MKTG 611- Marketing Management
The Wharton School, University of Pennsylvania
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INTRODUCTION

The first-quarter marketing core course (MKTG 611) has two main objectives:

1. To help you understand how organizations benefit by creating and delivering superior value to their customers and other stakeholders.

2. To help you develop analytical skills, apply decision tools, and learn frameworks that will discipline your approach to market analysis.

We shall achieve this by learning how to make sound decisions pertaining to:

1. **Segmentation, targeting, and positioning**. How to assess market potential, understand and analyze customer behavior, and focus resources on specific customer segments and against specific competitors.

2. **Branding**. How to develop, measure, and capitalize on brand equity.

3. **Marketing communications**. How to develop an effective mix of marketing communication efforts.

4. **Distribution channels**. How to understand the role of distributors, retailers, and other intermediaries in delivering products, services and information to customers.

5. **Pricing**. How to set prices that capitalize on value to the customer and capture value for the firm.

In addition, the course also helps you develop the following important skills:

- Make and defend marketing decisions in the context of stylized real-world problem situations with incomplete information (case studies).

- Improve your skills in *group problem-solving* and in written *communication* (case write-ups).

▪ Make *cross-functional connections* between marketing and other business areas. The skills you acquire in MKTG 611 will be useful regardless of the industry or geography in which you decide to pursue your career.

COURSE MATERIALS

The MKTG 611 cases and copyrighted reading materials are available through Study.Net.

Canvas will be used as the source for additional readings, class handouts and other materials including Marketing Math Essentials. Reading assignments for different days of class are highlighted in the right column of the course schedule below.

There is no required text. The following books are general recommended marketing textbooks.

▪ *Strategic Marketing Management*, Alexander Chernev, 8th Edition (http://www.amazon.com/exec/obidos/ASIN/1936572192/marketingbooksto)

▪ *Marketing Management,* Philip Kotler and Kevin Lane Keller (15th edition), (https://www.amazon.com/Marketing-Management-15th-Philip-Kotler/dp/0133856461)

The following optional books were written by your instructors and are available in hard copy and electronic form. Each of them touches on various aspects of the course.

▪ *Global Brand Power: Leveraging Branding for Long-Term Growth* (http://whr.tn/1CUN4lY)

▪ *Contagious: Why Things Catch On* (http://amzn.to/1HOgxfX)

LEARNING SUPPORT

A Teaching Assistant (TA) will be available to help with course materials and concepts. You will be introduced to your cohort's TA on the first day of class.

Canvas will be used extensively as a forum for communication, including:
• Distributing case discussion questions.
• Sharing additional materials related to lectures and case discussions.

You are encouraged to post articles in the Canvas Discussion section that apply what we've covered in class or provide updates on examples discussed. Posting course-relevant materials and offering thoughtful comments will count toward the class participation grade.

GRADING

The components for the final course grade and their relative weightings are:

Class participation and attendance	15%
Case write-up (lower score)	15%
Case write-up (higher score)	25%
Final examination	45%
Total	100%

Class Participation and Attendance (15%; 5% attendance, 10% participation)

Constructive participation in lectures and case discussions is based on analysis rather than mere opinion, and builds on the discussion flow at the time (a good participant is also a good listener). Class participation will account for 10% of the final grade. Students can be awarded a maximum of 3 points for participation each day that class meets, based on the overall quality (not quantity) of their contributions to the class discussion. The TA will make recommendations to the Professor regarding class participation grades each day, however, the Professor will make the final decision each day. Participation in discussion on Canvas will count for a maximum of 5 class participation points in total.

Attendance is required for every class session. Students who come more than 3 minutes late will not receive attendance credit for that class session. Class attendance will account for 5% of the final grade. If you are unable to attend, email your TA ahead of time explaining why. Absences must be excused by the MBA Office. Two or more unexcused absences will result in a grade of zero for class participation and attendance.

Case Write-Ups (40%)

See the instructions and due date information on page 10-11 of this document.

Final Examination (45%)

The exam is scheduled for Sunday, October 9, 2016 and will be a timed 4-hour open-note take-home case analysis. The exam will be made available to students via Canvas. Students will have 4 hours to complete the exam and will then upload their exam, in Microsoft Word or PDF Format, to Canvas. Students may choose their own start time for the final exam, between 11am ET and 7pm ET on 10/9, however students must upload their completed exam answer file within 4 hours of downloading the final exam file, and no later than 11pm ET. Excel spreadsheets may be used for calculation purposes but cannot be submitted. Any tables must be presented in Word or PDF and included as exhibits in the completed exam document. There is no word or length limit for the final exam, however, the 4-hour time limit will be strictly enforced. Students must work individually and may refer to course materials when completing the exam but should not use or access any outside materials during the exam period. Additional details regarding downloading the exam and uploading answers will be provided.

All submitted exams will be processed via Turnitin. The University of Pennsylvania is using Turnitin originality reporting services designed by iParadigms, LLC. Your exam submission will be processed through Turnitin only to compare against other papers submitted for this assignment, along with Turnitin's database and other Internet sources. Your exams will not be retained by iParadigms. The Turnitin service does not assess whether a paper has been plagiarized, but instead provides instructors with a report regarding how similar your text is to other sources. Your privacy is protected under the agreement between the University and iParadigms.

The exams will be graded by the TAs with guidance from the professor and grades will be posted to Canvas. If you would like us to re-evaluate the score on your final due to an error in calculating your score or if you believe there is a significant mistake in grading, please contact your professor by email within 1 week after the exam scores are posted. Requests after that point will not be considered. In your request, please explain your reasons in detail. Please do not forget to include your section number and Penn ID number with your request.

1. Calculation errors will be corrected immediately.

2. If you are challenging the points you receive for a given answer, we shall examine your explanation for why you believe you deserve a higher score, and if it is reasonable, we shall re-grade the entire exam, not just the part you identified; therefore, your final score might go up or down, or remain the same.

POLICY ON USING OUTSIDE SOURCES OF INFORMATION for Course-Work

<u>Do not use any outside information</u> when preparing <u>for case discussions, producing written case analyses or completing the final exam</u>. Outside sources of information include the library, the mass media, the Internet, and, on group-based assignments, any people outside of your learning team. If you use other sources, you are cheating yourself as well as other students.

For course topics in general, in contrast, you are obviously welcome to use outside sources to expand your knowledge.

COURSE SCHEDULE

Session & Date	Topic & Preparation Questions	Reading Assignment (from Marketing Math Essentials)
Session 1: 8/25/2016 (Thursday)	**Introduction, Analyzing Markets & Customers (I)** This class discusses the role of marketing in the firm. It focuses on the importance of segmenting the market and creating a clear positioning statement.	1. Break-Even Analysis
Session 2: 8/25/2016 (Thursday)	**Analyzing Markets & Customers (II)** This class explores more detailed approaches to market analysis, including models of customer decision making and customer lifetime value (CLV).	1. Contribution Analysis 2. Customer Lifetime Value [CLV]
Session 3: 8/26/2016 (Friday)	**Unilever Brazil case** **Preparation Questions:**	1. Break-Even Analysis

Session 4: 8/26/2016 (Friday)	1) Should Unilever invest in a lower-margin segment? That is, is the segment attractive and can Unilever make money? (Justify your answer.)
	2) Now, assume Unilever enters:
	   a. Explain whether they should: (1) develop a new brand, or (2) reposition one of their existing brands.
	   b. Write a positioning statement for your brand in a. above.
	   c. Explain how you would implement the 4Ps for your brand in a. above.
	3) Compute the break-even cannibalization rate for the new brand.	

Session 5: 8/27/2016 (Saturday)	**Marketing Communications** This session provides an overview for the role of advertising as a key element of the communication mix and provides a step-by-step framework for making advertising decisions.	

Session 6: 8/27/2016 (Saturday)	**Case Write-Up and Discussion** **Sephora Direct: Investing in Social Media, Video and Mobile** Julie Bornstein, Senior Vice President of Sephora Direct is charged with developing a digital marketing strategy for Sephora, a prestige beauty care retail chain. In your write-up, you should review the company's strategic position and provide specific recommendations about how she should allocate her budget across the various digital categories. What should be the strategic goal of Sephora's digital and social marketing programs? How can she "win" in the digital space? Which segment is most profitable and what implications does that have for marketing communications? You may have to make some assumptions and estimates in developing your marketing plan. These assumptions and estimates should be clearly articulated and defended. You should defend your full set of recommendations using appropriate qualitative and quantitative analyses and you should make clear what this choice would mean for the rest of the marketing plan. Throughout you should address the risks and uncertainties of your plan, as well as be clear about why your recommended plan is better than alternatives, as though you were defending your decisions to senior management. Each team should upload a docx or PDF copy of its case write up by 8:00am to Canvas. More details are available on pages 10-11 of this syllabus.	
Session 7: 9/23/2016 (Friday)	**Branding** In this session we examine how brands can affect consumer behavior, which in turn provides insights into the importance of building brand equity and the risks and benefits of some branding practices, such as brand extensions.	

	Mountain Man Brewing Case	

Session 8: 9/23/2016 (Friday)	**Preparation Questions:**
	1. What is distinctive about the Mountain Man Brewing Company's brand? What is distinctive about their customers?
	2. What are the general trends in the beer market (at the time of the case) in the market Mountain Man serves?
	3. Calculate the % decline in operating margin over the next 5 years using these assumptions:
	   a. Revenues in 2005 = $50,440,000 (Exhibit 1)
	   b. Gross Margin in 2005 = $15,630,000 (Exhibit 1)
	   c. Sales decline 2%/year (case)
	   d. Fixed Costs remain constant/year = $10,990,000 (Exhibit 1)
	4. Calculate time to BE if we introduce a Light Beer with following assumptions:
	   a. Revenues (2005): $50,440,000 (Exhibit 1)
	   b. Barrel Production (2005): 520,000 (from "Challenges Ahead" section)
	   c. Variable Cost/bbl = $66.93 (from "Challenges Ahead" section)
	   d. Higher Variable cost to produce light beer = +4.69 (from "Challenges Ahead" section):
	   e. Projected decline in Premium lager sales = -4% (Exhibit 5A)
	   f. Projected loss in sales of MM lager due to introduction of light beer: 5%
	   g. Incremental Fixed Cost for light beer introduction (first year only): $750,000 (advertising)
	   h. Incremental Fixed Costs/year: (SG&A): $900,000 (for light beer introduction)
	   i. East Central Light Beer Market (2005): $18,744,303 (Exhibit 5)
	   j. Expected growth rate in light beer market: +4% (Exhibit 5)
	   k. Anticipated market share of MMLight = +.25%/year (for first five years)
	5. Calculate 5-year NPV for introduction of a light beer assuming a 5% additional loss in MM lager sales due to the introduction of the light beer, 2% decrease in MM lager sales/year, 12% discount rate (footnote 6), 4% growth in light beer market, and market share for MM Light of +.25%/year (assume Revenue and Cost figures above)
	6. Should Chris introduce a light beer? If yes, briefly describe an effective communication/distribution strategy. If no, be prepared to discuss why not (in detail) and prepared to discuss other strategic options to counter the predicted loss in sales.	

Session 9: 9/24/2016 (Saturday)	## Distribution This session examines how to design and coordinate distribution channels.	

Session 10: 9/24/2016 (Saturday)	## Eataly Case
	
	Preparation Questions:
	1. What is Eataly's value proposition and how was it created?
	2. Would you invest in Eataly (why or why not)?
	3. What are the economics of the food business (for Eataly, and competitors)?
	  a. Calculate the gross margin for Eataly (see Exhibit 3). How does that compare to a typical supermarket (exhibit 2)?
	  b. What is the operating profit (EBIT) for Eataly? How does that compare to a typical supermarket? What conclusions can you draw from this?
	4. What lessons does Eataly provide for the "future of retailing" given the current pressure that retailers are facing from online and discount stores?	

Session 11: 10/8/2016 (Saturday)	## Case Write-Up and Discussion ## Cree, Inc.: Introducing the LED Light Bulb Cree, Inc. has created an innovative LED light bulb for the consumer market, but now must develop a marketing plan to realize the bulbs' potential. In your write-up, you should review the company's strategic position and provide specific and complete recommendations about how Cree should market its LED light bulbs in the next 3 years, and provide sales forecasts associated with your plan. You may have to make some assumptions and estimates in developing your plan and forecast. Those assumptions and estimates should be clearly articulated and defended. You should defend your full set of recommendations using appropriate qualitative and quantitative analyses. Throughout, you should address the risks and uncertainties of your plan, as well as be clear about why your recommended plan is better than alternatives, as though you were defending your decisions to senior management. Each team should upload a docx or PDF copy of its case write up by 8:00am to Canvas. More details are available on pages 10-11 of this syllabus.	

	Pricing	1. Economic Value to the Customer [EVC] (MM)
Session 12: 10/8/2016 (Saturday)	In this session we will discuss assessing customers' willingness to pay (economic value to the customer), measuring price sensitivity, and psychological aspects of pricing.	
TAKE HOME FINAL EXAMINATION 10/9		

LEARNING TEAM CASE WRITE UPS

1. Case: (Saturday 8/27/2016) *Sephora Direct: Investing in Social Media, Video and Mobile*

2. Case: (Saturday 10/8/2016) *Cree Inc.: Introducing the Light Bulb*

Objective

Case write-ups provide students experience in: (1) defining marketing problems, performing appropriate analyses and crafting marketing plans, (2) developing written communication skills, and (3) developing skills to work effectively and efficiently in teams.

Case Assignment

Recommend a **specific** plan of action for these firms. Each firm is facing different questions and issues, but the solutions are derived from the same underlying frameworks (i.e., 5Cs, STP, and 4Ps). Be sure your analyses and recommendations address the problems explicitly mentioned in the case, but be sure to follow these frameworks when writing your papers and explaining how you reached your conclusions. In addition, your definition of the problem and your analyses may reveal other important issues you believe must be addressed. Your recommended marketing plan should be based on appropriate and defensible analyses.

Paper Format

Each write-up should be **no longer** than 2,000 words (regardless of type font, spacing, etc.). **Be sure to include your course section number, learning team number and names of all team members on a separate cover page.** Use your word processor to count the words and report the final count on the cover page. Leave the rest of the cover page blank, beginning your write-up on the second page. Up to **four** additional pages of exhibits beyond the 2,000-word limit are permitted. The style and structure of the text and exhibits is up to you.

Exhibits should be clearly titled, and included only if they provide supporting details for your analyses and recommendations. They should not introduce new ideas that are not explicitly presented in the text. Quantitative analyses must be clear and show the calculation in full with precise explanations (e.g., footnotes that describe the methods and assumptions used). Key conclusions from the exhibits should be discussed in the text, and references to your exhibits should be made as appropriate places in the text ("see Exhibit A"). Write-ups where some team members prepare the exhibits while others do the writing without coordinating the two typically lead to a disjointed analysis. You should not reproduce any exhibits that are in the case study, although, of course, you may use information in case exhibits and you should reference them when you do ("from case Exhibit 3").

The best papers will typically consider several strategic alternatives that emerge from their analyses, making a case for why their preferred course of action is the best one to pursue, and then detail that course of action in their target market choice, positioning statement and 4Ps presentation. Quantitative and qualitative analyses should be used to analyze and support the preferred course of action.

Paper Submission Process

A single Word or PDF file containing all text and exhibits should be uploaded to the assignment page on Canvas by 8:00am on the day it is due. The files should be named **Sephora_TeamXX.docx** and **Cree_TeamXX.docx** with XX replaced by your cohort letter and team number **(i.e., Sephora_A1.docx, CreeInc_A1.docx)**.

One member of each Learning Team should submit the group's work, both to the group case-write up assignment (for grading purposes) and to the TurnItIn assignment (for originality checking).

MKTG 611 ETHICS MATRIX

Ethics Matrix	MKTG 611
Homework & Problem Sets	***Fall 2016***
Working with Learning Team	Not Applicable (NA)
Working with Other Classmates	
Discussing with Other Classmates	
Consulting Material from Former Students (e.g., formula sheets, solutions, old exams, etc.)	
Using Material from External Sources* (e.g., reports, articles, books, online research, etc.)	
Other:	
Individual Cases & Projects	
Working with Learning Team	Yes
Working with Other Classmates	Yes, but not encouraged
Discussing with Other Classmates	Yes, but not encouraged
Consulting Material from Former Students (e.g., formula sheets, solutions, old exams, etc.)	No
Using Material from External Sources* (e.g., reports, articles, books, online research, etc.)	No
Other:	
Group Cases & Projects	
Working with Learning Team	Yes

Ethics Matrix	MKTG 611
Working with Other Classmates	No
Discussing with Other Classmates	No
Consulting Material from Former Students (e.g., formula sheets, solutions, old exams, etc.)	No
Using Material from External Sources* (e.g., reports, articles, books, online research, etc.)	No
Other:	
Proctored Tests & Exams	
Working with Learning Team	NA
Working with Other Classmates	NA
Discussing with Other Classmates	NA
Consulting Material from Former Students (e.g., formula sheets, solutions, old exams, etc.)	NA
Using Material from External Sources* (e.g., reports, articles, books, online research, etc.)	NA
Consulting Textbook / Class Notes	NA
Using a Formula Sheet / Note Sheet	NA
Using an Approved Calculator	NA
Other:	
Take-Home Tests & Exams	
Working with Learning Team	No
Working with Other Classmates	No
Discussing with Other Classmates	No
Consulting Material from Former Students (e.g., formula sheets, solutions, old exams, etc.)	No
Using Material from External Sources* (e.g., reports, articles, books, online research, etc.)	No
Consulting Textbook / Class Notes	Yes
Using a Formula Sheet / Note Sheet (consult syllabus or professor for size/format/source req'ts)	Yes
Using an Approved Calculator	Yes
Using a Computer / Programmable Device	Yes
Saving a Copy	Yes
Other:	

Note that all borrowed content should be cited as appropriate.