

**Marketing Strategies  
Fall 2018**

**TENTATIVE**

**This Version: August 6<sup>th</sup>, 2018**

**Contact Information:**

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**Class Meetings:**

Sessions	1	2	3	4	5	6	7	8	9	10
Davis/Sacramento	10/2	10/9	10/16	10/23	10/30	11/6	11/13	11/20	11/27	12/4
Bay Area	9/28	9/28	10/12	10/12	10/26	10/26	11/9	11/9	11/30	11/30

*Additional information*

MGT 248: Tuesdays, 12.40pm-3.30pm;  
MGP 248: Tuesdays, 6pm-9 pm;  
MGB 248: Fridays, 2pm-5pm, 6pm-9pm.

**Office Hours:** Send me an email to arrange a meeting.

**Course Description and Learning Objectives:** This course focuses primarily on providing students with tools to make better strategic marketing decisions. The objective for the course is for students to solve marketing problems by understanding the underlying behavioral and economic challenges. Students will gain knowledge on how an organization can enhance its performance and efficiency by thinking strategically, i.e., by taking into account the actions of its competitors, customers and stakeholders at large, when making its own marketing decisions. The three main learning objectives of this class are (1) to be able to identify, analyze and quantify pockets of value, (2) to be able to think analytically about marketing action, (3) to quantify, whenever possible, the effectiveness of marketing activities

The class will have a clear analytical flavor. Students should expect to “crunch” numbers, via statistical analyses and via “simple” but rigorous **economic reasoning**.

**Class Administration:** Classes consist of lectures, readings, cases and homework.

- Lectures provide the concepts and methods.
- In-class discussions are based on the assigned reading materials.
- Cases furnish real-world examples various marketing strategies.
- Homework assignment illustrates the use of analytic tools using real marketing data.

### Good to know:

#### **All lectures are mandatory:**

⇒ Attendance will be taken every class. Missing classes WILL have an impact on your final grade

#### **All assignments have to be submitted at the beginning of class:**

⇒ Missing to do so will result in losing *all* the points for this particular assignment.

#### **No make-up quiz, assignment or homework will be organized.**

**Computing:** We will analyze some marketing data sets in class, mostly with regression. In particular, students will have to analyze a marketing data set for the homework. **Thus, you should know how to run regressions.** You can use any software you are comfortable with, e.g., R, SPSS, Excel, Minitab, Python. In class, we will mostly use R and maybe Python

Link to download R: <https://cran.r-project.org/>

Python on the Cloud: <https://colab.research.google.com/>

### Class Courtesy

- Arrive on time.
  - If you cannot be in class at the beginning of the lecture, wait until the break to enter the class.
- No web surfing, which could be enforced during the quarter by not allowing computers in the classroom.
- **No texting.**
- It is expected that all class members will treat each other with respect and dignity.
- It is not acceptable to insult, harass, or demean any member of the class.
- Professional business behavior should be modeled in the classroom.

**Grading :** There is no final in this class.

Grading will be based on class participation case reports (20%), homework (20%) and quizzes (20% each), participation (20%). **The class does not include any final exam.** The material for each quiz will be cumulative.

Students are expected to be prepared for class by completing assigned readings and cases, and are expected to participate in class discussions and group exercises. **Highly-rated class participation involves thoughtful comments and questions, not just “floor time” or repetition of facts from the readings.**

Participation: Students are expected to be prepared for class by completing assigned readings and cases, and are expected to participate in class discussions and group exercises. **Highly-rated class participation involves thoughtful comments and questions, not just “floor time” or repetition of facts from the readings.** For participation, I will use the following scheme:

- 3: Excellent
- 2: Good
- 1: Satisfactory
- 0: Present but silent
- 0: Absent with reasonable cause and advance notification
- 3: Absent without cause

**Requirement:** Every student enrolled the class is required to have taken the ethics pledge prior or by the end of the first lecture: *“I promise to complete my degree with honesty and integrity, and will continue to hold myself and my classmates to the highest standards of honor from this day forward.”* UC Davis MBA Ethics Pledge.

**Prerequisite course(s):** Markets and the Firm (202A), Data Analysis for Managers (203A), Marketing Management (204).

### **Required Textbook**

**Strategic Marketing Management**, 8<sup>th</sup> edition, Alexander Chernev, 2014  
 ISBN13: 9781936572199  
 Website: <http://www.chernev.com/books.htm>

### **Course Packet**

- Chapters “Competitors and Competition” and “Performance Measurement and Incentives in Firms” in **Economics of Strategy**, 5th edition, by David Besanko, David Dranove, Mark Stanley, and Scott Schaefer, John Wiley & Sons, Inc., 2010
- Chapters “Game Theory and Competitive Strategy”, “Assessing Competitive Arenas: Who are your competitors?” in **Wharton on Dynamic Competitive Strategy** George S. Day and David J. Reibstein (Editors), John Wiley & Sons, Inc., 1997
- Mela and Gupta. *What is a Free Customer Worth*, Harvard Business Review
- Kopalle and Shumsky. Game Theory Models of Pricing, in “The Oxford Handbook of Pricing Management” edited by Ozer and Philipps.
- Desphande and Keinan. 2014. Brands and Brand Equity. Harvard Business Publishing
- Stanko and Fleming. 2014. Marketing Metrics: Note for Marketing Managers. Ivey W14327
- Bendle and Bagga. 2016. The Metrics That Marketers Muddle. Sloan Review.
- Avery and Gupta. 2015. Brand Positioning. Harvard Business Publishing
- Paul Farris. Sales Force Management and Measurement. Darden Business Publishing. Note # UV1417
- Case #1: Calyx Flowers: Managing Profitable Growth, Kellogg Case
- Case #2: American Well: The Doctor Will e-See You Now, Harvard Case # 9-510-061
- Case #3: Chateau Margaux: Launching the Third Wine Harvard Case #5-515

## Optional Readings (Scientific Articles):

These readings will be posted on Canvas. These are scientific articles that are more difficult to go through. However, they cover important questions that will be discussed in class.

- Richard Thaler. 2008. Mental Accounting and Consumer Choice. *Marketing Science*. 27(1),15-25
- Tulin Erden and Joffre Swait. 1998. Brand Equity as a Signaling Phenomenon. *Journal of Consumer Psychology*. 7(2), 131-157
- Bengt Holmstrom. 2017. Pay for Performance and Beyond. *American Economic Review*, 10(7).1753-1777
- Kamakura and Russell. 1989. A Probabilistic Choice Model of Market. *JMR*

## Tentative Course Plan

<i>Session</i>	<i>Topic</i>	<i>Readings</i>	<i>Prepare/Turn in</i>
<b>Part 1: Marketing and Markets</b>			
<b>Session 1</b>	<b>Introduction</b>	<ul style="list-style-type: none"><li>• Chernev Chapt 2</li><li>• Marketing Metrics: Note for Marketing Managers</li><li>• The Metrics That Marketers Muddle</li></ul>	
<b>Session 2</b>	<b>Customer Value</b>	<ul style="list-style-type: none"><li>• Chernev Chaps 4, 5 and 18</li><li>• Brand Positioning</li><li>• Optional: Mental Accounting and Consumer Choice</li></ul>	Case: Calyx Flowers
<b>Session 3</b>	<b>Data Driven Strategies</b>	<ul style="list-style-type: none"><li>• Competitors and Competition</li><li>• Assessing Competitive Arenas: Who are your competitors?</li><li>• Optional: Kamakura and Russell, (1989), pp. 385-389 mostly</li></ul>	Get ready to run regressions
<b>Part 2: Creating, Defending and Sustaining a Competitive Advantage</b>			
<b>Session 4</b>	<b>Strategic Thinking I</b>	<ul style="list-style-type: none"><li>• Game Theory and Competitive Strategy</li><li>• Game Theory Models of Pricing</li></ul>	Case: American Well
<b>Session 5</b>	<b>Strategic Thinking II and Channel Management</b>		

<b>Session 6</b>	<b>Sales Force Management I</b>	<ul style="list-style-type: none"> <li>Sales Force Management and Measurement</li> </ul>	Quiz 1 Homework
<b>Session 7</b>	<b>Sales Force Management II</b> <b>Agency Problems in Marketing</b>	<ul style="list-style-type: none"> <li>Performance Measurement and Incentives in Firms</li> <li>(Distributed in class) Pay for Performance and Beyond</li> </ul>	
<b>Session 8</b>	<b>Growth and Diffusion</b>	<ul style="list-style-type: none"> <li>Chernev Chaps 15, 16</li> <li>What is a free customer worth?</li> </ul>	
<b>Session 9</b>	<b>Brand Management And Brand Valuation</b>	<ul style="list-style-type: none"> <li>Chernev Chapt 9, 14, 17</li> <li>Brands and Brand Equity</li> <li>Optional: Brand Equity as a Signaling Phenomenon</li> </ul>	Case: Chateaux Margot
<b>Session 10</b>	<b>New Business Models</b> <b>Class Wrap-up</b>		Quiz 2

## Questions for the Cases

- For all cases, you have to submit your case write-up at the beginning of the lecture when the case is discussed
- It shouldn't exceed four pages (single-spaced);
- Quality of the analysis is favored over quantity of words;
- Case reports are graded;
- One case report per group.

### **Calyx Flowers**

After reading chapter 4, chapter 5 and chapter 18 of the textbook, answer the following questions:

- What is the primary cause of Calyx's problem? What is the key actionable reason for the weak performance?
- What is important to people when they buy flowers? What attributes/benefits do they care about when choosing a flower retailer?
- What should John do?

### **American Well**

- What value do you see "Team Edition" is creating?
- What barriers to its adoption do you foresee?

3. Which of the new market opportunities do you see as most promising?

**Chateau Margaux**

1. What is the strategic role of the third wine?
2. How much profit do you expect to make on the sale of the third wine?