COLUMBIA UNIVERSITY
Graduate School of Business
B6602: Managing Marketing Programs

Summer 2005
T/Th 10:00 am – 11:30 am (Z)
11:45 am – 1:15 pm (Y)
3:15 pm – 4:45 pm (X)

Professor Kamel Jedidi
518 Uris Hall
Office Hours: T/Th 1:30-3:00 pm
Appointments: 212-854-3479
kj7@columbia.edu

Room 208 Warren
TA: Raghu Iyengar (ri75@columbia.edu)
TA: Martin Zemborain (mz2002@columbia.edu)
TA: Anil Thozhur (at2155@columbia.edu)

Course Description

This course focuses on decisions that managers make and the tools that they use to successfully implement marketing strategies. Successful marketing implementation requires the managed introduction of new products, optimal structuring of prices, effective communication of product value, and the distribution of the product through intermediaries.

The course uses class projects, hands-on exercises, case studies, and class discussions to explore the implementation of marketing strategy through what is traditionally called the “marketing mix.” In addition, a complex marketing simulation presents a challenging and real-life environment in which to apply and hone decision-making skills. As we progress in the course, it will become apparent that the different elements of the marketing mix are interrelated and must all be framed as part of an integrated marketing strategy.

Course Material

1. B6602 Readings and Case Packet


Evaluation

<table>
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<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Class Participation</td>
<td>15%</td>
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<tr>
<td>Product Design Exercise</td>
<td>15%</td>
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<tr>
<td>PharmaSim Market Simulation Exercise</td>
<td>25%</td>
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<tr>
<td>Final Examination</td>
<td>45%</td>
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(individual)  (groups of 5)
(1) Class Participation (15%)

A large portion of the class time will be devoted to analyzing assigned cases. It is therefore essential that you be fully prepared for all the cases. In each session, few students will be randomly selected to start the case discussion. Thereafter the discussion will be open to the entire class. Sheer quantity of participation is neither sufficient nor necessarily desirable. Your presentation and defense of your views on the cases are central to the course, and this is reflected in the grading scheme.

In addition, it is highly recommended that study groups volunteer to present and share their work with the class. We will have at least three occasions in this course in which groups will be solicited to present: PharmaSim (2 groups), Ethics in Pricing (4 groups), and Medi-Cult case (2 groups).

(2) Product Design Exercise (15%)

Conjoint analysis is a commonly used technique in the design of new products and services.

You will work in a study group of five students to design and test your own new product concept using conjoint analysis. After designing the data collection instrument you will collect and analyze preference data to make decisions about the product you are considering.

The conjoint exercise will be assigned on May 17th and will be due on May 26th at the beginning of the class session.

A review session will be held on Friday May 13th, 1:30-3:00 PM (Room 142 Uris) for regression and conjoint analysis.

(3) PharmaSim Market Simulation Exercise

On Tuesday May 31st we will discuss PharmaSim and distribute the PharmaSim assignment. The assignment involves running the simulation and preparing a final report that is due at the beginning of the last class session (June 21st). A detailed PharmaSim assignment will be distributed in class.

PharmaSim is an intensive interactive marketing simulation exercise that allows students to use many of the concepts discussed in the marketing core. Working in groups of five, you will make decisions about a brand’s pricing, product mix, promotions, advertising, and sales force allocation through multiple time periods. As you progress you will take on more and more of the decision-making responsibilities.

Be advised that the simulation can be time consuming. It is expected that you may need approximately 12 to 15 hours to run the entire simulation. Please plan your time accordingly. I have scheduled this assignment to give you three weekends to work on it. Finally, a TA will be available for assistance during the review session period for the three Fridays during the simulation. Note that you can also receive assistance from Pharmasim@interpretive.com.

(4) Final Examination (45%)
The final examination will be during the regular exam period for the course (Friday June 24th from 9:00AM to 12:00 Noon). The three-hour, open-book, open-notes exam will be designed to test your understanding of the topics covered in the lectures, readings, cases and discussions. The best way to prepare for the final exam is to attend classes regularly, work on the assigned readings prior to coming to class, and be active in class discussions. Any question regarding timing, place, and (re-)scheduling of the final exam should be addressed to the Office of Student Affairs.

Review Sessions

The review sessions are designed to help you with assignment exercises.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Date</th>
<th>Time</th>
<th>Room</th>
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<tbody>
<tr>
<td>1. Regression Analysis</td>
<td>Friday, May 13</td>
<td>1:30-3:00</td>
<td>142 Uris</td>
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<tr>
<td>2. PharmaSim</td>
<td>Friday, June 3</td>
<td>1:30-3:00</td>
<td>142 Uris</td>
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<td>3. Sales Promotions</td>
<td>Friday, June 10</td>
<td>1:30-3:00</td>
<td>142 Uris</td>
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<tr>
<td>4. Final Exam Review</td>
<td>Friday, June 17</td>
<td>1:30-3:00</td>
<td>142 Uris</td>
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Important Due Dates:

Thursday, May 26th: Conjoint Analysis exercise due
Tuesday, June 21st: PharmaSim report due
<table>
<thead>
<tr>
<th>Session</th>
<th>Date</th>
<th>Topic</th>
<th>Readings</th>
<th>Case</th>
<th>Assignments</th>
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<tr>
<td>1 Thu</td>
<td>May 12</td>
<td>Introduction</td>
<td>Note on Marketing Strategy</td>
<td>Cascade</td>
<td>Foods</td>
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<tr>
<td>Review: Friday</td>
<td>May 13</td>
<td>Regression Analysis Review; 1:30-3:00PM, Room 142 Uris</td>
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<td>2 Tue</td>
<td>May 17</td>
<td>New Products</td>
<td>1) Conjoint Analysis 2) Evaluating Easy Pass</td>
<td>Conjoint Exercise</td>
<td>Assigned</td>
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<td>3 Thu</td>
<td>May 19</td>
<td>New Products</td>
<td>Researching &amp; Monitoring Consumer Markets</td>
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<td>4 Tue</td>
<td>May 24</td>
<td>Pricing &amp; Ethics</td>
<td>Pricing Opportunities &amp; How to Exploit Them</td>
<td>Medi-Cult</td>
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<td>5 Thu</td>
<td>May 26</td>
<td>Pricing &amp; Ethics</td>
<td>Price and Sales Promotion Decisions</td>
<td>Conjoint Exercise Due</td>
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<tr>
<td>6 Tue</td>
<td>May 31</td>
<td>PharmaSim Introduction</td>
<td>PharmaSim Manual</td>
<td>PharmaSim</td>
<td>Assigned</td>
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<tr>
<td>7 Thu</td>
<td>June 2</td>
<td>Advertising</td>
<td>Advertising Decisions</td>
<td>Intel</td>
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<tr>
<td>Review Friday</td>
<td>June 3</td>
<td>PharmaSim Help Session 1; 1:30-3:00PM, Room 142 Uris</td>
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<td>8 Tue</td>
<td>June 7</td>
<td>Sales Promotions</td>
<td>Getting the Most out of Advertising and Promotion</td>
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<td>9 Thu</td>
<td>June 9</td>
<td>Guest Speaker</td>
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<tr>
<td>Review Friday</td>
<td>June 10</td>
<td>Sales Promotions Review Session; 1:30-3:00PM, Room 142 Uris</td>
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<td>10 Tue</td>
<td>June 14</td>
<td>Distribution</td>
<td>Managing Marketing Channels</td>
<td>Calyx and Corolla</td>
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<td>11 Thu</td>
<td>June 16</td>
<td>Guest Speaker</td>
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<tr>
<td>Review: Friday</td>
<td>June 17</td>
<td>Final Exam Review Session; 1:30-3:00PM, Room 142 Uris</td>
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<tr>
<td>12 Tue</td>
<td>June 21</td>
<td>Course Review</td>
<td></td>
<td>PharmaSim Report</td>
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<tr>
<td>Final Exam</td>
<td>June 24</td>
<td>The final exam will be held on Friday, June 24 from 9:00AM-12:00Noon. See Student Affairs for room assignment. Exam is open book &amp; notes and laptops are optional.</td>
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Session 1 (Thursday, May 12\textsuperscript{th})

**Topic:** Introduction

**Lecture:** This lecture introduces the course and highlights the role of marketing mix (namely Product, Pricing, Distribution and Promotional efforts) in implementing strategies. We will discuss marketing strategy and how synergies among the marketing mix elements are important for effective marketing.

**Reading:** Note on Marketing Strategy

**Case:** Cascade Foods

Cascade Foods needs to decide whether to enter the fruit drink market with an aseptic package (or “paper bottle”). If the product is to be introduced, the company needs to decide the pricing and advertising strategy. A four-month test market experiment with three price levels and two advertising levels was conducted to address these issues.

**Discussion Questions:**

1. What factors are important to Sylvia Boaz in establishing a price for the proposed Cascade Fruit Drink?
2. What conclusions can be drawn from the test market experiment?
3. What should Sylvia Boaz do? Why?

**Note:** Regression Review session tomorrow Friday, May 13; 1:30-3:00PM; Room 142 Uris. This session is designed to help you with the first assignment that will be handed out on Tuesday.

Session 2 (Tuesday May 17\textsuperscript{th})

**Topic:** New Product Decisions: Product design using conjoint analysis

**Lecture:** Conjoint analysis is widely used to design new products based on consumer preferences for attributes. In this session, we will discuss the use of conjoint analysis for new product design. We will study the steps involved in conducting a conjoint analysis study and will learn how the output from a conjoint analysis can be used for optimal design of products.

**Readings:** 1. Conjoint Analysis 2. Evaluating EZPass

**Exercise** Conjoint Analysis exercise assigned (Due date May 26).

Session 3 (Thursday May 19\textsuperscript{th})

**Topic:** New Products
Lecture: In this session we will discuss the new product development process and methods for assessing the market potential of new products.


Session 4 (Tuesday, May 24th)

Topic: Pricing & Ethics

Case: Henry Krogen, the CEO of Medi-Cult, was considering the multinational launch of the IVM method that his company had developed. IVM (“In Vitro Maturation”) helps infertile couples conceive children and is a replacement for the existing IVF (“In Vitro Fertilization”) method. The major benefit of the IVM method, in contrast to the IVF method, is that it does not require the woman to go through 30 days of self-administered hormonal injection. These injections are associated with significant side effects such as nausea, reduced sexual desire, and extreme mood swings, which in extreme cases can require hospitalization.

Discussion Questions:

1. What are the benefits of Medi-Cult’s IVM approach over the existing IVF method for patients, clinics, and doctors?
2. What is the value of a single dosage of IVM medium?
3. How ethical is value pricing? Should Medi-Cult and pharmaceutical companies, in general, price their products at levels so much higher than their variable costs? Please defend your choice.
4. Should Medi-Cult adopt a skimming or penetration pricing strategy?
5. What launch price(s) should Medi-Cult adopt for Denmark, France, United Kingdom, and the United States?

Session 5 (Thursday, May 26th)

Topic: Pricing & Ethics

Lecture: Pricing is one of the most critical decisions for a company. In this session we will discuss both the strategic and tactical aspects of pricing and describe factors that affect pricing decisions. Next, we will discuss ethical issues and dilemmas underlying some commonly used pricing tactics (e.g., weight-out, price discrimination, value pricing).

Reading: 1. Price and Sales Promotion decisions Chapter 10 in *Marketing Engineering*, Lilien and Rangaswamy, 1997, Addison-Wesley

Due: Conjoint Exercise

Session 6 (Tuesday, May 31st)

Topic: PharmaSim Introduction

Lecture: This lecture will introduce the PharmaSim marketing simulation. We will discuss a situation analysis of the company and provide details about the implementation of the simulation. I will distribute the assignment details in this class session.

Reading: 1. PharmaSim Manual (To download from [www.interpretive.com/columbia](http://www.interpretive.com/columbia))

Note: PharmaSim Lab session will be held tomorrow Friday, June 3; 1:30-3:00PM; Room 142 Uris. This session is designed to help you with getting started with the PharmaSim assignment.
Session 7 (Thursday, June 2\textsuperscript{nd})

**Topic:** Intel Inside Case + Advertising Decisions

**Lecture:** We will discuss advertising and media planning, and explore concepts of reach, frequency and GRP.

**Case:** Intel Inside

This CD-ROM simulation focuses on Intel’s television advertising copy selection and budgeting decisions in the United Kingdom just before the introduction of the Pentium microprocessor. The CD-ROM presents extensive industry and company data, video clips of Intel executive presentations, customer focus groups, and past advertising. The key decision to be made is the choice of Intel’s advertising strategy for the first quarter of 1993.

**Discussion Questions:**

1. What are Intel’s advertising objectives with respect to their market segment(s)?
2. What criteria should be used in evaluating the advertising (content and execution)? How do you interpret the advertising research results?
3. Which advertising copy should be used? Why? Should the Pentium be included in the TV advertising?

**Reading:** Advertising Decisions: Chapter 11 from Product Management, 3\textsuperscript{rd} Ed. By Donald Lehmann and Russel Winer, McGraw Hill: New York.

Session 8 (Tuesday, June 7\textsuperscript{th})

**Topic:** Sales Promotions

**Lecture:** In this session, we will discuss the types of sales promotions marketers can use to induce customers to buy. We will also discuss methods for evaluating promotion effectiveness.

**Reading:** Getting the Most out of Advertising and Promotion.

**Note:** Sales Promotions Review session is on Friday, June 10; 1:30-3:00PM; Room 142 Uris.
Session 9 (Thursday June 9th)

Topic: Guest Speaker

In this session, we are hosting Chester C. Dawson III, International Finance Editor for the *BusinessWeek* and the author of “Lexus: The Relentless Pursuit” for a talk about the amazing success of Toyota Motor’s Lexus brand. In the talk, you will learn:

- Why Toyota Motor decided to take on the German luxury brands-and how the company attacked the problem, starting with a top-secret board meeting in 1993.
- What drove the brand’s success: the hows and whys of its unparalleled quality, those unforgettable ads and the unprecedented customer service
- The inside story on the birth of the luxury division, the vehicle code names and the lawsuit that almost derailed the launch of the billion dollar brand in 1989
- How Lexus stumbled into its most successful line of vehicle: luxury SUVs

Session 10 (Tuesday June 14th)

Topic: Managing Distribution

Case: Calyx and Corolla

Calyx & Corolla (C&C) has developed a new system for distributing flowers, which allows growers to ship flowers directly to the ultimate consumer. C&C could deliver flowers in as little as one day from the time they were cut in the fields, thereby significantly increasing the house life of flowers. Having successfully navigated the start-up phase, C&C has to develop a long run marketing strategy.

Discussion Questions:

1. Compare the advantages, disadvantages and the economics of selling flowers through different distribution channels?
2. Should C&C run the Minneapolis test?
3. What should be C&C’s long run strategy?


Session 11 (Thursday June 16th)

Topic: Guest Speaker
In this session, we are hosting Brent Hodgins, SVP Director of Marketing Hill Holliday to talk about the role of advertising in building brands.

Note: Final Exam Review session tomorrow Friday, June 17; 1:30-3:00PM; Room 142 Uris. This session is designed to help you with your final exam. Please come prepared with questions.

Session 12 (Thursday June 21st)

Topic: Course review

We will review the course and discuss performance on PharmaSim.

Due: PharmaSim Report

Class Rules

• Class attendance is mandatory. If there is a good reason to miss class, you need to let the instructor know in advance.

• As a courtesy to your classmates, please don’t come to class late or leave early.

• Consistent with the school policy, laptop use is not allowed unless for class exercises. For case discussions, students should print out their case writeups and analyses and bring them to class.

• Please come to class prepared. You are required to prepare your cases, read the assignments and be prepared to participate in class discussions.

• Assignments must be submitted on time. Late submissions or submissions through e-mail will not be accepted.

• Name tents need to be used in every class session. If you don’t have one, make it up (folded paper).

• Out of courtesy to your classmates, please turn all beepers and cell phones either off or to the silent mode.