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BADM 360.05: Principles of Marketing

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Principles Syll. Spring 2004

**Principles of Marketing
Badm 360, Sections 4 and 5**

Professor Mohr

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Classroom: GBB L14

Times: T/R 9:40-11:00; 11:10-12:30

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Office Hours: Tuesday 1:30-3:00; Wednesday 2:10-3:30 and by appointment

Required Text: *Marketing: Real People, Real Choices* (2003), M. Solomon and E. Stuart, Prentice Hall, 3rd edition.

Companion Website: www.prenhall.com/solomon/. The web site includes current news articles related to class material on a chapter-by-chapter basis, Internet exercises and resources, a research area (useful for any term project), a chat area, as well as writing skills and tutoring assistance. Please give me any feedback on this site as you use it (which I will pass along to the publisher).

Required Reading Packet and Notes: Available at the UC.

Course Content: This course will provide an introduction to and application of marketing tools, including:

- The need to build and maintain long-term relationships with customers over time (relationship marketing)
- Strategic marketing planning and SWOT (strengths, weaknesses, opportunities, and threats) analysis
- The role of corporate social responsibility in building marketing relationships
- Collecting and understanding information (marketing research) about markets, consumers, and business customers
- Segmentation analysis, target market selection, and positioning
- The "4 P's" of marketing: product, price, "place," and promotion
- Considerations of ethical implications of marketing practices.

For many of these topic areas, there will be an accompanying reading from the popular press about current marketing applications. The overall objectives of the course are to:

- Familiarize students with a basic working knowledge of marketing in today's organizations;
- Provide hands-on practice in marketing problem solving, applying standard marketing tools;
- Develop and enhance students' ability to critically evaluate marketing problems from a variety of perspectives, including managerial/ strategic, as well as ethical/social.

Classroom Environment/Goals: In order to provide an enjoyable, provocative learning experience, this will be a discussion-based course. Regular attendance, active learning, and participation are expected. My hope is to foster a challenging yet supportive environment where you can flourish and learn.

The above goals are in keeping with the mission of the School of Business, which states:
"The faculty and staff of the School of Business Administration at The University of Montana-Missoula are committed to excellence in innovative experiential learning and professional growth through research and service."

Code of Conduct: I assume that students are familiar with the Student Conduct Code, especially as it pertains to academic misconduct. Please note that it is a form of academic misconduct to submit work that was previously used in another course.

Course Requirements

Exams (4@100)	400
Participation	50

Total Points	450

Exams. Four exams will be given, consisting of multiple choice questions.

*** No late exams or make-ups will be given. * ***

Exams will be returned and discussed in class. Students not in class when the exams are returned will miss any discussion related to the exam.

Class Participation: My evaluation of your participation emphasizes the *quality* component of your comments and your contribution to the spirit of the class (questions, comments, examples shared, etc). *Quantity* of talking is not the basis for your evaluation; rather, it is your thoughtful, meaningful class contributions which should demonstrate advance preparation for each class (i.e., by reading, analyzing, and synthesizing assigned reading materials). *Merely attending class is a necessary but not sufficient condition for earning class participation points.*

Please ask me for feedback concerning your participation at any point during the semester. If you hope to make effective changes in your participation, it is best to do so before too late in the semester.

Extra Credit: Students may submit by 3:30 in the afternoon one week prior to each exam up to three multiple-choice questions that I will consider using on the exam. Any material is fair game: textbook, speakers, articles, films, class discussion. If I use your question(s), you will receive extra credit in the amount equal to the multiple-choice value of those points on the exam. An added bonus: You'll likely get that exam question correct. If I use only a portion of your question, you will receive partial points. No late questions accepted. Don't put me in an awkward position by even asking—it is not fair to me or your peers.

General: You are encouraged to discuss your work and progress with me at any time in order to discuss specific problem areas, to further clarify material, or to provide you with more concrete suggestions on how to improve your performance.

SUGGESTED METHOD OF STUDY

0. First: **read** the assigned chapter before class! Use your powerpoint outlines as a guide to what I will emphasize in class.
1. Students will find it advantageous to find a study partner/group. This partner/group is more than just your back-up for notes and assignments in case you miss class; it is the best way to prepare for exams.
2. You should meet with your study group periodically to compare and go over class notes. Because class is heavily oriented towards discussion, note-taking is more difficult than in a straight lecture format. When you find areas of discrepancy or confusion in your notes, please ask for clarification during the next class period, or come and see me.
3. Individually, you should supplement (weekly) your lecture notes with notes from the text, as appropriate, emphasizing those areas on which we spend more time in class.
4. You should know by memory an outline for *all* class materials, and you should have your own definitions for all terms. Especially an understanding of steps involved in designing marketing strategy and the criteria by which strategies are evaluated will be helpful.
5. Practice critical thinking. In your groups, you should quiz each other about real life applications/examples of marketing issues:
 - What marketing characteristics/principles are being exhibited in the example?
 - Is the company/product following prescribed marketing practice? Why or why not?
 - What should the company do differently, or what should they consider as additional, factors in future strategy?

All answers should, at a minimum, address and rely on concepts learned in class.

<i>Tentative Course Outline: Topic/Article</i>		Chapter
Tu Jan 27	Introduction: What is marketing?	1
Th Jan 29	Relationship Marketing Packet Reading: Why Service Stinks (handed out in class, day 1)	
Tu Feb. 3	Marketing Planning Process Begin Strategic Planning and Product Portfolio Models	2
Th Feb. 5	SWOT Analysis TQM and Customer Satisfaction	pp. 74-84 pp. 70-73
Tu Feb. 10	Introduce Social Responsibility Packet Reading: "Should Companies Care?" Begin Global Marketing (ethics) Packet Reading: Two Ways to Help the Third World	pp. 60-72
Th Feb. 12	Review for Exam	
Tu Feb. 17	Global Marketing Packet Reading: Small is Profitable	4
Th Feb. 19	Exam 1	
Tu Feb. 24 Th Feb. 26	Marketing Research (Continued)	5
Tu Mar 2 Th Mar 4	Consumer Behavior Packet Readings: Getting Inside Gen Y The CEO of Hip Hop	6
Tu Mar 9 Th Mar 11	Segmentation , Targeting, and Positioning Packet Reading: It's Mind Vending: Sell it to the Psyche	8
Tu Mar 16 Th Mar 18	Review EXAM 2	
Mar 23 Mar 25	Product Strategy Product Strategy (cont)	9 10
March 29-April 2	Happy Spring Break!	
Tu April 6 Th April 8	Pricing Pricing and Math Examples Math Problems are attached to Syllabus	12 13
Tu April 13 Th April 15	Review Exam 3	

Tu Apr 20	Advertising	15
Th Apr 22	Packet Reading: It's An Ad Ad Ad Ad World	
Tu Apr 27	PR and Sales Promotion	16
Th Apr 29	IMC	14
Tu May 4	Distribution Channels	17
Th May 6	Packet Reading: Costco Reading Wrap-Up	

Final Exam for Section 4 (9:40 section): 8:10-10:00 Wednesday, May 12
Final Exam for Section 5 (11:10 section): 8:10-10:00 Thursday, May 13

Readings for Principles of Marketing
BADM 360, Sections 4-5
Spring 2004
Professor Mohr

(Readings are in your class packet.)

Brady, Diane (2000), "Why Service Stinks," *Business Week*, October 23, pp. 118-122.

Colvin, Geoffrey (2001), "Should Companies Care?" *Fortune*, June 11.

Kirkpatrick, David (2003), "Two Ways to Help the Third World," *Fortune*, October 27, pp. 187-196.

Kripalani, Manjeet and Pete Engardio (2002), "Small is Profitable," *BusinessWeek*, August 26, pp. 112-114.

Paul, Pamela (2001), "Getting Inside Gen Y," *American Demographics*, September, pp. 42-49.

Berfield, Susan (2003), "The CEO of Hip Hop," *Business Week*, October 27, pp. 90-98.

Paul, Pamela (2003), "It's Mind Vending: Sell it to the Psyche," *TIME Magazine*, September 15 (October, TIME Bonus Section, Inside Business).

Eisenberg, Daniel (2002), "It's an Ad Ad Ad Ad World," *TIME*, September 2, pp. 38-41.

Moriwaki, Lee (1997), "Huge Profits on Slim Margins," *Missoulian*, September 7.

Extra Readings:

Manjeet Kripalani and Pete Engardio (2003), "The Rise Of India," *Business Week*, December 8.

Parloff, Rober (2003), "Is Fat the Next Tobacco?" *Fortune*, January 21.

Pricing Problems
Principles of Marketing

1.

	<u>Now</u>	<u>Next Month</u>
Price	\$10	\$5
Quant.	100	150

Is this product elastic or inelastic? Why?

2. A manufacturer of integrated circuit chips has developed a demand schedule that shows the relationship between prices and demand based on a survey, as follows:

<u>Price</u>	<u>Number who would buy</u>
\$1	300
2	250
3	200
4	150
5	100

- a. Graph a demand curve and the total revenue curve based on these data. What price might be set based on this analysis?
- b. What other factors should be considered before the final price is set?
3. Touché, Inc. has developed an addition to its Lizardman Oil line tentatively branded Oil d'Toade. Unit variable costs are 45 cents for a 3-ounce bottle, and heavy marketing expenditures in the first year would result in total fixed costs of \$900,000. Oil d'Toade was priced at \$7.50 for a 3-ounce bottle. How many bottles of Oil d'Toade must be sold to break even?
4. Suppose that marketing executives Touché, Inc. reduced the price to \$6.50 for a 3-ounce bottle of Oil d'Toade and the fixed costs were \$1,100,000. Suppose further that the unit variable cost remained at 45 cents for a 3-ounce bottle.
- a. How many bottles must be sold to break even?
- b. What dollar profit level would Oil d'Toade achieve if 200,000 bottles were sold?
5. Executives of Random Recordings, Inc. produced a subliminal improvement tape entitled *Motivation to Market* by the Starshine Sisters Band. The cost and price information were as follows:

Tape cover	\$1.00 per album
Songwriter's royalties	0.30 per album
Recording artists' royalties	0.70 per album
Direct material and labor costs to produce the tape	1.00 per album
Fixed cost of producing a tape (advertising, studio fee, etc.)	100,000.00
Selling price	7.00 per album

- a. Prepare a break-even chart showing total cost, fixed cost, and total revenue for tape quantity sold levels starting at 10,000 tapes through 50,000 tapes at 10,000 tape intervals; that is, 10,000, 20,000, 30,000, and so on.

b. What is the break-even point for the tape?

6. The Hesper Corporation is a leading manufacturer of high-quality upholstered office furniture. Current plans call for an increase of \$600,000 in the advertising budget. If the firm sells its desks for an average price of \$850 and the unit variable costs are \$550, then what dollar sales increase will be necessary to cover the additional advertising?
7. Suppose executives estimate that the unit variable cost for their car phones is \$100, the fixed cost related to the product is \$10 million annually, and the target volume for the next year is 100,000 phones. What sales price will be necessary to achieve a target profit of \$1 million?
8. Suppose a manufacturer of office equipment sets a suggested price to the customer of \$395 for a particular piece of equipment to be competitive with similar equipment. The manufacturer sells its equipment to a distributor who receives a 25 percent ^{margin} ~~markup~~ and a retailer who receives a 50 percent ~~markup~~ ^{margin}. At what price will the manufacturer sell the equipment to the wholesaler?