Please don't take it personally if there isn't time to call on you. Often we will try to hear first from class members who have not participated much before hearing from others who have spoken more often.

It is important for your classmates, and me, to know who you are. Marketing is not one of the block core courses, so many of you don't know each other. Please help out by using your desk name card during every class session. This helps your classmates, and me, learn and remember your name.

If you are not in class, you can't learn the material in the course nor contribute to the benefit of your classmates. I realize that occasionally you may be absent. Whenever you know in advance that you will be absent, please let me know in advance. If you miss class, be sure to obtain copies of notes from at least two of your classmates to insure that you do not miss any important material.

Classroom Etiquette: Out of respect for the other students in your class, it is important for you to focus your full attention on the class, for the entire class period. Most students observe proper decorum, but it takes only one person’s behavior to distract the entire class. Stern students have complained to the school about students who use class time for other purposes or act in a distracting manner. Class will be conducted using the same rules of decorum that would apply in a business meeting. These rules include the following:

- Arrive to class on time.
- Once you have arrived, you should leave the classroom only if absolutely necessary. Leaving to make or take phone calls, to meet with classmates, or to go to an interview, is not considered appropriate behavior.
- If for some reason you must be late for class, or leave early, please attend another section of the class that day. You are most welcome to do so.
- If you know in advance that you will miss a class, please let me know in advance.
- Many people find that it is convenient to take notes on laptops or to annotate Powerpoint slides using a laptop. Frankly, many of us can now type much faster than we write. For this reason laptops are
allowed in class. However, laptops can also act as a powerful distraction. Use of laptops for non-class purposes during class time has been a particular source of student complaints at Stern. Laptops are to be used only for class purposes during class. The use of laptops for any other purpose during class time, such as to check email or surf the internet, indicates a lack of appropriate respect for your classmates and is not allowed.

- Turn off your cell phone, “Blackberry,” and any other communications device.
- The only material you should be reading is that concerned with the class. Reading of any other material, such as newspapers or magazines, or doing work from another class, is not acceptable.

2. TEXTBOOK and PRESS ARTICLES

The textbook and course case packet are available at the New York University Professional Bookstore at 530 LaGuardia Place. The text for the course is *Marketing Management* by Russell S. Winer, second edition. The readings from the textbook set the foundation for that day’s class.

In some classes we will discuss examples from articles that have appeared in the popular and business press, such as the *Wall Street Journal* or *New York Times*. These help create an interesting class discussion and show how marketing concepts affect current events. Whenever possible, I will show an image of these articles on board, and will post a link to that article on Blackboard.

3. CASES

Cases describe interesting marketing problems encountered by real firms. We use them as good examples that illustrate and apply marketing concepts and skills in the course. Cases also give you an opportunity to make and justify marketing decisions. In cases we will focus on identifying the marketing problems, introducing marketing concepts and skills that can help solve these problems, and applying these concepts and skills to recommend a course of action for the firm. There is no "right" answer to a case, but usually some answers are better than others. The strength of your reasoning and analysis is as important as your recommendations. We are not most concerned with what a firm did, since the firm may not have made a good decision, but rather how to analyze and solve the firm’s problem. Cases also give you a good opportunity to combine qualitative and quantitative analysis.

We will use cases to learn about elements of the strategic marketing mix, and about particular skills and techniques that create successful marketing strategy and tactics. This syllabus contains a set of study questions for each case. Please read them carefully before starting a case, as they will help you focus your effort on important case topics. In class we will discuss your answers to these study questions to help us better understand and organize the important issues in the case. Sometimes in the case discussion I will also introduce new frameworks and techniques that help address the marketing problems in the case. The study questions do not always cover every important case issue, however.

*The amount you learn from a case depends on how carefully you read and analyze it.* You are expected to read each case thoroughly and come to class ready to contribute to case discussions. In many cases some of the material is, by design, not particularly relevant to the problem at hand, while the case omits other data you would like to have, and would try to obtain using market research, if you were the decision-maker. This can be a pain, but it does reflect the real world of business. Some of our discussion may revolve around what "missing information" we would like to have.

Some of these cases describe fairly recent events, while others are older. We discuss these older cases because they are "classics" that do a great job illustrating marketing concepts and problems that are as
important to firms today as when the cases were written. This is why I have kept some of these older cases even after reviewing dozens of newer cases - sometimes the older case is just better.

**Analyzing a case:**

While the case study questions are designed to help you focus on important case topics, you also should begin to establish your own, independent ability to analyze marketing situations. Analyzing cases is a good way to start developing this ability. A good case analysis should look at the following:

1) What are the important problems confronting this firm? This includes anticipating problems before they occur so the firm can take steps to prevent them, as well as identifying existing problems.
2) What information do you have that is useful for addressing these problems?
3) What are the different solutions to these problems? What are the strengths and weaknesses of each solution?
4) Which solution would you choose, and why is it better than the others?
5) How would you implement this solution?
6) If a firm faces several problems, what are the relationships between them and between the solutions you have chosen? This is especially important in marketing, where each part of marketing strategy, and each part of the marketing mix, affects the others. Remember, you need to choose an overall solution that keeps, or creates, a balanced and coordinated marketing mix.

**4. WRITTEN ASSIGNMENTS**

You will be handing in two kinds of written assignments.

**Detailed case analyses.** You are responsible for completing and submitting four written case assignments. Each is an in-depth analysis of a case describing an actual business situation. These cases will give you experience at applying what you have learned in the course to solve specific marketing problems, and to combine different elements of the marketing mix to create marketing strategy and tactics, and make marketing decisions. They also give you experience at describing and justifying your decisions and the rationale for them in a clear and effective manner. This syllabus does not have study questions for these cases. The first three cases each earn 10% of your course grade, and the last, which is more comprehensive, earns 15%. Late assignments will not be accepted except in personal emergencies. These assignment cases are:

*Tuscan Lifestyles* – due Feb. 7. Please complete this case in groups of two to five people. Doing this first case in groups is a good way to meet and work with other people in the class.

*New Beetle* - due Feb. 21.

*TiVo in 2002* – due March 23.

*MontGras Winery* - due April 25.

You have the option of doing *New Beetle*, *TiVo in 2002* and *MontGras Winery* in groups of two to five, or individually.

**Case briefs.** You may submit a case brief for any three of the six cases marked with asterisks in the course calendar. Hand in at the start of class a brief analysis that (i) describes what you think are the two or three major problems in the case, and (ii) makes a recommendation for each problem. Briefs should be about one page, double-spaced. Please make sure that these recommendations are your own work. Please don’t wait until too late in the semester to start handing in the case briefs, because you may run out of cases. The case briefs will help you think in more depth about a case, and take a stand on the key
issues, before class begins. Beginning with an opinion helps create a more interesting class case
discussion, even if you change your opinion during class, which is fine. The three case briefs earn a 10% of your grade. Each case brief will be graded as credit / no credit. If brief is unacceptable, you will earn no credit for that assignment. For Cumberland Metals on March 28, the case brief can be your answer to Study Question 1. If you do this, the brief can be handwritten and longer than one page, and should include the rationale for your calculations as well as the calculations themselves.

When we do the Calyx & Corolla case to introduce the entire marketing mix, on Jan. 26, you will also complete an assignment beforehand to apply some basic quantitative analysis in marketing to Calyx. You do not have to hand in this assignment. This assignment is also intended to give you practice at combining qualitative and quantitative analysis in marketing, which is an important marketing skill.

5. FINAL EXAM

The Final Exam is scheduled for May 9, 1:30 – 3:30 PM, and earns 35% of your grade. This exam will be based on a case, which you can purchase electronically from the NYU Professional Bookstore. The case will be available well before the exam, to give you time to read and analyze it carefully. The exam is comprehensive, open-book and open-notes, and gives you the chance to apply concepts and skills you have learned in the class to marketing problems. Tips on how to study for the final will be posted on Blackboard. Please be sure to bring a calculator.

6. YOUR COURSE GRADE WILL BE DETERMINED BY:

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<th>Component</th>
<th>Percentage</th>
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<tr>
<td>Class participation</td>
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<td>Three case briefs</td>
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<td>Tuscan Lifestyles case</td>
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<td>TiVo in 2002 case</td>
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<td>MontGras case</td>
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<td>Final Exam</td>
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Students occasionally ask about my policy on regrading exams and assignments. At the request of many Stern students in past semesters, we will use the following policy:

If you wish an assignment to be regraded, please submit this request to me in writing, explaining carefully why you request the regrading, and include the original assignment. Remember, grading any assignment requires the grader to make many judgements on how well you have answered the question. Inevitably some of these go in your “favor” and some not, but taken together they usually assess fairly the abilities you displayed in the assignment. It is inappropriate for me only to consider issues where you question the grading judgement without also considering instances where you were given the benefit of a doubt. So if you want a grade to be reconsidered, especially on several points, it may be necessary to regrade the entire assignment. I have instituted this policy out of fairness to all students, many of who have requested me to use it. It is not intended to discourage people from questioning a grade, but rather to get them to think carefully when making these requests.
7. TEACHING FELLOWS

The Teaching Fellows for the course are Ron Klein, Christina Rice, and Rick Stoll. They are students who excelled in the class last year. Each will hold office hours in the Stern Teaching Assistance Center. These office hours will be announced. Ron, Christina, and Rick will be very happy to help you with any questions. Their contact information is listed at the beginning of the syllabus.

8. MY OFFICE HOURS

My office hours will be announced. We can also set up an appointment if you can't make office hours. In general, you are welcome to drop by spontaneously, and if I am not too busy I’ll be happy to talk with you. Please note that my office door is often closed, but do not take this as a sign that you are unwelcome.
COURSE CALENDAR

Introduction to Marketing

1. Jan. 24  
What is Marketing?  
Marketing in Your Career  
Introduction to the Course  
Readings: Winer 2-28, 30-34 (top)

2. Jan. 26  
Balancing the Marketing Mix  
Basic Quantitative Analysis in Marketing  
Case: Calyx & Corolla  
Readings: Handout on Quantitative Analysis in Marketing  
Assignment: Quantitative Analysis Assignment for Calyx & Corolla

3. Jan. 31  
Customer Value Analysis  
Readings: Winer 376-388

Consumer Behavior

4. Feb. 2  
The Consumer Decision Making Process  
Readings: Winer 100 (bottom) -113, 389-92 (on post-purchase satisfaction)

5. Feb. 7  
Written Case Assignment #1 due today - Tuscan Lifestyles  
Organizational Decision Making  
We’ll spend the first half of class discussing the Tuscan Lifestyles case, and then discuss the Mediquip case on organizational decision making.  
Case: Mediquip*  
Readings: Winer 114-118, 129-137

6. Feb. 9  
Perceived Risk  
Consumer Utility Functions in Marketing  
Readings: We’ll talk about different consumer utility functions, including the multiattribute model on Winer pgs. 104-105.

Segmentation and Positioning

7. Feb. 14  
Segmentation  
Readings: Winer 80-90, 92 (bottom) – 100, 118-121 (for organizational purchasing segments)  
In-class segmentation exercise (receive at start of class)

The "VALS" typology is one approach to psychographic segmentation. It has several competitors, but VALS also has a fun website that lets you complete an on-line
psychographic survey to see which psychographic segment you "belong" to. Go to the VALS web site at http://www.sric-bi.com/VALS/, click on VALS Survey at top right, complete the survey, and see which segment VALS predicts you belong to. You may wish to use VALS in the New Beetle case assignment.

8. Feb. 16  
**Positioning Strategy**  
**Market Maps**  
Readings: Winer 45-6, 180-183

9. Feb. 21  
**Written Case Assignment #2 due today**  
Case: *The New Beetle*

10. Feb. 23  
**Guest Speakers – Marketing the New York Mets**  
This will be a group session of all four sections of this Spring's Marketing Concepts. It will be held at 4:30 rather than the usual class time. The speakers will be high-level executives from the New York Mets baseball team. They will talk about the challenge of creating a marketing strategy for the Mets, including a novel pricing strategy. This is a great opportunity to study marketing strategy for an entertainment business.

Getting to Know Your Consumers through Marketing Research

11. Feb. 28  
**Overview of Marketing Research Process**  
**Exploratory Research**  
Readings: Winer 54-66 (top)

12. March 2  
**Descriptive Research and Questionnaire Design**  
**Brief Introduction to Causal Research and Marketing Experiments**  
Readings: Winer 66(top)-70

Managing New and Existing Products

13. March 7  
**New Product Adoption and Diffusion**  
Case: *TiVo*  
Readings: Winer 90-92, 122-125, review 108 -111 on product characteristics that speed or slow adoption of innovations

14. March 9  
**Developing and Market Testing New Products**  
Readings: Winer 192-222 (focus on 212-222)

Spring Break – Have a great vacation!
15. March 21  Managing Existing Products and Brand Names  
   Case:  *Marketing James Patterson*  
   Readings: Winer 48-52 (on product life cycle), 164-180, 183-184 (on product line decisions)

16. March 23  Written Case Assignment #3  
   Case:  *TiVo in 2002*  
   Pricing

17. March 28  Cost-Based and Value-Based Pricing  
   Case:  *Cumberland Metal Industries: Engineered Products Division*  
   Come to class prepared with an answer for Study Question 1.  
   Readings: Winer 320-337, 341-348 (top)

18. March 30  Price Promotion  
   Psychological Issues in Pricing  
   Readings: Winer 350-373; 337-338

Marketing Partners

19. April 4  Consumers as Partners: Customer Relationship Management  
   Readings: Winer 389–405

20. April 6  Choosing partners: Salesforce and Distribution Strategy  
   Case:  *Z-Corporation*  
   Readings: Winer 233-256 (middle), 265-276, 283-286

21. April 11  International Marketing  
   Readings: Winer covers international marketing issues in several places rather than having a separate chapter. The following pages are most relevant: 25-26, 36-38, 134-135, 172-174, 280-282, 346-348, 429-430. Some of this reading is new, and some you have read before. Look at the latter material again, but this time with an international focus.

Communicating with Consumers

22. April 13  The Communications Message  
   Readings: Winer 224-234, 240-242

23. April 18  Media Selection and Budget Allocation  
   Case:  *Digital Angel*  
   Readings: Winer 234-239, 243-254

24. April 20  Evaluating Communications Effectiveness  
   *Handout on Evaluating Consumer Response to Advertising*
25. April 25  
**Written Case Assignment #4**
Case: *Montgras: Export Strategy for a Chilean Winery*

26. April 27  
**Course Summary and Review**

Final Exam – May 9, 1:30 – 3:30 PM
Case Study Questions

Calyx & Corolla – Jan. 26

Since the elements of the marketing mix are interdependent and need to be in balance, we want to get an early overview of all of the elements of marketing strategy before looking at each one in detail. Calyx & Corolla does a good job of illustrating all of these elements. It also gives you a chance to get early experience at marketing decision making. You will also get an assignment, which does not have to be handed in, which gives you practice at applying some basic quantitative analysis in marketing to Calyx & Corolla. We will go over this assignment as we analyze the case.

Think about the following questions, which cover all the elements of the marketing mix that we will discuss this semester. We probably won’t have time to discuss all of these questions. As you think about these questions, also think about how C&C’s strategy in one area affects its strategy in others. Some of these questions relate to analysis you will do for the Quantitative Analysis Assignment for Calyx & Corolla.

Introduction to Marketing

What are the major marketing problems that Calyx & Corolla faces?
What are the different marketing functions at C&C?
How important is marketing to C&C?
Which kinds of customers are most valuable to C&C? Least valuable?

Consumer Behavior

What are the consumer needs that C&C satisfies?
What advantages does C&C have over other firms that allow it to satisfy these consumer needs well?
How do the needs C&C satisfies compare with those satisfied by other flower sellers?
How do consumers make the decision to buy flowers from C&C, and how can C&C try to influence their decision making process?

Segmentation and Positioning

How would you describe the target consumer segment for C&C flowers? Is this the most appropriate target segment?
Should C&C try to grow by expanding to reach other segments?
What is the "product" that C&C sells, and how is it "positioned" (how does it compare to competing products and consumer needs)?

Getting to Know Your Consumers through Marketing Research

How could C&C use market research to improve its marketing strategy and tactics? What would it like to know?
What useful information can C&C obtain from the proposed Minneapolis/ St. Paul test market?
How can it use this information to improve its marketing strategy and tactics?

Managing New and Existing Products

Where are C&C’s “products” in their life cycle?
Do you feel C&C needs a more aggressive new product development effort?
What do you think the brand name “Calyx & Corolla” means to consumers? Is it an effective brand name, or would you change it?
Pricing
How does C&C decide what price to charge consumers for its products?
How much of this price goes to C&C, and how is the rest divided among the distributors that C&C uses as partners?
Why might consumers be willing to pay a higher price for C&C flowers compared to FTD or flower shop flowers?
How sensitive is C&C profit to changes in costs for: a) flowers, b) shipping, c) catalogs?

Choosing and Managing Marketing Partners
How does C&C's distribution system differ from the system other flower sellers use, and why has C&C chosen this distribution system?
Why does C&C rely on flower sellers that it cannot completely control instead of growing its own?
How does C&C use personal selling in its marketing strategy?

Communicating with Consumers
What is C&C's apparent communications strategy? Do you feel it has to be expanded?
What message is FTD conveying in its communications strategy and what is the objective of this message?
What media is C&C using in its communications strategy, and do you feel this are the right media?

Overall Recommendation
What changes do you recommend Calyx & Corolla should make to its marketing strategy to let it grow more quickly, but still make a profit soon?
What are the alternative solutions you considered, and what are the advantages and disadvantages of each of these?

Mediquip – Feb. 7

1) Who are the members of the buying center for the CT scanner at Lohmann University Hospital? How can Kurt Thaldorf determine who is a member? Will everyone at LUH help him obtain this information? Do you think it is possible for Thaldorf to know precisely who is in the buying center?

2) What are the different roles in a buying center? How can Thaldorf find out who occupies each of these roles at Lohmann University Hospital, and the formal and informal rules that govern this buying center?

3) What are the different interests and objectives of the different members of the Lohmann buying center? How might these conflict for different members, and where are the areas of greatest potential conflict? How can Thaldorf obtain this information? How can Thaldorf try to create a source of consumer value by helping to resolve this conflict?

4) What aspects of Mediquip's CT scanner should Thaldorf emphasize to each member of the buying center? Can he emphasize different aspects to different people without being duplicitous?

5) Is it Thaldorf's fault that LUH did not buy a CT scanner from Mediquip? Is there anything he
should have done differently?

TiVo – March 2

1) Which factors affect how quickly consumers are likely to adopt TiVo? Which of these work in TiVo's favor, and which against it? How does the competition compare on these factors?

2) What kinds of consumers are most likely to be Innovators and Early Adopters for TiVo, versus Early Majority? What can TiVo do to cross this "chasm" between these two groups? Should its initial marketing efforts focus on "crossing the chasm" to the latter, or attracting Innovators and Early Adopters?

3) How should TiVo position its product? How does your answer to 1-2 affect this decision?

Marketing James Patterson – March 21

1) Do you think mystery book readers regard an author as a “brand”?

2) What does the name “James Patterson” on a novel mean to readers? How might this meaning vary across readers who focus on mysteries compared with those who have more general reading interests? What has James Patterson done to promote himself as a “brand” and to manage the meaning of his name?

3) Do you think it is beneficial for Patterson to diversify from writing only contemporary murder mysteries to writing a broader set of books, as he has been doing, or should he concentrate on murder mysteries?

4) How do Little, Brown's profit margins for Patterson books sold through book clubs compare with those for books sold through bookstores? Given that Patterson earns royalties from book club sales only indirectly, by securing a higher advance from Little, Brown, how might Patterson determine his profit margins for book club versus bookstore sales?

5) What issues other than profit margins affect the amount of effort that Patterson and Little, Brown should devote to book club sales? Do you think that they should try to increase the proportion of Patterson sales made through book clubs? Should they devote more attention to sales through mass merchandisers and less to book stores? How might this decision affect the Patterson brand name?

6) Compare the information that book clubs can obtain on each customer to the information available to conventional bookstores. What advantages does this give book clubs over bookstores? How can bookstores try to counter this advantage? How can Patterson and Little, Brown use this information (if the book clubs make it available to them) to improve their marketing strategy for Patterson books? How might they use it to fine tune the Patterson brand name?

7) Although Patterson is well known, he does not have the awareness levels or sales per book of the best known popular fiction writers, such as Tom Clancy or John Grisham. Do you think Patterson should try to emulate their publishing patterns of fewer books but higher sales per book and higher awareness, or should he continue with his present “production line” brand strategy?
**Cumberland Metal Industries: Engineered Products Division – March 28**

1) What are the cost-based prices and value-based prices that you recommend Cumberland should set for the new curled-metal pad? This includes the price that Cumberland charges distributors, and then the target price that Cumberland expects distributors will charge final consumers (i.e., pile-driving contractors). Also think about the method Cumberland should use to set a value-based price, and the information it needs. Come to class with your recommendations for these prices.

Hint: How would you calculate the *maximum* price a pile driving contractor would be willing to pay for the curled metal pad? This is the price at which the contractor is *indifferent* between using curled metal pads versus the existing asbestos pads. Then how much would you lower the target price the contractor pays from this maximum price, and why?

2) What is cost plus pricing? What are the advantages of this pricing method that make it so popular at Cumberland, and what are its limitations? How does Cumberland Metals implement cost plus pricing?

3) What is value-based pricing? What are the advantages of value based pricing over cost plus pricing and what are the disadvantages?

4) What are the factors that Cumberland must consider in deciding how to "split" the savings from the curled metal pad between consumers on the one hand, and Cumberland and the pad's distributors on the other, when it sets a price?

5) How can Cumberland educate consumers about the "value" of the curled metal pad? Which elements of the marketing mix should it use? Why is consumer education important for successful value based pricing?

6) Which consumer segments should Cumberland target to receive these education efforts? Do all of these segments buy pile-driving pads?

**Z Corporation – April 6**

1) Which of the three options for selling the Z402 Prototyping System do you recommend Z Corporation should choose?

2) What are the advantages and disadvantages to Z Corporation of using its own sales force to sell the Z402 Prototyping System instead of using an outside distributor?

3) What are the advantages and disadvantages of using each of the two kinds of outside distributors instead, either a reseller of CAD software or a machine tool reseller?

4) If Z Corporation uses its own sales force, what strategy would you recommend for
   i) recruiting the best possible salespeople?
   ii) training these salespeople?
   iii) compensating these salespeople?
5) If Z Corporation uses an outside distributor, what expectations should it place on this business relationship? What problems might lead to conflict between Z Corporation and its distributors? How can it avoid this conflict, or at least manage it keep the relationship with the distributor beneficial to both Z Corporation and the distributor?

**Digital Angel – April 18** – as you read the case, please be sure to read “Clarifications to Exhibits 9 and 10 of Digital Angel,” at end of these study questions.

1) Which media do you recommend Digital Angel should choose for its communications campaign, and why? How much money would you allocate to this campaign?

2) What are the advantages and disadvantages of each of the following media that Digital Angel is considering for its communications campaign (the case gives three options, but the last one contains three options you might want to consider separately):
   i) Internet advertising?
   ii) Direct mail?
   iii) Print advertising?
   iv) Cable infomercials?
   v) Public relations – sometimes referred to as “buzz” marketing?

3) One statistic that many firms and ad agencies use to compare the relative cost of reaching potential customers with different media vehicles is cost per thousand (often abbreviated as CPM) – this is the cost to reach one thousand viewers, readers, listeners, etc. for a particular television show, magazine, or radio program. To get some practice in calculating cost per thousand, please calculate CPMs for the following media vehicles that Digital Angel is considering in the case (first see the information regarding Exhibits 9 and 10 at the end of these study questions):
   i) 30 second prime-time TV ads in Los Angeles and Atlanta
   ii) Full-page ad in the *Los Angeles Times*
   iii) Full page, four-color ads in *Modern Maturity* and *Forbes*
   iv) Direct mail advertising, using 4” x 9” postcards and a targeted mailing list based on demographic characteristics

What are the limitations of using CPM as an estimate of cost to reach potential customers? How might you modify the CPM statistic to make it more useful for firms?

4) What message should Digital Angel use? How does the message you recommend affect which media you recommend?

5) Which target segments should Digital Angel focus on in its communications? How does this affect your recommendations for the rest of Digital Angel’s communications strategy? Should the choice of target segment drive the communications campaign, or vice-versa?

**Clarifications to Exhibits 9 and 10 of Digital Angel**

Exhibit 9, Table 1) The first table in Exhibit 9 show the cost per rating point for a 30 second TV commercial in 14 spot TV markets at different times of day (called “day parts”), but the title implies that it shows the cost for a 30 second commercial.
To get the actual cost for a commercial, multiply the cost per rating point times the average number of rating points for shows at that time of day. These averages are:

- Early morning, 4.4 rating points
- Day, 3.7
- Early news, 8.7
- Prime access, 5.2
- Prime, 9.3
- Late news, 3.5
- Combined fringe, 3.3

For example, Atlanta early morning cost would be $103 per point x 4.4 points = $453.

Exhibit 9, Table 3) The same correction should be applied to the third part of Exhibit 9, which reports media time costs for a 30 minute “infomercial.” However, as many of these networks are fringe cable networks, ratings would probably be, at most, 2 points during the day and much less at night.

The column “TV Households” reports the total number of households with televisions in the metropolitan area for a city, or, for a cable network, such as WGN, the total number of subscribers that can receive that network nationally (indicated as NAT’L).

Exhibit 10) these rates are per inch of newspaper. A typical newspaper has 21 inches of depth. For example, a full-page ad in the daily Charlotte Observer would be $200.50 x 21 = $4210.50.