

Marketing Management

(MAR 4803/Section 0698)

Syllabus – Summer A 2017

Instructor: Jihwan Moon
Email: jihwan.moon@warrington.ufl.edu
Office: 249E Stuzin Hall

Class Hours: Monday, Wednesday, and Thursday: 9:35 a.m. ~ 11:30 p.m.
Tuesday: 9:35 a.m. ~ 10:25 a.m.

Class Room: Heavener Hall 260

Office Hours: By appointment

Purpose of the Course

The Seminar in Marketing Management serves as the capstone course to those students majoring in marketing at the University of Florida. It is specifically designed for those students who are about to begin a marketing related career. By examining real-world marketing problems, students will develop those skills required for success as a marketing manager. This course is research-intensive, group-oriented, and comprehensive. You will be asked to read cases and identify problems, develop a strategy for solving these problems, to communicate these potential solutions, and critique the solutions provided by your peers.

The three main objectives for the course are: (1) Developing your conceptual and analytical marketing skills, (2) Teaching you how to identify and analyze marketing problems, (3) Helping you to refine your decision making skills as a marketing manager and your ability to support these decisions both verbally and in written format. In order to accomplish these goals, the course will utilize multiple methods of instruction, including discussion based lectures, case studies, and group problem solving.

Instructor's Expectations

The purpose of the marketing management course is to prepare students for careers in marketing. As such, attendance is essential to success in this course. Students will be expected to be prepared for class, mindful of those who are speaking or presenting, and ready to engage both the instructor and other classmates with relevant questions and comments. Attendance is also required for group projects, as certain activities will require frequent group meetings, efficient division of labor among group members, and group management. I will be fair to all students, be accessible, supportive, and provide early feedback. My objective is to ignite an interest within you regarding the practice of strategic decision-making in marketing.

Accommodations for Students with Disabilities

Students requesting classroom accommodation need to first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the students who shall then provide this documentation to the Instructor when requesting accommodation.

Course Materials

- Textbook (not required): Marketing Management, by Kotler and Keller (any edition).
- Case Study pack (Available at Target Copy)

Grading and Evaluations

Group

| | |
|--------------------------------|-----------|
| Case Reports | 60 (3×20) |
| Marketing Project Presentation | 40 |

Individual

| | |
|---------------------|----|
| Midterm Exam | 40 |
| Final Exam | 50 |
| Class Participation | 10 |

| | |
|--------------|-----|
| <u>Total</u> | 200 |
|--------------|-----|

Grading Scale

| | |
|----|---------|
| A | 180-200 |
| A- | 160-179 |
| B+ | 140-159 |
| B | 130-139 |
| B- | 120-129 |
| C+ | 110-119 |
| C | 100-109 |
| C- | 90-99 |
| D+ | 80-89 |

Case: Performance will be based on the 2 roles of a team: presentation team and management team. 4 parts are evaluated: As a presentation team: (1) Ideas in the slides, (2) presentation skills, (3) question handling; and as a management team: (4) insightfulness of questions.

Marketing project presentation: Presentations should provide details about the chosen firm and identify the challenges facing this firm in the current environment. Following this brief introduction, groups will present their solution. I will be available to meet with teams about their progress and any problems by appointment.

Midterm and final exam: Questions will be multiple choice and short answer types, based on an understanding of the marketing concepts and specific analysis methods discussed in class and applied in the case studies. I will be discussing more details in class.

Class participation: Your participation is essential to this class. You are expected to contribute to the class discussions through asking relevant questions, making relevant points, and/or answering questions posed in class.

If you have any questions, concerns or need any help, do not hesitate to send me an email or discuss it with me in person.

Class Schedule

| Date | Day | Lecture | Due |
|--------|-----|------------------------------------|--------------------------|
| May 8 | M | Introduction | |
| May 9 | T | Defining Marketing | Student Information Form |
| May 10 | W | Market Research | |
| May 11 | R | Segmentation and Targeting | |
| May 15 | M | Case 1: Snapple | |
| May 16 | T | Positioning | |
| May 17 | W | Case 2: Mountain Man | Case Report |
| May 18 | R | Case 3: Starbucks | |
| May 22 | M | Group Advising (No Class) | |
| May 23 | T | Branding | |
| May 24 | W | Midterm Exam Review | |
| May 25 | R | Midterm Exam | |
| May 29 | M | Holiday (No Class) | |
| May 30 | T | New Product Development | |
| May 31 | W | Case 4: Calyx and Corolla | Case Report |
| Jun 1 | R | Pricing | |
| Jun 5 | M | Case 5: Reed Supermarket | |
| Jun 6 | T | Marketing Communications | |
| Jun 7 | W | Case 6: Microsoft Search | Case Report |
| Jun 8 | R | Group Advising (No Class) | |
| Jun 12 | M | Preparation for Project (No Class) | |
| Jun 13 | T | Project Presentation | |
| Jun 14 | W | Final Exam Review | |
| Jun 15 | R | Final Exam | Project Report |

Case 1. Snapple

1. In the period of 1972 to 1973, why do you think that Snapple flourished when so many small startup premium fruit drinks stayed small or disappeared? Explore each of the Four Ps.
2. Now look at the period from 1994 to 1997. Did Quaker make an error in buying Snapple or did they manage it badly? Specify your answers.
3. Roll forward to 1998. What can Triarc's managers learn from Quaker's experience? Focus on distribution channels and brand managing.
4. Identify the three highest priority initiatives you would start if you were in Mike Weinstein's shoes. Justify them.

Case 2. Mountain Man Brewing Company (MMBC)

5. What has made MMBC successful? Discuss about how MMBC can create such a strong brand (with respect to, e.g., competitors, products, customers, and promotions).
6. What causes MMBC's decline despite its strong brand?
7. Should MMBC introduce a light beer? What are the pros and cons for doing so?
8. Develop a marketing plan for MMBC by discussing, at least, three possible marketing strategies including product strategies, advertising strategies, targeting strategies, branding strategies, distribution strategies, promotional strategies, etc. You do not necessarily agree with launching Maintain Man Light.

❖ (Optional) Fill out the following break-even analysis table.

| Breakeven Analysis (One-year) | 2005 (Current) | 2006 (Projection) |
|--|-------------------|----------------------|
| MMBC revenue in 2005 (\$) | 50,440,000 | |
| MMBC barrel production in 2005 | 520,000 | |
| Revenue per barrel (\$) | | |
| Variable cost per barrel (\$) | Hint: Case note | |
| Projected reduction in MMBC revenues from shrinking market | | 4% |
| Projected loss of Mountain Man Lager sales from Mountain Man Light launch | | 5% |
| Projected loss of contribution (\$) | | |
| How much higher is the variable cost (\$) of Mountain Man Light? | Hint: Case note | |
| Contribution per barrel of Mountain Man Lager (\$) | | |
| Contribution per barrel of Mountain Man Light (\$) | | |
| Number of barrels of Light needed to recover Loss in Contribution | | |
| Cost of advertising Mountain Man Light | | Hint: Case note |
| Incremental cost associated with added SG&A for Mountain Man Light | | Hint: Case note |
| Number of barrels of Light needed to recover ad costs | | |
| Total number of barrels of Light to break even in one year | | |
| Total consumption of light beer in East Central Region in 2005 | Hint: Exhibit 5A | |
| Assume .25% share of East Central Light Beer Market to obtain projected sales of Mountain Man Light. | | |
| Projected number of barrels of Mountain Man Light consumed in 2006 | | |
| How many months are needed for break-even? | | |

| Breakeven Analysis (Two-year) | 2006-2007 |
|---|-----------|
| Over two years, how much will firm lose for the contribution of Maintain Man Larger? | |
| How much will firm spend on advertising to launch the new product | |
| How much will firm spend on two years of SG&A? | |
| Total Costs | |
| Total number of barrels of Light to break even in two years | |
| Assume .25% and .5% share of East Central Light Beer Market 2 years to obtain projected sales of Mountain Man Light. | |
| Projected number of barrels of Mountain Man Light consumed in two years | |
| How many months are needed for break-even? | |

Case 3. Starbucks

9. What factors accounted for the extraordinary success of Starbucks in the early 1990s?
10. How does the Starbucks of 2002 differ from the Starbucks of 1992? Discuss why Starbucks's customer satisfaction scores have declined?
11. Describe the ideal Starbucks customer from a profitability standpoint. What would it take to ensure that this customer is highly satisfied? How valuable is a highly satisfied customer to Starbucks? (You can use Exhibit 9.)
12. Should Starbucks make the \$40 million investment in labor in the stores? Is it possible for a mega-brand to deliver customer intimacy? Justify your answers. (To discuss the feasibility of this investment, you can use **A** and **B** in Table 2. This is optional.)

❖ (Optional) Fill out the following tables.

| Table 1. Customer Value (Hint: Exhibit 9) | | | |
|--|---------------|-----------|------------------|
| | Unsatisfied | Satisfied | Highly Satisfied |
| visits/month | 3.9 | | |
| Visits/year | 46.8 | | |
| \$ per transaction | \$3.88 | | |
| revenues/year | \$182 | | |
| Average customer life | 1.1 years | | |
| revenues/life | \$200 | | |

| Table 2. Breakeven Analysis (FY 2002) | |
|--|-----------------|
| Investment in labor | \$40 million |
| Total number of North American company-operated stores | Hint: Exhibit 2 |
| Investment per store (\$) | |
| Annual value of a "highly satisfied" customer (\$) | Hint: Table 1 |
| Annual value of a "satisfied" customer (\$) | Hint: Table 2 |
| How many customers Starbucks would need to convert from being "satisfied" to "highly satisfied"? | A |
| Is this likely? | |
| For existing stores, average revenues per year | \$759,000 |
| Average ticket size | \$4.06 |
| How many would transactions occur per year in each store? | |
| Number of visits of average customers | 5 per month |
| Number of customers an existing store see per year | B |

Case 4. Calyx and Corolla

13. Discuss about the flower market with respect to, e.g., target customers, customers' needs, suppliers, distribution, market segmentation, etc.

14. What are the strengths and weaknesses of the Calyx & Corolla?

15. How does the Calyx & Corolla' business model differ from the traditional flower business model?

16. What steps should Ms. Owades and her associates take next to fully develop the Calyx & Corolla?

❖ (Optional) Fill out the following table.

| Customer Lifetime Value | |
|---|--|
| Assume 1000 prospects | |
| Production and mailing costs per catalog (\$) | Hint: Case Note Page 8 |
| Mailing list rental costs per name (\$) | Hint: Case Note Page 8 |
| 1.5 % returns from prospects | 15 new customers |
| Acquisition costs per each new customer | |
| Average price | \$45 |
| Product costs paid to suppliers and other surcharges | Hint: Case Note Page 7 |
| Product margin per order | Hint: Case Note Page 8 |
| Net acquisition costs | Acquisition costs – Margin |
| Assume the Calyx & Corolla produces 12 catalogs per year. | |
| 5% returns from existing customers | $12 \times .05 = .6$ average order per year |
| Average profits from existing customers per year | Product margin \times # order/year – catalog costs/year |
| Assume 5 year lifetime duration | |
| Assume 10% interest rates | |
| Calculate CLV | |

Case 5. Reed Supermarkets

- 17. What is Reed’s position in the Columbus market? Discuss about how they make money.
- 18. How serious is the threat posed by dollar stores and Aldi?
- 19. Should Collins continue the dollar specials campaign?
- 20. What should Collins’s action plan be for Reed?

❖ (Optional) Fill out the following table.

| Dollar Special Program (Weekly Analysis) | |
|---|-----------------|
| Sales increased by 3% as a result of the dollar specials | |
| Per-store revenues would increase from \$507,692 (\$26.4m/52weeks) to | |
| Without the program, margin (%) | Hint: Exhibit 2 |
| Without the program, weekly contribution (\$) | |
| With the program, margin (%) | 20.2% |
| Note: “During a typical week, 4% of sales were for dollar special items.” | |
| For all other items, weekly sales per store | |
| For all other items, weekly contribution per store | |
| Note: “The average price reduction was from \$2.70 per item to \$1.50.” | |
| Without specials, per unit contribution | |
| With specials, per unit contribution | |
| With specials, margin (%) | |
| For dollar special items, weekly sales per store | |
| For dollar special items, weekly contribution per store | |
| Total weekly contribution per store | |
| Total weekly margin (%) | |

Case 6. Microsoft's Search

1. How has Microsoft responded to competitive threats and opportunities?
2. Discuss about Microsoft's competitive disadvantage in Internet Search and search-related advertising in 2008. If the industry remains on its current trajectory, how will Microsoft's disadvantage evolve over time?
3. Why is Microsoft pursuing the market for search and search-related advertising?
4. What integrated strategic option should Microsoft's executives pursue?