

MIT Sloan School of Management
15.810/15.812 Marketing Management, Spring 2017

Time	Tu, Th, 1:00 - 2:30 PM, Except 1:00 - 4:00 PM on Tu 3/14
Classroom	E51-345, except Y on Tu 3/14
Course Website	http://stellar.mit.edu/S/course/15/sp17/15.810/???
Professor	Birger Wernerfelt bwerner@mit.edu * (617) 253-7192 * E62-532 http://web.mit.edu/bwerner/www/
Administrative Assistant	Tobi Momoh tmmomoh@mit.edu * (617) 253-4939 * E62-531
Teaching Assistants	Lissy Giacomani, lissyg@mit.edu

Course Objectives

15.810/15.812 is the introductory marketing course for the MIT Sloan School of Management MBA and undergraduate management programs. Upon completion of this course, you will be able to:

1. Develop your marketing strategies – select your target market by analyzing the “5 C’s”. (Customers, Company, Competitors, Collaborators, and Context).
2. Optimize your marketing tactics – implement your marketing strategies by choosing the “4 P’s”. (Product, Place, Promotion, and Price).

This course explores both marketing theory and practice. The lecture sessions introduce proven techniques to solve marketing problems, the case sessions illustrate the application of these in various industries, while the practice sessions provide an opportunity for you to develop a concrete marketing plan for an organization. Throughout the course, we emphasize both established theories and cutting-edge concepts, including international markets, new media, and marketing analytics.

Course Materials

1. **Reading list:** The course draws upon a reading list that contains cases and background articles. Please see the end of this syllabus for the full list. The readings are composed of two parts:
 - A. **Course packet:** The course packet contains articles that are copyright-protected. You can purchase the course packet on Study.Net or at CopyTech.
 - B. **Stellar notes:** We will post supplementary course materials in the form of lecture notes on the Stellar course website. These notes are free to download. (We thank the authors for sharing these contents.)
2. **Slides:** Slides for the lecture sessions will be available on Stellar at least 24 hours before class. Please print and review these slides before coming to the lecture. Slides for the case sessions will be posted after class.
3. **Textbook:** There is no required textbook for this course. For a reference volume that includes marketing terms, examples, and a general taxonomy of issues I recommend Philip Kotler & Kevin Keller, Marketing Management, 15e, 2016, Prentice-Hall.

Evaluation

The course helps you learn marketing through three interrelated activities.

1. Class participation (individual)
2. Action Learning project (team)
3. Two case write-ups (team).

Students will be graded 33/33/33 on all three items.

The expectations for each component are explained as follows.

1. Class participation

Your class participation grade is based on attendance (1/3) and input (2/3).

Attendance: You learn by attending classes and your peers learn from your participation. However, emergencies do happen. Absence due to serious illness, childbirth, military service, or bereavement is excused. By Sloan policy, absence due to job interviews or attendance at co-curricular events is not excused. The Career Development Office and the MBA office are careful not to schedule activities that conflict with class time.

Input: You should view class participation as an opportunity to both ask questions to enhance your understanding of the material and suggest examples that demonstrate such

understanding. Comments and questions should be relevant to the material being discussed and build upon the discussion that is developing. Please try to avoid lengthy discourses of extraneous materials and repetition of issues already discussed.

It is imperative that you read all of the cases and come to class with a series of comments that you think will be interesting to the class. Your colleagues are counting on your insight. The best way to prepare is to answer the case discussion questions posted on Stellar. These questions provide an outline of how we might proceed in class. If you can answer each question well, you will understand the basic issues of the case.

Your input to class discussion will be evaluated by the TA and the professor based on quality (as opposed to quantity). Really good comments provide breakthrough insight on an issue with which the class is struggling. Really bad comments ignore the flow of the discussion or ignore case facts. (It is okay to disagree with case facts; just do not ignore them.) It is great if your analysis builds upon or challenges prior comments, even if the class does not agree with your analysis. Usually the analysis depends upon hidden assumptions so there is more than one right answer.

Name plate: Please always bring your name plate to class. This is your opportunity for branding – you want the professor, the TA, and your peers to associate your insights with you, the brand.

Seating: Past experience suggests that fixed seating enhances brand recognition. During the first two classes you are free to trade seats. For example, you may want to sit with your teammates. However, we will distribute a seating chart at the end of the second class. Please mark your name on the seating chart, and keep that seat for the rest of the semester.

2. Action Learning Project

MIT Sloan is the world's leader in Action Learning. Each team selects a target issue for an organization and uses the marketing techniques developed in the course to arrive at a recommendation. There are two project deliverables, with each accounting for half of your project grade:

- A. A three page write-up on marketing strategy is due before class on **3/14**.
- B. A six page write-up on marketing tactics is due before class on **5/18**. The first 1-3 pages of this document should restate and perhaps rationalize your marketing strategy.

You are allowed to coordinate the topic of your Action Learning project with topics covered in co-curricular activities such as the Enterprise Management pro-seminar. However, please do not hand in a report prepared for a co-curricular activity.

You are strongly encouraged to start on the project once your team is formed. This way you will be able to incorporate what you have learned in each class into your project, and to smooth out your workload throughout the semester.

To learn more about Action Learning at MIT Sloan, please visit:

<http://mitsloan.mit.edu/actionlearning>

3 Case write-ups

We will study several cases during the semester. In addition to discussing the cases in class, your team will submit write-ups on any TWO of the cases:

Each case write-up contributes to half of your case grade. A case write-up is due at the beginning of the class when that case is to be discussed.

The case write-ups should consist of approximately 5 pages of text (space-and-a-half, 12-point font) and should address the discussion questions. Longer reports are strongly discouraged. You may refer to figures or computations that use data from the case. Therefore, you are allowed, but not required, to have a small number of exhibits at the end of your report.

A common remark made by students is that their team thought about most of the important points but ran out of space to write them all down. One purpose of case write-ups is to help you identify which of the details hidden in the myriad of case facts are the most relevant. The page constraint forces you to prioritize your thinking.

You will benefit from defending your ideas and by discussing other team members' approaches. For the cases which are not due in written form, you may discuss the general issues with other students at MIT Sloan. However, you should not discuss these cases with any students who may have studied them in a prior semester. For the two case write-ups, you should discuss only within your team. All team members should contribute to the case write-up, which is expected to be original material. Because a key benefit of case study is that you form ideas and defend them to your peers, you are not to consult any files from previous years on the cases.

Below are some additional recommendations on how to manage case write-ups:

- Feel free to use bullet points if you find them helpful.
- Separately answer each discussion question. Use headings to highlight which questions you are answering.
 - If necessary, structure your answers with sub-headings to make it clear that you have used an analytical approach to reach your conclusions.
- Do not omit the obvious points. In fact, it helps to start with the most obvious points and drill down further from there.

- Review the lecture slides before writing your analysis. The theory presented in the lectures can serve as a useful guide.
- Random lists of issues without structure leave the TA guessing as to which issue you consider the most critical. If you provide an unstructured list that happens to include both good and bad answers you will get far less credit than a structured list that captures the essence of the case.
- Quality is more important than quantity.
- I am more interested in your thought process than any specific set of conclusions. Make sure that you give both the pros and the cons of each alternative. Describe the theory and process by which you arrived at your conclusions. Your TA is not looking for key words, but rather critical thinking.
- Although the TA is working from a detailed set of guidelines based on my analysis of the case, the TA is authorized to deviate for solutions based on careful analysis of the case facts.

Forming teams

To get the most out of 15.810/812, you should form teams to prepare for the cases and to complete the Action Learning project. The target size is four people. Teams of more than four people are not allowed, and teams of fewer than three people are strongly discouraged.

Please submit to your TA a roster of your team members by the end of the second class. Please designate a contact person for your team and provide a phone number if possible. If you are a free agent or a team of only two members, submit your name or roster anyway, and we will help you grow a team by random matching.

We encourage you to name your team to give it some personality. This is, again, your branding opportunity. Names from previous years include: Brandaid, Angry Nerds, Hypewriters, and Mint Condition.

Getting Help from the Professor and the TA

You may have various questions about the course or marketing in general. The professor will try to stay after class on Thursdays and come before class on Tuesdays to answer any questions. You can also email the professor and/or the TA to set up office appointments. In addition, we

encourage you to get to know your TA as soon as possible. The TA will offer two meetings with each team in the semester. The TA will arrange a time and place that is mutually convenient.

MIT Sloan Values

Ethics: An important concern in any discipline is the ethics of its practitioners. This is certainly true in marketing. Indeed, some managers in the cases act in ways you might not consider ethical. These actions are left in the cases specifically to raise ethical discussions. You are encouraged to address these issues in class.

Academic integrity: For a student to sign his/her name to a team assignment, the student will have done a substantial amount of work. It is not, for example, acceptable to rotate the work across assignments. Violation of this guideline hurts you, your team, and your colleagues. When in doubt, please follow the guidelines in MIT's Handbook for Students on Academic Integrity:

<http://web.mit.edu/academicintegrity>

MIT Sloan professional standards: Please arrive on time for class with uninterrupted attendance for the duration of the class. I will endeavor to begin and end class on time. Official class time is determined by the clock in the classroom. If the clock is fast or slow, let us know and we will try to correct it.

Please maintain a professional atmosphere in class. This includes, but is not limited to, using respectful comments and humor, employing appropriate manners and decorum, utilizing computers and technology suitably (e.g., silencing wireless devices, refraining from web-browsing, emailing, and texting), and avoiding distracting or disrespectful activities (e.g., side conversations). Portable computers are to remain closed during class. Tablet devices are not to be used during class even though course packets are available electronically. This policy is in place for all core classes and will be revisited as necessary.

A complete description of the MIT Sloan professional standards is available on the Stellar course website. For further information regarding MIT Sloan Values, please visit:

<https://mysloan.mit.edu/offices/deans/values/Pages/default.aspx>

Class Schedule

#	DAY	DATE	TOPIC	TYPE
1	Tu	Feb 7	Introduction to the Class (5 C's and 4 P's)	Lecture
2	Th	Feb 9	Matching Resource and Segment: Aqualisa Quartz	Case
3	Tu	Feb 14	Adding Resources and Segments I: Real Madrid	Case
4	Th	Feb 16	Adding Resources and Segments II: IMG	Case
5	Th	Feb 23	Building Resources in a Start-up: Lady Gaga	Case
6	Tu	Feb 28	Marketing Strategy: The Consumer Decision Journey, A Primer on the RBV of the Firm, Segmentation and Targeting, Information on Action Learning Project	Lecture
7	Th	Mar 2	Guest Speaker: TBA	Practice
8	Tu	Mar 7	Segmentation: Ford Ka	Case
9	Th	Mar 9	<i>Action Learning Project: Marketing Strategy</i>	Practice
10/11	Tu	Mar 14	<i>Action Learning Project: Report on Marketing Strategy due.</i> Product Line Design (3 hour class, 1:00-4:00, in E51-085)	Exercise
(11)	Th	Mar 16	No Class	
12	Tu	Apr 4	Marketing Tactics: Principles of Product Policy, Distribution Policy, How Advertising Works: What do We Really Know? An Efficiency Criterion for Marketing Design, Principles of Pricing	Lecture
13	Th	Apr 6	Business Formats: IKEA	Case
14	Tu	Apr 11	Platforms: Airbnb	Case
15	Th	Apr 13	On-line Sales: Zappos.com (A)	Case
16	Th	Apr 20	Branding: Black and Decker	Case
17	Tu	Apr 25	Promotion: Reliance Baking Soda	Case
18	Th	Apr 27	Advertising: BBVA Compass	Case
19	Tu	May 2	Pricing I: Dropbox: It Just Works	Case
20	Th	May 4	Pricing II: Costco	Case
21	Tu	May 9	Guest Speaker: TBA	Practice
22	Th	May 11	Synthesis: Gucci	Case

23	Tu	May 16	<i>Action Learning Project: Marketing Tactics</i>	Practice
24	Th	May 18	<i>Action Learning Project: Report on Marketing Tactics due.</i> Conclusion	Lecture

IMG (stry)

Discussion Questions

Aqualisa Quartz

This is mostly a decision focused case. It introduces many key issues in marketing strategy.

1. At the current price, what is Quartz's value to consumers?
2. Why is it not selling?
3. What should they do?

Real Madrid

This is mostly an analysis case. We look at resources, segments, and resource dynamics.

1. Which are Real's two most important resources and how did they get each of them?
2. Identify the customer segments. What do Real offer them? Who is the competition?
3. You are to sign a new player. What are his most important characteristics?

IMG

This is a very complicated analysis case with several intertwined issues.

1. Compare and contrast the original and current business models
2. What accounts for the changes?
3. What are the synergies between IMG's businesses?

Lady Gaga

This is mostly a decision focused case, but we also look more generally at social media marketing.

1. What are the pros and cons of Lady Gaga's brand building process?
2. List the factors that made the originally planned tour attractive.
3. Should she go on an arena tour, a theatre tour, or simply cancel?

Ford Ka

This mostly an analysis case in which we take a close look at segmentation in practice

1. What was the typical small car marketing strategy before the case?

2. What segmentation approach would you recommend and who is the buyer?
3. What potential implementation problems does your approach pose?

IKEA

This is an analysis case in which we introduce business format analysis and marketing tactics.

1. Describe the 4P's and consider alternatives.
2. Compare IKEA's business model to that of traditional furniture stores.
3. Who should buy from IKEA?

Airbnb

This is mostly a decision focused case, but we also look more generally at two-sided markets.

1. Why did the market for two day apartment rentals not exist 20 years ago?
2. What are the resources of Airbnb?
3. How should they respond to the EJ story?

Zappos.com (A)

This is an analysis case. We look at on-line selling more generally and use Zappos as an example.

0. Please ignore the material on page 6.
1. How does on-line and brick and mortar retailing compare in this industry?
2. Are you worried about competition, and if so, from whom?
3. Is it important to scale up fast?

Black and Decker

This is an analysis case. It helps us think about the nature of brands.

1. What are customer needs in the tradesman segment?
2. Why is Black and Decker doing so poorly in this segment?
3. Why do these problems not affect the industrial segment?

Reliance Baking Soda

This is a decision focused case. We look at alternative ways to optimize promotional spending.

1. How effective were past RBS consumer and trade promotional events?
2. Compare the relative merits of a pull vs push strategy in this category
3. Make a specific recommendation aimed at helping Regnante meet her target. (Back up with a pro forma income statement as in Exhibit 10)

BBVA Compass

This is a tools focused case. We explore various standard analytic techniques

1. What is the role of on- and off line advertising in acquiring checking account customers?
2. Evaluate the (\$100M - four year) deal with the NBA.
3. What is the acquisition cost and the life time value of customers acquired through the online channel?

Dropbox.com: It Just Works

This is mostly an analysis case. We will look at several fundamental aspects of pricing.

1. Suppose that you have to charge all customers the same price. (So you cannot use a “freemium” format.) What should this price be and how would you promote the service?
2. What are the key elements of the business model?
3. Is Dropbox profitable as of June 2010?

Costco

This is a complicated case which raises some pricing issues but also other interesting tactical (and strategic) questions

1. How does Costco create value?
2. Can they compete in the mortgage market?
3. How about insurance?

Gucci

This is mostly analysis case. We look at an amazing success story and try to understand it.

1. How has Gucci’s position changed and how did it happen?
2. What are Gucci’s resources and how does the new position reflect them?
3. Evaluate the YSL acquisition.

Reading List

Cases

Aqualisa Quartz 502030
Real Madrid Club de Futbol 9-504-063
International Management Group 9-702-409
Lady Gaga (A) 9-512-016
Ford Ka (A) INSEAD 599-038-1
IKEA Invades America 9-504-094
Airbnb (A) 9-912-019
Zappos.com (A) INS 259
Black and Decker 9-595-057
Reliance Baking Soda 4127
BBVA Compass 9-511-096

Dropbox: It Just Works 9-811-065
Costco Companies, Inc 9-599-041
Gucci Group N. V. (A) 9-701-037

Readings

A Primer on the Resource-based View of the Firm, MIT, 2016
The Consumer Decision Journey, *Mckinsey Quarterly*, 2006
Segmentation and Targeting, Core curriculum, Marketing 8219
An Efficiency Criterion for Marketing Design, *J. Marketing Research*, 1994
Principles of Product Policy 9-506-018
Distribution Policy 9-585-045
How Advertising Works: What do We Really Know? *J. Marketing*, 1999
Principles of Pricing 9-506-021