New York University  
Stern School of Business – Graduate Division  
Marketing Concepts (Summer 2004)

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Course Material on the Stern Blackboard Site

Please go to the Blackboard website at [http://sternclasses.nyu.edu](http://sternclasses.nyu.edu) for a copy of all course handouts. All handouts will be given to you in class and also posted on the course site. You need to have a NYU Net ID account and be registered for this course to gain access to the course website. If you do not have a NYU Net ID account, then please contact the computer center to obtain one.

Course Description

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. Specific course objectives include:

1. To understand the role of marketing in companies, particularly its role in understanding your customers, competitors and your company’s strengths and weaknesses and then using this knowledge to develop a competitive advantage in the market.

2. To enhance knowledge and skills necessary to understand and apply the frameworks, concepts and methods used in the development of effective marketing strategy and tactics.

3. To gain practical experience in the application of analytical tools and processes used to develop strategy.

4. To develop specific recommendations and actions plans for companies facing difficult marketing decisions.
These objectives will be achieved through a combination of lectures, readings, discussions, and a strategic computer simulation game. Class participation during lectures and meaningful contributions to discussions are extremely important.

**Course Material**

1. Heileman case available in the bookstore.
3. AutoSim Case and Manual (download from the web)

**Course Evaluation**

1. Class participation   10% (individual)
2. Two in-class quizzes   60% (individual)
3. AutoSim    30% (groups of 3)
   a. Initial exercises 10%
   b. Performance  5%
   c. Final report 15%

**Class Participation (10%)**

Every session of the course will involve interaction in the form of class discussion. We expect each one of you to come to class on time and be prepared to contribute to any class session. To ensure credit for class participation, you must display your name card in every class session.

Assigned readings are intended to provide the framework for understanding fundamental concepts and provide examples of their usefulness. The text and readings are intended to prepare you for case discussions and class participation. Please go over the readings prior to class. Lectures will not duplicate text or reading material: they will supplement and embellish the text, and offer alternate viewpoints.

**Quizzes (60%)**

There will be two in-class quizzes. Each quiz will carry 30% of the final grade. The dates for the quizzes are indicated on the course schedule. The quizzes will consist of multiple-choice and/or short-answer types of questions. The quizzes will be closed book and notes. More details on the quizzes will be given in class.

**AutoSim (30%)**

Website

The AutoSim website is [http://www.interpretive.com/nyu](http://www.interpretive.com/nyu). You can use this website to (1) purchase the AutoSim manual and software, (2) download exercises, and (3) enter your decisions for each period. The website also contains instructions on entering decisions. After you enter your decisions on the website, your next period AutoSim simulation will be run at the scheduled date and time, and the results emailed to you for downloading and printing. If you
have any questions on the logistics of the game, you can contact their help desk at nyu@interpretive.com.

Overview

There is probably no segment of the United States economy that has captured the imagination and interest of the public more than the automobile industry. From the time of Henry Ford, news from Detroit has always been read with great interest. Perhaps this is because of the great importance of the automobile to both the individual consumer and the overall economy. Over 1 million people are employed in North America in the industry and consumers spend almost half a trillion dollars on automobiles and related parts each year, or about 8 percent of all consumer spending. From a competitive standpoint, each point of market share represents $4 billion in sales.

Similarly there has probably never been an era where consumers’ needs have been so intently studied or new technologies so quickly implemented as in today’s automobile industry. Today’s automobiles are among the most complex consumer products on the market, being fabricated from up to 15,000 different parts and assemblies.

AutoSim is a marketing laboratory that is designed to teach consumer and competitor analysis through the use of marketing research. It allows you to learn from your own experience, to experiment with strategies, and to live with your decisions over the long run. You will be able to access a number of in-depth marketing reports in the software program, which enhances the information provided in the case. These reports cover a broad spectrum of functional areas.

As you work through the simulation, new issues and problems will arise to challenge you. In addition, your competitors will follow their own strategies and react to your decisions. A significant portion of the time devoted to AutoSim will be pre-simulation (the case, exercises, and understanding of the market research). To be successful in AutoSim, you need to (1) focus on customer needs and communicate the product offering to the target customer, (2) consider the financial aspects of the decisions, such as managing margins and fixed costs, (3) pay emphasis on the decision making process, and (4) step back from time to time to reflect upon your learning. AutoSim will give you an opportunity to experience first-hand the issues that challenge marketing practitioners.

While working on AutoSim, think of yourselves as a Strategic Consulting Board created to help the Marketing Director of your company make strategic decisions on your brand. As the game is played over 8 periods, you need to have a long-term strategic perspective on the decisions. Therefore you objective should be to build the brand over the long term. Focusing too much on short-term gains may cost you in the long-term.

Assignments and Grading

AutoSim Exercises (10%). There are six exercises that you need to complete before you start participating in the competition. The exercises can be downloaded from the AutoSim website. Use the AutoSim software and cases to help answer the questions. These exercises are designed to help you understand the case and the reports better so that your performance on the competition is optimized. More thought and analysis on these exercises will save you time later on.

AutoSim Performance (5%). Your performance evaluation will be weighted equally on your automobile’s (1) cumulative contribution and (2) market share at the end of the 8th period. Because
the vehicles all start at different positions and have different strengths and weaknesses, your vehicle’s performance will be compared to those of other teams in the other industries who are responsible for the same vehicle as yours. The performance of your team will be accessible to all other teams on the AutoSim website. However, in order to maximize your learning and creativity, the emphasis placed on your final performance is less than that on your written report. Therefore, please feel free to be creative and take calculated risks on your decisions without being too concerned about their impact on your performance and final grade. We are more interested in what you learn from this exercise, and not so much on how you perform.

AutoSim Final Report (15%). At the end of the 8th period, your group is required to submit a report on your AutoSim experience. This report should not exceed 5 pages (typed, double-space, 12-point font) excluding Appendices. There should be three sections to the report, (1) An period-by-period analysis of the marketplace and the rationale for your decisions (2 pages), (2) a two-year action plan for the ninth and tenth periods (1 page), and a discussion on the dynamics of the marketplace and what you learned from the experience (2 pages). In the final section, please draw on the concepts discussed in the lectures and explain how you utilized them while making the decisions.

AutoSim Deadlines. The deadline for each decision period is indicated in the class schedule. The deadlines are at 11 PM two days a week for the MW and the TR sections. The deadlines are at 10 AM and 11 PM on Saturdays for the Saturday section. In general your group will get an hour during class to finalize and enter your decisions. If you need more time, you will need to meet with your group outside of class time.

Questions for G. Heileman Case

The whole point of strategic target marketing is to identify a sizable group of consumers who are looking for the product benefits you are offering. What happens when the target you identify is economically disadvantaged (e.g., inner city minorities), or vulnerable to potentially misleading marketing messages (e.g., youth and elderly)? How far does a company's responsibility go? In this case we examine the gray area between "good marketing" and social responsibility.

Here are some discussion questions to help you prepare for this case:

1. Why did Heileman make the decision to introduce PowerMaster?
2. Why was there so much public concern over the introduction of PowerMaster?
3. Was Heileman the victim of bad timing or overly-aggressive activists, or did the company make a fundamental mistake in the introduction and/or positioning of PowerMaster?
4. In an era of niche marketing, how can a company decide how to draw the line on which products to target to which populations?