

MGT 4590: *Global Marketing Strategy*
Fall 2009

Instructor: Professor Edwin R. Stafford, Ph.D.
Office: BUS 304 (behind elevators, northeast corner)
Office Hours: MW 1:00 p.m. to 2:00 p.m. or by appointment
Class: MW (section 2) 2:30 p.m. to 3:45 p.m.; Room ENGR 238
MW (section 1) 4:00 p.m. to 5:15 p.m.; Room ENGR 304
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Course Overview:

MGT 4590 is *not* an “international marketing” class. Rather, Global Marketing Strategy is founded on the reality that firms are increasingly competing in a global marketplace. Global Marketing Strategy attempts to build upon the knowledge students have gained from previous marketing courses and work-related experiences. An emphasis is placed on a team **marketing audit** project to facilitate understanding of the process for crafting strategy. Students will be assigned to a company and act as “strategic marketers,” making and supporting their decisions with logical, well-considered analyses based on **analytical decision-making frameworks** commonly used by sophisticated firms.

“Marketing strategy” is defined as “a plan of action designed to accomplish marketing goals” (e.g., increase sales, create brand image). Globalization, which signifies integration and unity in world markets, poses both opportunities and challenges for crafting marketing strategy. While most economists tout the market opportunities catalyzed by falling trade barriers and increased international exchanges, globalization confronts strategic marketers with new dilemmas. Here are just a few major trends for 2009:

- Global recession and “sudden” consumer frugality;
- price volatile energy prices and America’s oil dependency;
- the fall of Detroit and America’s financial institutions and government “bailouts”;
- America’s growing trade and budget deficits and the falling dollar;
- the Internet’s facilitation of job outsourcing, increased price competition, and consumer knowledge;
- rise of online social networks, blogs, consumer-generated “news,” and consumer expectations of “free” digital content;
- increasing acceptance of climate change and government policies to address it (e.g., “carbon taxes”);
- the growing “green wave” – hybrid cars, green products, zero-energy buildings, etc.;
- demands for more ethical business and accounting/financial practices;
- Asia’s growing middle class and its impact on the consumption (and prices) of world resources, such as oil, steel, lumber, etc.

This course takes a global perspective for marketing strategy development, recognizing cultural, political, environmental, social responsibility, and economic issues that impact corporate operations, reputations, and products.

The Jon M. Huntsman School of Business promotes four key objectives for its graduates: (1) **entrepreneurship**; (2) **globalization**; (3) **ethical leadership**; and (4) **analytics**. These

objectives are integrated in the lectures and assignments of this course. Specifically, the purpose of this course is to encourage marketing students to recognize changes in the global marketplace, consider the implications of those changes via analytical tools, and identify appropriate marketing actions to address those changes (e.g., exploit entrepreneurial opportunities, defend market positions, exit less desirable markets, reallocate resources). The course is divided into three units. The **first unit** explains how marketing strategists obtain competitive market intelligence and lays the foundation of modern marketing thought and strategy. Class discussions will examine marketing's philosophy vis-à-vis that of other business disciplines and functions, classic marketing concepts, and emerging frontiers. *Some of our discussions will be controversial and are meant to be provocative* (e.g. ethics versus economics; profit opportunities linked to initiatives addressing climate change). The **second unit** is the heart of the course, covering core marketing analytical frameworks necessary to derive marketing objectives and strategies. The **third unit** focuses on analytical frameworks related to the *product* and *pricing* components of the marketing mix, along with some special topics to round out the course. *Retailing/distribution* and *marketing communications* will not be covered in depth given that these subjects are covered in prerequisite courses, and students are expected to have a working knowledge of concepts, theories, and decision-making frameworks from these fields.

Upon completion of the course, you will have the following skill sets:

- Understanding of the fundamental components and processes of conducting a marketing audit
- Experience with both print resources (e.g., *Standard & Poors' Industry Surveys*) and electronic information databases (e.g., *Lexis/Nexis*, *Business Source Premier*)
- Familiarity with using some of the most-widely recognized marketing analysis and decision-making frameworks used by MBAs, consultants, and sophisticated firms (e.g., Porter's Five Forces Model, Value Chain, Product Life Cycle, etc.)
- Detailed knowledge of a company, its competitive environment, and its strategic marketing model
- Awareness of social criticisms of global marketing practice (e.g., impact on over-consumption; obesity; environmental degradation) and strategic implications for ethics, social, and environmental responsibility
- Working knowledge of current events, emerging global marketing trends, and their impact on marketing practice (e.g., how government policies [e.g., carbon trading] may impact specific industries, consumer behavior, entrepreneurial opportunities, etc.)

In short, this course teaches students to employ analytical frameworks and encourages awareness of the broad dynamic global forces that must be considered for crafting marketing strategy for organizations and their products.

Required Materials:

Lecture Notes and Assigned Articles available on **Blackboard**.

Highly Recommended:

- Aaker, David A. (2007), *Strategic Marketing Management*, 8th Edition, New York: John Wiley & Sons.

This assigned text is unique. It is a leading reference handbook commonly used by marketing executives and strategists in the field, summarizing the most widely-recognized marketing analysis and strategy frameworks in the discipline. It should become increasingly valuable to graduates as they advance in the field of global marketing or product strategy management. ***Although test questions will not be drawn specifically from the text, the text will aid in studying many of the key frameworks overviewed in class and should serve as background reading.***

- *Wall Street Journal* subscription. Strategists need to be well-informed of current trends that impact global marketing. Your marketing audits will require you to monitor and have access to **daily information** about your company and global industry. ***Discussion of current business events and how they relate to key marketing frameworks and concepts will be a frequent class activity.***

Prerequisites:

MGT 3500 – Fundamentals of Marketing or equivalent

MGT 4540 – Marketing Institutions or equivalent

MGT 4550 – Marketing Communications or equivalent

This is the “Cap Stone” marketing class for the marketing major.

What is Expected of You:

Class will consist primarily of interactive class discussions and instructor lectures of current marketing strategy topics and assigned articles and cases. Lectures will move swiftly, and notes typically will be available on Blackboard at least a day prior to class. *Students are encouraged to download/print off these notes to facilitate their in-class experience and learning.* Assigned articles (and recommended text) readings should also be studied before class so that students will have a good “working knowledge” of the material for stimulating class discussions. **Attendance and promptness are required.**

Grading:

Marketing Audit Team Project	300
Executive Progress Report Memos (3)	150
Marketing Audit Drafts (6)	100
Mid-term Exam 1	133
Mid-term Exam 2	133
Final Exam	134
Participation/Attendance	050
Total	1000

Marketing Audit Team Projects:

You will be placed in a team which will remain intact the entire semester. Your team will act as a group of “consultants” for an assigned company and its product line.

At three times during the semester, your team will submit rough drafts of specific chapters of your marketing audit for critical feedback. **Your team is expected to address this feedback to improve your marketing audit. Failure to address this feedback will reduce your team’s overall grade.**

Your team’s project (**five of eight chapters – the first four chapters of the marketing audit worksheet are required and your team may choose any one of the remaining four chapters [related to the 4 Ps] that appear most relevant to the company’s market situation and your proposals**) is due **December 2**, at the beginning of class. Late projects will be penalized at the rate of 10% per 24-hour period. Projects will be graded on *form* as well as analytical and creative *content*. Therefore, **you should pay attention to grammar, spelling, punctuation, sentence structure, clarity, and other factors that contribute to good writing**. In this course, as in the business world, superb work and creative ideas cannot be identified and celebrated unless they are presented clearly and professionally. A good project will be useful to present at your job interviews.

Confidential Peer Evaluations:

Each person in your team will be required to complete two confidential evaluations of each team member on a 100-point scale, once at the mid-point of the semester and once again on the last day of class. Each student’s team grade will be revised based on these evaluations. The objective is to encourage you and your fellow team members to communicate on a professional level and to contribute equally to the development of the project.

Executive Memos

At three times during the semester, your team will submit an executive memo (two to four pages long) to the instructor as a mechanism to fine tune aspects of the marketing audit. The purpose of these memos is to encourage you to work together as a marketing decision-making team, discuss your analyses as a team, come to a consensus as a team, and take a stand on creative marketing recommendations based on *marketing analytical frameworks*. The memos will be evaluated on rigor of analysis and logic, appropriateness of recommendations, and use of marketing frameworks discussed in class as well as grammar and punctuation. The instructor will keep copies of these memos and make critical comments to challenge your thinking to improve your overall project. The content of each executive memo will be as follows:

Memo 1: Conduct a **Porter’s Five Forces Analysis** of your industry, including stakeholders, to derive key objectives for your company based on the analysis.

Memo 2: Analyze your organization’s marketing/products on any marketing analytical **framework of your choice** (e.g., BCG model, Value Chain, Garvin’s quality dimensions) and derive key objectives and strategic initiatives based on your analysis.

Memo 3: Draft a preliminary **“executive summary”** for your final marketing audit (details will be given toward the end of the semester)

Lecture and Assignment Schedule

Unit One: Market Intelligence, Marketing Thought, and Marketing Frontiers

Week Scheduled Lectures and Assignments

- Aug 24 *Lecture Topics:*
1. Introduction to Marketing Strategy – “Free” as a Business Model – a Path to Profits?
 2. Class/Marketing Audit Overview
 3. Team Assignments
- Required Assignment:*
- Miller (1995), “A Beginner’s Guide to Demographics,” *Marketing Tools*, October, 54-61, 64.
Wellner (2003), “The Next 25 Years,” *American Demographics*, April, 24-7.
Day and Schoemaker (2007), “Seeing Sooner,” *Marketing Management*, November-December, 21-27.
- Recommended Assignment:*
- Aaker Chapters 1, 2 & 3
- Aug 31 Two-day In-Class Research Workshop: Print & Electronic Resources
(Meet in Merrill-Cazier Library Classroom 122 on August 31 and September 2)
- Sept 7 (no class on Sept 7 for Labor Day)
- Sept 9 *Lecture Topics:*
1. Marketing Concept
 2. Marketing’s “Soap Box” Lecture – “Why do we forget about customers?”
- Required Assignment:*
- Keefe (2008), “Marketing Defined,” *Marketing News*, January 15, 28-9.
Hart (1999), “Customers Are Your Business,” *Marketing Management*, Winter, 6-7.
Crosby and Johnson (2006), “Customer-Centric Innovation,” *Marketing Management*, March/April, 12-3.
Kreuze (2006), “Myopic Marketing Management and Firm Value,” *Marketing Science Institute*, Summer, 3-4.
Pfeffer (2006), “Why it Pays to Be Private,” *Business 2.0*, November, 78.
Ambler (2006), “Don’t Cave into Cave Dwellers,” *Marketing Management*, September/October, 25-29.
LaPointe (2007), “Building Blocks,” *Marketing Management*, May/June, 19-25.
Lenskold (2007), “Align Marketing with Financial Performance,” *Marketing Management*, May/June, 27-31.

Sept 14

Lecture Topics:

1. Marketing Myopia – How a 49 year old concept still foils businesses today!
2. How has marketing myopia impacted and will impact industries?
3. How does today's energy/climate change debate relate to marketing myopia?

Required Assignment:

Levitt (1960/75), "Marketing Myopia," *Harvard Business Review*, September-October, 2-14.

Foster (2001), "The Welch Legacy: Creative Destruction," *Wall Street Journal*, September 10, A18.

Luck (1996), "Marketing Myopia Revisited," *Marketing Educator*, Summer.

Stafford (2003), "America Surrenders Technology to Foreign Competition," *Ogden Standard-Examiner*, November 6.

Philips (2009), "Spinning Out of Control," *Wall Street Journal*, February 11.

Makower (2007), "The Paradox of 'Climate Profiteers'," January 28.

Wall Street Journal (2007), "Look to Giants, Not Start-Ups, for Innovation," November 20.

Daniels (2008), "Kodak's Traceless Technology Fights Counterfeiting," *Fast Company*, September.

Hensley et al. (2009), "Electrifying Cars: How Three Industries will Evolve," *McKinsey Quarterly*, Issue Three.

Sept 21

Lecture Topics:

1. Frontiers of Marketing: Marketing and the Service-Based Economy – the HR Connection
2. Frontiers of Marketing: The Rise of Ethics, Social Responsibility, and Stakeholder Marketing

Required Assignment:

Heskett, Jones, Loveman, Sasser, and Schlesinger (1994), "Putting the Service-Profit Chain to Work," *Harvard Business Review*, March-April, 164-174.

Kiger (2002), "Why Customer Satisfaction Starts with HR," *Workforce*, May 26-30, 32.

Shellenbarger (1998), "Companies are Finding it Really Pays to be Nice to Employees," *Wall Street Journal*, July 22, B1.

Greenhouse (2005), "How Costco Became the Anti-Wal-Mart," *New York Times*, July 17, 1,8.

Marketing News (2009), "Adding Links to the Service-Profit Chain," March 30.

Gunther (2003), "Tree Huggers, Soy Lovers, and Profits," *Fortune*, June 23, 99-104.

Kotler (2004), "Wrestling with Ethics: Is Marketing Ethics an Oxymoron?" *Marketing Management*, November/December, 30-35.

Bonini et al. (2009), "Rebuilding Corporate Reputations," *McKinsey Quarterly*, June.

Sept 28 *Lecture Topic:*
1. Frontiers of Marketing: Green Marketing Myopia and Message Framing

Required Assignments:

Ottman et al. (2006), "Avoiding Green Marketing Myopia," *Environment*, June.
Hartman and Stafford (2009), "Harnessing Utah's Winds of Opportunity," *Stanford Social Innovation Review*, December.

Sept 30 **Mid-Term Exam 1**
Covers material from August 24 to September 28 (End Unit One)

Unit Two: Analytical Perspectives in Marketing Strategy

Oct 5 *Lecture Topics:*
1. Managing the Marketing Mix over the Product Life Cycle
2. Targeting Early versus Later Adopters
3. Product Innovation and the "Lead User" Approach

Required Assignment:

Olson et al. (2005) "Stay Cool," *Marketing Management*, September/October, 14-17.
Reed (2006), "Why Innovative New Products Fail," *Marketing Science Institute*, Spring, 5-6.
Honigman (2007), "Who's on First?" *Marketing News*, November 1, 14-17.
Von Hippel, Thomke, and Sonnack (1999), "Creating Breakthroughs at 3M," *Harvard Business Review*, September-October, 47-57.
Carey (2007), "The Science of 'Aha!'" *Business Week*, July 9 & 16, 120.
Hodock (2009), "Honest Innovation," *Marketing Management*, March/April.

Recommended Assignment:

Aaker Chapters 12, 13 & 14

Oct 12 *Lecture Topics:*
1. Forces Driving Industry Competition
2. Engaging Stakeholders/Influencers/Shapers

Required Assignment:

Porter (2008), "The Five Competitive Forces that Shape Strategy," *Harvard Business Review*, January.
Battelle (2004), "The Net of Influence," *Business 2.0*, March, 70.

Recommended Assignment:

Aaker Chapter 5

Oct 19

Lecture Topic:

1. Porter's Generic Competitive Strategies – Cost Leadership, Differentiation, and Focus
2. Articulating Your Marketing Strategy

Required Assignment:

MacMillan and McGrath (1997), "Discovering New Points of Differentiation," *Harvard Business Review*, July-August, 3-11.

Maier (2005), "How to Beat Wal-Mart," *Business 2.0*, May, 108-114.

Gebhart (2007), "When a Dominant Player Enters the Market," *MSI Insights*, Summer, 1-2.

Huang and Rust (2008), "Two Paths to Luxury," *Marketing Management*, November/December.

Collis and Rukstad (2008), "Can You Say What Your Strategy Is?" *Harvard Business Review*, April, 82-90.

Audit Chapter Drafts 1 and 2 Due; Peer Evaluations Due

Oct 26

Lecture Topics:

1. Developing Sustainable Competitive Advantages (Barney's Criteria)
2. Product Portfolio Analysis

Required Assignment:

Memo 1 Due (Apply Porter's Five Forces Model)

Recommended Assignment:

Aaker Chapters 4 & 7

Nov 2

Lecture Topics:

1. Value Chain Analysis
2. Global Standardization versus Adaption
3. Michael Porter on Internet Strategy

Required Assignment:

Kerin, Mahajan, and Varadarajan (1990), "The Value Chain," *Contemporary Perspectives on Strategic Market Planning*, Allyn and Bacon, 313-17.

Porter (2001), "Strategy and the Internet," *Harvard Business Review*, March, 62-78.

Nov 9

Mid-Term 2

Covers material from October 5 to November 4

Unit Three: Analytical Perspectives on Marketing Mix Variables

Nov 11 *Lecture Topics:*
1. Perspectives on Product/Service Quality (SERVQUAL)

Required Assignment:

Garvin (1984), "What Does 'Product Quality' Really Mean?" *Sloan Management Review*, Fall, 25-43.
Milbourn and Haight (1998), "A Primer on Quality Service," *Business Forum*, 15-18. (Focus on SERVQUAL framework)

Audit Chapters 3 and 4 drafts and Memo 2 Due

Nov 16 *Lecture Topics:*
1. Perspectives on Pricing Strategies

Required Assignment:

Holden and Nagel (1998), "Kamikaze Pricing," *Marketing Management*, Summer, 30-9.
Colvin (2009), "Yes, You Can Raise Prices," *Fortune*, March 2.
Ransom (2009), "Smart Ways to Cut Prices," *Wall Street Journal*, April 23.

Audit Chapter 5 (November 18)

Memo 3 Due (November 18) (*Draft of the "executive summary" of your marketing audit*)

Nov 23 Team work day – no lecture class

Nov 25 Thanksgiving Day Break

Nov 30 Sneak Preview – bring some popcorn!

Dec 1 *Lecture Topics:*
1. Marketing Audit in Practice

Required Assignment:

Rothe and Harvey (1997), "The Marketing Audit in Practice," *American Marketing Association Conference Proceedings*, Winter, 42-5.
Rigby (2001), "Don't Get Hammered by Management Fads," *Wall Street Journal*, May 21, A22.
Pfeffer (2003), "Don't Believe the Hype About Strategy," *Business 2.0*, May, 79.

Marketing Audit Project Due; Peer Evaluations Due

December 7 **Final Exam 1:30 – 2:45 p.m. (Sec. 2)**
Final Exam 3:30 – 4:45 p.m. (Sec. 1)

Covers material from November 11 to December 1 (End of Unit Three)