EMBA: MARKETING STRATEGY

The course explores three ways of thinking about a firm: (1) What can it do better than its competitors? (2) How can it maximize the sum of surplus available to its suppliers, itself, and its customers? (3) Which resources can it acquire cheaper than, or leverage more than, its competitors? The answers to these questions turn out to be very operational and we will look at several examples.

We will discuss four cases each day; two are about well known aspects of well known companies and can be skimmed, while the other two need to be read. There are also three assigned readings, but only one needs to be read in detail.

In addition to the case discussions, there will be several lectures. The slides for these are posted on the course website.

I. Leveraging Customer-based Resources
   The firm’s equilibrium strategy leverages its unique resources. (READ: A Resource-based View of the Firm)

   1. We 1/8 Black and Decker/ DeWalt Introduction 9-595-057 READ
      (1) Why are Black and Decker doing poorly in the tradesman segment?
      (2) What do the tradesmen want?
      (3) Do Black and Decker have a resource that could help them?

   2. We 1/8 Costco Companies 9-599-041 SKIM
      (1) Why do people shop at Costco?
      (2) How does Costco make money?
      (3) How wide can their product line be?

II. Finding the Most Efficient Selling Format
   By “maximizing the size of the pie” a firm can make everybody in its vertical chain better off. (SKIM: An Efficiency Criterion for Marketing Design)

   3. We 1/8 IKEA Invades America 9-504-094 SKIM
      (1) Compare IKEA to a traditional furniture store
      (2) Why has IKEA been successful?

   4. We 1/8 Barnes and Noble vs. Amazon.com N9-798-063 READ
      (1) Compare the long-run cost position of a successful online bookseller to Barnes and Noble’s traditional business model (use Exhibits 4 and 7 as benchmarks, and assume that the numbers reflect average discounts of 25% off list prices for the online bookseller and 10% off list for Barnes and Noble’s traditional bookstores).
      (2) Compare willingness to pay for the two business models.
      (3) Will anyone make money in this business?
      (4) Should Barnes and Noble have done anything differently?

   5. Th 1/9 Facebook Platform 9-808-128 SKIM
(1) What is Google’s comparative advantage in selling ads?
(2) What is Facebook’s comparative advantage in selling ads?
(3) What else could they sell?

III. Developing Your Resources
Just as resources introduce an asymmetry in the output market, they introduce an asymmetry in the market for resources. This can be due to lower costs of acquisition or higher values. (SKIM: The Use of Resources in Resource Acquisition)

6. Th 1/9 Gucci Group N. V. (A) 9-701-037 READ
   (1) How has Gucci’s positioning changed?
   (2) What are the synergies in this industry?
   (3) How will the industry look in 30 years?
   (4) Evaluate the YSL acquisition

7. Th 1/9 International Management Group 9-702-409 READ
   (1) What are IMG’s resources?
   (2) IMG has gone into several new lines of business, evaluate these.
   (3) As a potential competitor to IMG, what would you do?

8. Th 1/9 Real Madrid Club de Futbol 9-504-063 SKIM
   (1) What are Real Madrid’s resources and when did they get each?
   (2) Who are the potential customers and which resources attract them?
   (3) Given a big investment, could another club imitate Real’s success?

Grading
A case write-up will count for 30%, class participation for 20%, and a paper for 50%.

For the case write-up, please pick one of the four cases you are asked to skim (Costco, IKEA, Real Madrid, or Facebook) and answer the numbered study questions in 600 words or less. The write-up will be graded on the logic of your arguments, not on whether your answers are consistent with what the company has been doing. The write-up is due by email (bwerner@mit.edu; songlin@mit.edu) on 5PM on Tuesday 1/7/14.

The paper is due by email to bwerner@mit.edu, songlin@mit.edu at 5PM Th. 1/19/14 and the topic will be announced in class.

Order of Readings in Course Packet
Black and Decker 9-595-057
Costco Companies 9-599-041
IKEA Invades America 9-504-094
Barnes and Noble vs. Amazon.com N9-798-063
Facebook Platform 9-808-128
Gucci Group N. V. (A) 9-701-037
International Management Group 9-702-409
Real Madrid Club de Futbol 9-504-063
A Resource-based View of the Firm, Strategic Management J., 1984
An Efficiency Criterion for Marketing Design, J. Marketing Research, 1994
The Use of Resources in Resource Acquisition, J. Management, 2011