

MIT Sloan School of Management
15.810 Marketing Management
Fall 2008 – Section B

Instructor for Section B

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Website

stellar.mit.edu/S/course/15/fa08/15.810b/

Schedule (20 sessions throughout the semester, see schedule for details)

Section	Day	Time	Room	TAs
B	M, W	1:05-2:25	E51-345	Nishi Das (cases), Diego Panama (projects)

Nature and Purpose of the Course

In this course we seek to:

- Introduce you to key marketing ideas and phenomena, especially the core theme of delivering benefits to customers.
- Develop your skills in marketing analysis and planning.
- Familiarize you with the tactics of the marketing (product strategy, advertising and communications [promotion], and distribution [place], and price – 4P's) and enhance your problem solving and decision making abilities in these areas.
- Provide you with a forum (both written and oral) for presenting and defending your own recommendations and critically examining and discussing those of others.

We explore theory and practice that draws on customer needs, company skills, competition, collaborators, and context in marketing and product development (5C's). We use cases, discussions, and readings to provide a mix of integrating concepts and hands-on problem solving. We encourage a variety of perspectives on marketing issues.

Many ideas of marketing transcend the specific application. For example, ideas of customer input, matching the channel of distribution to the product, matching the technology to the market segment, and understanding company and collaborator strengths rela-

tive to competition apply to financial services, consumer products, software, automobiles, airline services, not-for-profit eye clinics, and even Swatches. They apply to both bricks and mortar companies and to eCommerce companies. We draw material from a variety of sources including services, consumer products, business-to-business products and from a variety of settings. This final step of transferring the ideas from the cases to your own situation is critical to making these ideas work for you.

The course is designed to be an introduction to the theory and application of marketing. It is coordinated with the MBA Core Curriculum.

Course Materials

The course draws upon a readings packet containing cases, required readings, and background readings. The only required textbook for this subject is the fun book by Nalebuff and Ayres, *Why Not? How to Use Everyday Ingenuity to Solve Problems Big and Small* (2006). For a basic textbook on marketing, including marketing terms, examples, and a general taxonomy of issues I recommend Philip Kotler & Kevin Keller, *Marketing Management*, 12e, 2005, by Prentice-Hall.

Evaluation of Work – Approximate Weightings

1.	Class Participation & Indiv. Exercises	40
2.	Group Case Reports	30
3.	Exercise on the Practice of Marketing	20
4.	Individual Final Essay	10

Organization of Course

The course is organized so that each class is either a theory discussion or a case discussion. Theory sessions and case sessions alternate with roughly the order: theory, case in H1 and theory, case, case in H2. The theory discussions introduce material relevant to the cases they precede, however, each case can draw on material from all preceding theory discussions. Copies of the slides for the theory discussions are available in PowerPoint format on Stellar. You should plan to review these slides *before* coming to class.

The theory-discussion slides are the basis for class discussion, but we expand on this material in class. If you miss a class make sure you get annotations from a colleague. In the spirit of continuous improvement, the slides will be changed as the course progresses. Please check Stellar for updates. If I make dramatic changes to the notes less than two days prior to the class, I will send an e-mail to the class to alert you.

The cases expand upon the material in the theory discussions and, sometimes, introduce new material. You should come to class prepared to discuss the cases critically. You are encouraged to discuss these cases among yourselves, especially within your team, prior to class. There is rarely a “right” answer to any case – the course of action often depends upon assumptions not present in the case facts. However, the process by which you arrive at a recommendation and principles you draw upon are extremely important.

Forming teams

To get the most out of 15.810, you should form teams to prepare for the cases, both written and oral. The target size is three people. Four is viable but more than four or less than three is strongly discouraged.

The basic ideas of marketing transcend national borders and it is essential to be able to analyze and adapt to new environments. To explore these issues and to learn from your fellow classmates, I encourage you to form multinational teams. You will be better able to understand the issues in these cases if your team is drawn from a variety of regions with a variety of experience.

Please submit to your TA a roster of your team members. Do this by the end of the first day of classes, Monday, September 8th. (You can give the list to the TA at the end of class or place in a box or folder in E40-160.) Please designate a contact person and provide a telephone number for that person. If you are a free agent or a team of only two members, submit your name or roster anyway. We will perform a random matching and distribute a list by Friday, September 12. For teams formed this way, please designate a contact person and let us know his/her name, email address, and telephone number as soon as possible.

I encourage you to name your team to give it some personality. This is, in a way, your first exercise in branding. For example, in previous years teams had names such as the *Masters of Sales and Marketing*, *Fourcast*, and the *Prophet Margins*.

Cases Generally

The cases facilitate the discussion of marketing problems in real situations. You should read these cases carefully and come to class prepared to provide constructive input as the class works together to address the issues of the case. The situations in the cases are complex. It is rare that the entire class will come to a consensus because the appropriate response often depends upon which assumptions are accepted. Real learning takes place when you see how others address a problem about which you have thought carefully. The better you are prepared, the more you learn.

The best way to prepare is to attempt to answer the discussion questions (listed in the readings packet and posted on Stellar – be sure to check for updates and hints). 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.

I strongly encourage you to discuss the case within your group. You will benefit from defending your ideas and you will learn by discussing other group members' approaches. For the cases which are not due as written cases 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 only discuss the cases within your group. All group members should contribute to the case write-up, which is expected to be original material. Because a key benefit of case discussion is that you form your ideas and defend them to your peers, you are not to consult any files from previous years on the cases.

Early in the semester there may be some uncertainty as to what is expected in preparation for a 15.810 case. The TAs are here to help you. I have asked your TAs to meet with each group as you prepare for one of the early case discussions. Your TAs will attempt to arrange a time and place that is mutually convenient. The TAs are an excellent source of buzz on how you might maximize your 15.810 experience. They are here to help you in all aspects of the course.

Group Case Reports

Each group will be required to hand in two case write-ups. No case is due in the last week of 15.810 to allow you time to focus on the final project. For 15.810, you may choose any ONE of the following three cases:

Sweetwater
Brita
3M

AND any ONE of the following three cases.

Marketing the \$100 Laptop
Swatch
Keurig

Brita and Keurig are more quantitative than the other cases. We strongly recommend that you attempt at least one of the quantitative cases. Spreadsheets are posted on Stellar to help you analyze these cases.

The reports should consist of (at most) 4 pages (space-and-a-half, 12-point fonts) and should address the discussion questions. Longer reports are strongly discouraged. You are allowed, but not required, to have a small number of exhibits. Your reports must be handed in at the start of the class in which the case will be discussed. These cases will be graded and determine 30% of your overall grade.

Questions for each case can be found on Stellar. Use these questions to guide your reports (and to help prepare for our discussion of the other cases). Some additional recommendations:

1. Bullet-point form is encouraged for your write-ups.
2. Separately answer each discussion question. Use headings to highlight which questions you are answering.
3. Start with the most obvious points and then work from there. Do not omit the obvious points.
4. I am more interested in the quality of your analysis 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.
5. Review the lecture notes before writing your analysis. The theory presented in the lectures will help guide your analysis.
6. Structure your answers using sub-headings, when necessary, to make it clear that you have used an analytical approach to reach your answers.
7. (Apparently) random lists of issues without structure leaves the TAs guessing as to which issue you consider most critical to the case analysis. 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.
8. Quality is more important than quantity.

A common remark made by students after the case discussions is that their group talked about most of the important points but ran out of space in which to write them all down. One role of this course is to help you to identify which of the details hidden in the myriad of facts comprising each case are most relevant. The page constraint forces you to reveal to me what you think is relevant.

However, do not despair during the case discussion – sometimes the class focuses on only a few of the key issues. There may be important points that are not discussed. When this happens, I try to cover these same points in another, later, case. A point that you make in your written discussion may still be very important, even if it is not discussed in that particular class. Look for it in a later case discussion.

Individual Assignment

In addition to your two team-based case write-ups, each person must hand in an individual assignment that answers the following question:

"What are the three most important lessons that you learned about marketing in this course that will help you as a manager?"

This assignment should be no more than one-two pages in length and should briefly summarize each of the three lessons.

You will receive credit simply for handing in this assignment on or before the last schedule class. This assignment will not be individually graded or returned. The answers will be used to help determine final grades for students close to the letter cutoffs.

Exercise on the Practice of Marketing

An exercise on the practice of marketing is in the readings packet and is posted on Stellar. It is a group exercise that asks you to apply all of the material that is covered in 15.810. It is due on the last scheduled day of classes for 15.810. See detailed instructions in the readings packet and on Stellar. You are allowed to coordinate the topic with topics covered in co-curricular activities such as MarketLab. However, for 15.810 you must satisfy the requirements of the 15.810 project – please do not hand in a report prepared for a co-curricular activity.

Required Readings

The materials listed as required readings in the syllabus are provided in the course packet. You should be ready to discuss the major ideas they contain.

Class Discussion

The benefit that you derive from the course depends upon the extent to which you expose your own viewpoints and conclusions to the critical judgement of the class. You should view class participation both as an opportunity to ask questions to enhance your understanding as well as an opportunity to suggest examples that demonstrate your understanding of the material. Comments and questions should be relevant to the material being discussed. Please try to avoid lengthy discourses on extraneous material.

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. If you must miss a class, warn me or the TA at least one day prior to class. Remember that you can only get credit for class participation if you are actually in the class. In addition, your colleagues are counting on your insight and it is not fair to them if you miss many class sessions. Everyone learns from your comments. Please remember to bring your name cards to class.

This is your second exercise in branding – you want me, the TAs, and your colleagues to associate your insights with you, the brand.

In order to help me get to know you and to give you credit for your comments, I request that you to sit in the same seats throughout the semester. I will hand out a seating chart on the first day of classes. You are free to select your seat for this class and free to move to other seats on the second day if they are open. You may also make trades on the second day. (For example, you may want to sit with your teammates.) However, because the course goes by so quickly, once you complete (or update) the seating chart, please keep seat assignment for the rest of the semester. This makes it easier for you to build your brand equity.

The rooms for 15.810 are slightly larger than the target class size. Please do not sit in the last rows. This keeps the class as compact as feasible so that we can all benefit from discussion.

Getting in Touch with the Professor and the TAs

You may have many questions about the course or marketing. The TAs are available throughout the semester; please feel free to approach them around MIT Sloan. I will try to hang around outside the classroom after class. We can also try to arrange other times.

Ethics

An important concern in any discipline is the ethics of its practitioners. This is certainly true in marketing and advertising. Ethical issues will arise in the case discussions. Indeed, some managers in the cases act in ways you might not consider ethical. These actions are left in the case specifically to raise ethical issues. We encourage you to address these issues in class discussion.

We subscribe to the MIT Sloan professional standards and MIT's standards of Academic Integrity. Please arrive on time for class with uninterrupted attendance for the duration of the class. I will endeavor to end class on time. Furthermore, please maintain a professional atmosphere. 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, no web-browsing or emailing), and refraining from distracting or disrespectful activities (e.g., avoiding side conversations and games). A complete description of the MIT Sloan professional standards is available at <https://sloanpoint.mit.edu/administration/profstandards/Pages/default.aspx>.

It is expected that in order for a student to sign his/her name to a team assignment the student will have done a substantial amount of work on that specific assignment. It is not, for example, acceptable to rotate the work across assignments so that on any given assignment the student signing has not done a substantial amount of work. 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/plagiarism/quoting.html>).

Fall 2008

Reading Assignments Fall 2008

Required Readings. (Numbered by session)

Book: *Why Not?* How to Use Everyday Ingenuity to Solve Problems Big and Small

1. Note on Marketing Strategy (9-578-061)
Perceptual Mapping: A Managers' Guide (9-590-121)
2. Southwest Airlines: 1993 (A) (9-694-023)
3. Note on Listening to Customers (available on Stellar)
KJ Diagrams (available on Stellar)
4. Sweetwater (9-695-026)
5. Note on Conjoint Analysis (available on Stellar)
Customer Profitability and Lifetime Value (9-503-019)
6. The Brita Products Company (9-500-024)
Note on Life Cycle Diffusion Models (available on Stellar)
Note on Defensive Marketing Strategies (available on Stellar)
7. Note on Product Development (available on Stellar)
Note on Engineering Product Design (available of Stellar)
Doing It Right: Winning with new products (available on Stellar)
8. Innovation at 3M Corporation (9-699-012)
Spark Innovation Through Empathic Design (97606)
9. Note on Consumer Behavior (available on Stellar)
10. Segway LLC (available on Stellar)
11. How Do You Know When the Price Is Right? (HBR 95501)
12. ABB Electric (available on Stellar)
13. Marketing the \$100 Laptop (9-508-024)
14. How To Produce Advertising That Sells, Chapter 2 from Ogilvy
18 Miracles of Research, Chapter 15 from Ogilvy
15. BMW Films (9-502-046)
The Buzz on Buzz (HBR R00606)
16. The Birth of the Swatch (9-504-096)
17. Distribution Policy (9-585-045)
Note on Incentives in Channels of Distribution (optional, available Stellar)
18. Keurig (9-899-180)
19. Dove: Evolution of a Brand (9-508-047)
The Shakedown (HBR R0503X)

PowerPoint Presentations for Theory Discussions

Copies of the PowerPoint presentations are available on Stellar in both 1-to-a-page format and 6-to-a-page format. (We recommend 6-to-a-page, two-sided if you print them – saves paper.) These PowerPoint presentations may be updated, please check Stellar prior to class.

Useful References (from A to Z) on Creativity and Innovation

Adams, James, *Conceptual Blockbusting: A Guide to Better Ideas*
Amabile, Teresa, D. Leonard & J. Rayport, *Harvard Business Review on Breakthrough Thinking*
Csikszentmihalyi, Mihaly, *Creativity: Flow and the Psychology of Discovery and Invention*
De Bono, Edward, *Lateral Thinking: Creativity Step by Step*
De Bono, Edward, *Six Thinking Hats*
De Bono, Edward, *The 5-Day Course in Thinking*
Feinstein, Jonathan S., *The Nature of Creative Development*
Hamel, Gary, *Leading the Revolution*
Kelly, Tom and Jonathan Littman, *The Art of Innovation: Lessons in Creativity from Ideo*
Michalko, Michael, *Tinkertoys*
Sutton, R., *Weird Ideas That Work: 11½ Practices for Promoting, Managing, & Sustaining Innovation*
von Hippel, Eric, *Democratizing Innovation*
Weisberg, Robert W., *Creativity: Beyond the Myth of Genius*
Zeitz, Paul, *The Art and Craft of Problem Solving* (more mathematical)

Useful References for Quantitative Marketing

Aaker, Kumar & Day (2004). *Marketing Research*, 8th Edition. New York: Wiley.
Armstrong, J. Scott (2001). *Principles of Forecasting*. Boston: Kluwer Academic Publishers.
Berry & Linoff (1997). *Data Mining Techniques For Marketing, Sales, and Customer Support*. New York: John Wiley & Sons.
Blattberg, Thomas & Getz (2001). *Customer Equity*. Boston: Harvard Business School Press.
Brandenburger & Nalebuff (1996). *Co-opetition*. New York: Doubleday.
Dolan & Simon (1996). *Power Pricing*. New York: The Free Press.
Doyle (2000). *Value-Based Marketing*. New York: Wiley.
Kotler (2005). *Marketing Management: Analysis, Planning, Implementation & Control*, 12th Edition. Englewood Cliffs: Prentice-Hall.
Mahajan, Muller & Wind (Eds.) (2001). *New-Product Diffusion Models*. Boston: Kluwer.
Rao & Steckel (1998). *Analysis for Strategic Marketing*. Reading, MA: Addison-Wesley.
Rust, Zeithaml & Lemon (2000). *Driving Customer Equity*. New York: The Free Press.
Sudharshan (1995). *Marketing Strategy: Relationships, Offerings, Timing & Resource Allocation*. Englewood Cliffs: Prentice Hall.
Urban & Hauser (1993). *Design and Marketing of New Products*, 2nd Edition. Englewood Cliffs: Prentice-Hall.
Urban & Star (1991). *Advanced Marketing Strategy*. Englewood Cliffs, NJ: Prentice-Hall.