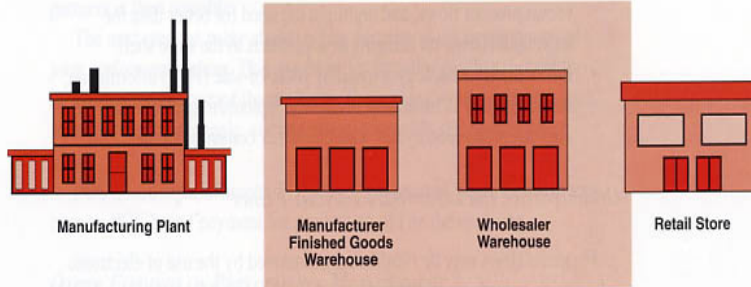


Consumer Products (CPG) Marketing Strategy

MKTG 435/535 (Fall 2008)



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See FILC web page at: www.foodleadership.pdx.edu

Class Location/Time: Wednesday evening 5:40- 9:20pm, 290 SBA

COURSE MATERIALS:

1. Required for all:
 - Readings Packet at Smart Copy (There may be additional materials from speakers, etc during term)
 - Kumar, N. and J.B.E.M. Steenkamp (2007) *Private Label Strategy*, Harvard Business School.
2. Optional Reading for UG and **required** for graduate students: Choose **one** of following: (buy on web)
 - Al and Laura Ries (2002) *The Fall of Advertising and the Rise of PR*, Harper Business.
 - Laura Mazur and Louella Miles (2007) *Conversations with Marketing Masters*, Wiley.
3. Signup for web blog: Kevin Coupe- www.morningnewsbeat.com

Purpose/Overview:

This class focuses on marketing for Consumer Packaged Goods firms (CPG) with a particular focus on food and beverage products. The class emphasizes how changes in the competitive environment such as technology, changing channel relationships, and globalization affect CPG marketing strategy. The class will have a special emphasis on how manufacturer and retailers partner and use category management to better market to target customers and issues in branded and private label strategies. The participation of industry executives will be used to help illustrate the industry and class concepts.

The following topics will be included; changing market demographics, implementation of technology and information systems, distribution strategy, category management & loyalty programs, buyer behavior trends, private label strategies, competitive positioning, and the role of market partners such as brokers and role of alliances. The primary purpose will be to give participants an opportunity to see how the industry uses category management within the perspective on the key competitive challenges, strategies and employment opportunities in this dynamic industry.

Objectives:

- Examine the key environmental trends that impact the CPG industry value chain.
- Examine key demographic/lifestyle trends and why more customer focus is critical.
- Introduce students to basic industry economics and alternative strategies.
- The roles of branding and private label as marketing tools for manufacturers and retailers.
- Describe category management and how it is impacting marketing practices in industry.
- Examine role of customer relationship development and role of branding in positioning.
- Integrate industry executives and industry experience into structure of course.
- Give students an opportunity to gain hand-on exposure to tools from AC Nielsen and IRI.
- Advertising and trade promotion trends and loyalty marketing programs
- Take a close look at a selected sector of industry using a research project
- Explore business strategies for the future

GRADING:

All work will be graded and final grades will be assigned on a "percentage of total points" basis according to the following criteria: First, we assume you are a "B" student, or better. Your task, then, is to provide performance evidence that merits the exceptional "A" grade, or that merits a grade of "B-" or lower. Second, given the nature of the course, it is our hope that you will focus more on open self-reflection, personal risk taking, being an effective team member, and learning rather than on preoccupation over your grade.

<u>Assignment</u>	<u>Weight</u>	
Mid-term exam	15 points	A = Outstanding- top of class
Case Analyses (I & II)	45 (20+25)	A- = Excellent
Final:	30	B+ = Very Good, above average
Participation	<u>10</u>	B-/B = Competitive among peers
	100 points	C's = below average, important elements missing
		D's = Some evidence of effort, but result not acceptable
		F = Failure, completely unacceptable

**Optional UG assignment/ required grad work=10 pts.

*Does not reflect unscheduled assignments, if any. Instructor reserves the right to make changes if deemed necessary.

Exams

The mid-term exam and final will be a take-home exams and will cover material from the lecture, text and readings through the evening of the exams due date. Exams will be essay in nature will between 6-8 questions. Answers will be expected to be ½ to one page in length per question and be professional in appearance and format. Writing quality including grammar and spelling will be considered in evaluation.

Case Analysis

Each student will prepare two written case analyses. The first will be individually prepared; students will be assigned either Case Ia or Case Ib based on the last number on their student ID. Students whose ID ends in an odd number will prepare Case Ia and those ending in even number will prepare Case Ib. Case two will be prepared as a team assignment; teams will be selected week two of class.

Required Grad (optional UG) Book Report

Each term I select a couple of current professional marketing books that have relevance to the best practice of marketing. For this project students will select one of the books to read and answer a set of questions on the book that I provide mid way through the term.

CLASS POLICIES:

1. This course relies heavily on case discussions, lecture and guest speakers to achieve its objectives. Your understanding of subject material will be measured from your contribution to the cases, class discussions and your performance on the concept papers. You should be prepared when you enter class to fully present your understanding of all assigned reading material. Participants are encouraged to volunteer input to the discussion. (If you choose not to contribute, you can be assured of being asked.) Use your speaking abilities to your best advantage. Participation is graded on both quantity and quality. All participants will be **required** to complete peer evaluation reports on all members of their groups.

I will expect that when you are in class, your attention is on the class. Doing crossword puzzles, surfing the web and sleeping are no more acceptable in class than they will be a few years from now in business meetings. If you intend to engage in these types of activities, I would prefer if you would not show up at all.

- Laptop use in class is discouraged
- Cell phones/Blackberries/etc. should be turned off for class periods,
- Please be respectful of your classmates, guest speakers, tour guides, and professor by listening when they are talking and not creating side conversations.

Attendance at all class meetings is **expected**.

2. Reading assignments (text/outside readings) should be completed **prior** to each weekly class meeting. This will enable each participant to begin with the same information base prior to more probing discussion during the class sessions. All written assignments are due **promptly at the beginning of class**. If problems occur, the professor should be informed before the due dates. You are responsible for all that is mentioned in class, including announcements, schedule changes, spot assignments, exam dates, etc. If you are absent, consult a classmate or your instructor promptly.
3. **Written work:** While the depth, comprehensiveness, and logic of your analysis are the most salient considerations in grading of your term project, sloppy writing masks these

criteria. Students are encouraged to be concise in their presentation. Organization, use of headings, grammar, spelling, charts, graphs, and the overall presentation of your paper will be considered in the grading. All cases/projects should be typed, and **professional in appearance**. It is strongly encouraged that you use both a spell checker and a grammar checker when you prepare your papers. If you have **any** questions about these assignments or the course, please contact your instructor.

4. Course participants are expected to maintain high standards of academic honesty. Academic honesty is a **requirement for passing** this course.

Industry web sites of Interest

- Grocery Manufacturers Association- www.gmabrand.com
- Food Marketing Institute- www.fmi.org
- Information Resource's Inc.- www.Infores.com
- The Nielsen Company- <http://www2.acnielsen.com/site/index.shtml>
- CIES- European retail CPG trade group- <http://www.ciesnet.com/>
- Phil Lempert-“Supermarket guru”- <http://www.supermarketguru.com/>
- National Grocers Association- <http://www.nationalgrocers.org/>
- Private Label Mfg. Association- <http://www.plma.com/>
- Produce Marketing association- <http://www.pma.com/>
- <http://www.ers.usda.gov/Briefing/FoodMarketingSystem/>
- Financial Times- <http://www.ft.com>
- <http://www.brandweek.com>
- <http://www.food-business-review.com>

MKTG 435/535 Tentative Schedule Fall Term 2008

Day	Topic	Assignments*
1 Oct. Week 1	Introduction to CPG Markets: <ul style="list-style-type: none"> • Course Introduction and Overview Guest Speaker: Mellie Pullman,	Get emails PLS*: 1, 2 RP: Shopper Marketing
8 Oct. Week 2	<ul style="list-style-type: none"> • Marketing across the industry value chain <ul style="list-style-type: none"> • Introduction to Consumer packaged-goods marketing • Key industry competitive issues and challenges • Value Based marketing strategy • Discussion of case analysis format 	PLS: 3,4 Select Teams-case II
15 Oct. Week 3	<ul style="list-style-type: none"> • Introduction to ECR and Category Management <ul style="list-style-type: none"> • What is ECR (Efficient Consumer Response) and its impact • Data driven marketing & Category Management: The Battle for Shelfspace • Consumer-Centric Marketing • Retail Private Label Strategy-Part 1 <ul style="list-style-type: none"> • Guest Speaker: Sharon Mann, Daymon Worldwide http://www.daymon.com/ 	PLS: 5,6,7 Read: HEB Case

22 Oct. Week 4	FILC Executive Forum Field Trip- 1 to 5pm Embassy Suites Washington Square	PLS: 8,9 Midterm Assigned Check web page
29 Oct. Week 5	<ul style="list-style-type: none"> • Consumer Shopping Behavior I: Deciding Where to Shop and Buy <ul style="list-style-type: none"> • The “new” focus on the consumer- why study shopping behavior • Deciding Where to Shop and What Categories to Buy • Implications of Multi-Cultural and Ethnic Segment Growth • Retail PLS-Part 2 <p>Case: HEB: Own Brands (Discussion Case) Guest Speaker: Cathy Chapman, The Nielsen Company, http://www.nielsen.com/</p>	<p>PLS: 10 Midterm Due</p> <p>Grad/ opt UG Book questions assigned</p>
5 Nov. Week 6	<ul style="list-style-type: none"> • Managing CPG Distribution Strategy <ul style="list-style-type: none"> • Creating Customer value & competitive advantage in CPG Markets • Bringing a new product to market <p>Case: Natureview Farm (HBS 2073)-Case I-a</p>	
12 Nov. Week 7	<ul style="list-style-type: none"> • CPG Branding strategies <ul style="list-style-type: none"> • The Battle for Mindspace: The role of marketing communications in positioning and building a relationship with the target customer. • Customer Servicescapes: role of retailers, vendor and customers <p>Case: Mountain Man Brewing: Bringing the Brand to Light (HBS 2072)-Case I-b</p>	PLS: 11-13
19 Nov. Week 8	<ul style="list-style-type: none"> • Push and Pull marketing for CPG firms <ul style="list-style-type: none"> • Push vs. Pull-Mindspace & Shelfspace • Branding and private label • Promotional spending- issues and challenges • Manufacturer PLS –Challenges and Opportunities • Guest Speaker: tba 	
26 Nov. Week 9	Thanksgiving Holiday- No Class	
3 Dec. Week 10	<ul style="list-style-type: none"> • CPG Marketing Strategies • Consumer Shopping Behavior II: <ul style="list-style-type: none"> • How consumers make Choices & Learning’s from the “Paradox of Choice” • The shopping experience, economic value of customer • Loyalty Marketing Programs- <p>Case: Nectar: Making Loyalty Pay (HBS 505-031)- Case II</p>	<p>Grad/optional projects due</p> <p>Final Assigned</p>
10 Dec. Week 11	Course Summary	Final Due
	<i>RP= Readings Packet-Smart Co.; PLS= Private Label Strategy text</i>	

Questions for Cases: to help guide your analysis

HEB: Own Brands

1. What is your recommendation on Glacia?
2. How should Own brands respond to competitive price promotions? When should they follow? What about national promotions?
3. What is the role of HEB and Hill Country Fare as Own Brands labels? How should these be positioned relative to other brands in the category?
4. What is the role of Own Brands in HEB overall corporate strategy? Why is it important? Should it be scaled up? Or dialed down? If so, in what products or product categories?

Natureview Farms

1. How has Natureview succeeded in the nature products channel?
2. What are the two primary growth strategies under consideration at Natureview?
3. A) How do the three options compare financially in terms of yearly revenue, gross margin, required investment and profit potential? B) If the venture capitalists extended their deadline for meeting the \$20 million revenue target by 12 to 18 months, would that change your recommended action plan?
4. What are the strategic advantages and risks for each option? What channel management and conflict issues are involved?

Mountain Man Brewing:

1. What is Chris considering doing and what factors will he have to align to be successful? What goal should MMBC (Chris) have?
2. What has made MMBC successful? What distinguishes it from competitors? What is distinctive about MMBC's product? What is distinctive about MMBC's customers? How is MMBC's promotion different and effective?
3. What about these factors enabled MMBC to create such a strong BRAND? What is a BRAND, anyway? What is Brand Equity? How is it created?
4. What has caused MMBC's decline in spite of its strong brand? Describe the market MMBC serves and the beer market in general. Describe the competition and MMBC's threats. What is the likely future of competitive brewers? What is MMBC's market/competitive position?
5. Should MMBC introduce a light beer? What are the pros and cons for doing so?

Nectar: Making Loyalty Pay

1. What should Justin do with the program?
2. What should Rob Gierkink do with program to keep Sainsbury's happy?
3. What should he do to keep the other sponsors happy?
4. What should he do to keep the collectors collecting?