Syllabus

Marketing Strategy (MARKSTRAT)
(2 ECTS)

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1. Course Description
This is a core course for 2nd year Master students.

The course is focused on the Marketing strategy implementation in a virtual simulation environment of Markstrat. The Markstrat simulation lasts for 9 periods that are distributed throughout the course. Students manage competing firms in a durable goods market and make decisions regarding different aspects of the marketing strategy: production volume, pricing, target audience selection and product design. Each individual team's performance is measured through an integral indicator of the stock price index (SPI). It is based on the market share, financial performance and brand value for every company and is calculated every period to provide complex feedback. In order to achieve the course objectives, students form teams of 4-5 people and make decisions based on the group discussions. The goal of the course is to summarize the Marketing strategy concepts and endorse systematic vision of the marketing strategy. In order to facilitate group dynamics and help student teams make particular decisions regarding customer segment analysis or pricing, we have in-class discussion sessions.

About Markstrat

The Markstrat simulation was first created more than thirty years ago by Jean-Claude Larréché, Alfred H. Heineken Professor of Marketing at INSEAD, and Hubert Gatignon, The Claude Janssen Chaired Professor of Business Administration and Professor of Marketing at INSEAD, and has been constantly improved since its creation.

Used in combination with traditional training methods such as conceptual sessions or case studies, Markstrat is a highly effective tool to learn strategic marketing concepts, such as brand portfolio strategy or segmentation and positioning strategy, as well as operational marketing. Similar to a flight simulator, this marketing simulation allows students and managers to practice new skills in an intensive time frame and in a risk-free environment before trying them out in their real business environment.

The mathematical model of Markstrat is based on solid theoretical foundations, and the underlying formulas have been extensively tested. These simulations have been used to successfully train a large number of participants and executives from many universities and organizations.

The teams will be given a company and product portfolio to manage in a dynamic and interactive environment.
**Pre-requisites:** Students enrolled are expected to complete Marketing and Marketing Strategy courses and have basic computer skills (Web browsing).

### 2. Learning Objectives
This course is based on the business simulation Markstrat (Strat X SA). Student work in teams up to 5 people and manage a company on a durable goods market. The goal of the course is to straighten and revise skills and knowledge acquired during the studies as this is one of the final courses in the masters programme. Some of the learning tasks during the course include:
- competitive analysis
- product portfolio management
- customer behavior analysis
- brand management
- planning and interpretation of marketing research for decision-making.

### 3. Learning Outcomes
Students have applied skills of analysis and decision-making in Marketing strategy
Systematic knowledge of the managerial process with marketing, production and research facets.
Decision making in marketing strategy field including pricing, new product development, product positioning.
Skills in teamwork, presentation and analysis

### 4. Course Plan
The following topics include both technical sessions focused on getting to know the MARKSTRAT simulation as well as certain marketing research and analytics recaps.
**Topic.1.** Key features and functions of Markstrat simulation, study process overview.
**Topic.2.** Customer preference analysis and marketing planning
- Review of segmentation: the purpose of segmentation; criteria for segmentation; segmentation methods
**Topic.3.** Market share analysis and competitive environment
Setting objectives. The meaning of market share as a marketing objective
- Analysis of opportunities. Add longer-term considerations to the segmentation and positioning elements discussed in the previous session: environmental changes, evolution in consumer needs, and product/market life cycles...
• Elaboration of a marketing strategy and a marketing plan
  − the need for a marketing strategy
  − matching marketing opportunities and corporate resources
  − the formulation of product/market portfolio strategies
  − the planning of long term activities and allocation of resources
  − the formulation of product/market strategies
• Implementation of the marketing plan
  − coordination with other departments of the firm, in particular R&D
  − elaboration of marketing programs
  − contingency planning
• Evaluation of marketing performance and adaptation of the marketing plan

Topic.4. Financial indicators and forecasting
Topic.5. Marketing research for consumer and brand analysis, goals and results interpretation.
• Review of positioning: the concept of product positioning; measurement of product positioning through scaling (semantic scales and perceptual mapping); strategies for product positioning and repositioning
• Implementation of segmentation and positioning concepts in the selection of product/market positions. A list of elements that should be considered in the evaluation of product/market positions can be made with the participation of participants. Specific examples from the Markstrat experience in the preceding periods will be discussed.

5. Reading List
This course heavily relies on the previous studies and not theory-intensive. Markstrat participant handbooks include extensive explanation of the simulation mechanics and sequence, as well as references to marketing tools used for marketing research and analysis. Additional materials are provided via LMS as necessary. Some of the fundamental marketing topics can be refreshed using sources from the books below.

Required
i. Markstrat participant handbook (available via HSE LMS)
It is highly recommended to read the Handbook carefully prior to the beginning of the Markstrat Challenge. If you do not, you may put your team at a disadvantage.

Students should read the following four chapters prior to Round 1:

- Introduction to the Markstrat Challenge
- Overview of the Markstrat World
- Managing Your Firm
- Understanding Your Annual Report

In these four chapters, students discover what the new challenge and objective is, what the Markstrat world looks like in terms of products, consumers, distribution channels, competitors, etc.; how a company operates and what decisions students will have to make in order to run it through the next 5 to 10 years, and what information will be made available to the teams in the annual report.

Students are then advised to read the last two chapters prior to Round 2:

- Positioning and Research & Development
- Users’s Guide to the Marketing Plan Tool

There, students will learn in more detail: how to use the semantic scales and the multidimensional studies to reposition brands; how and when to reposition brands or to launch new ones and how the R&D and Marketing departments work together.

6. Grading System

Class grade includes the following elements:

- Markstrat tests - 20%
- Share price index – 50%
- Exam – 30%

The exam is blocking according to the HSE regulations.

The resulting score for the course is as follows:

\[ O_{\text{final}} = 0.5O_{\text{SPI}} + 0.2O_{\text{test}} + 0.3O_{\text{exam}} \]

During the first session before the course starts participants are provided with the Markstrat participant Handbook that is a required reading for the course. It explains the simulation mechanics and how different reports and indicators are constructed. After the participants have read the Handbook they are required to pass the test to ensure proper understanding. Besides that tests are conducted for every topic of the course (see section 4 of the Syllabus). All tests are
conducted on the Markstrat platform as individual assignments \( (O_{\text{test}}) \). Sample assignments are shown below in Section 6.1.

During the simulation an extensive list of marketing and financial indicators is presented. This list includes Share Price Index for every company as an integral indicator of each respective firm overall performance. Company’s objective over the next years is to maximize the **Share Price Index (SPI)**. The SPI takes into account several indicators including net contribution generated, product market share, company’s ability to grow the organization’s revenues and the quality of projects successfully completed \( (O_{\text{SPI}}) \).

After the simulation is complete (up to 8-9 cycles) students write the exam that is focused on the **retrospective analysis of a company performance** and provide analysis of how a given firm did perform and identify reasons for failure and success \( (O_{\text{exam}}) \).

### 6.1 Sample Test questions for Markstrat rules and topics on Marketing Strategy.

**Markstrat rules and guidelines.** Marketing decisions in Markstrat are made based on various data sources and implemented through a particular interface of the simulation. In order to achieve proper results students are required to learn the rules and guidelines.

1. The two industries in Markstrat include Sonites and:
   a. Modites
   b. Bodites
   c. Codites
   d. Vodites

2. The two markets in Markstrat are:
   a. Independent
   b. Complementary
   c. Substitutable
   d. None of the above

3. The maximum number of Sonite brands a firm can market at any given time is:
   a. 3
   b. 4
   c. 5
   d. 6 or more

4. The battery life characteristic for the Sonite brands is between:
   a. 12-25 Hour
   b. 0-50 Hour
   c. 24-96 Hour
d. 10-200 Hour

5. Base cost is a characteristic for a Vodite brand:
   a. True
   b. False
   c. Unknown

6. The product MOST is manufactured by firm:
   a. S
   b. R
   c. T
   d. M

7. How many customer segments are in the Sonite market:
   a. 3
   b. 4
   c. 5
   d. Unknown

8. There are 4 distribution channels available: Specialty Stores, Mass Merchandisers, Online Stores and Direct Sales Force.
   a. True
   b. False
   c. Unknown

9. Your overall objective in Markstrat is to maximize:
   a. ROI
   b. Net Contribution
   c. R&D Investments d. Stock Price Index

10. Market Research Reports are free:
    a. True
    b. False
    c. Unknown

   **Marketing research questions.** Marketing research is extensively used for analysis and decision making in Markstrat, it is essential that students understand key terms and methods.

1. WHAT TYPE OF STUDY DO YOU NEED TO PURCHASE TO HAVE AN ESTIMATE OF
THE NUMBER OF PEOPLE WHO KNOW A GIVEN BRAND?

a. Consumer panel  
b. Consumer survey  
c. Competitive intelligence study

2. WHAT IS BRAND AWARENESS?

a. The percentage of potential consumers who can recall a given brand name  
b. The percentage of potential consumers who intend to buy a given brand within a year  
c. The percentage of consumers who have already used a given brand at least once in the past year

3. WHAT DOES DISTRIBUTION COVERAGE REFER TO?

a. The market share of a brand in a given distribution channel  
b. The number of salespersons allocated to managing the relationship with a given distribution channel  
c. The number of stores carrying a given brand

4. WHAT TYPE OF STUDY DO YOU NEED TO PURCHASE TO HAVE AN ESTIMATE OF THE MARKET SHARE OF A GIVEN BRAND IN A SPECIFIC DISTRIBUTION CHANNEL?

a. Distribution panel  
b. Consumer panel  
c. Competitive intelligence study

5. BRAND PURCHASE INTENTIONS PROVIDE INFORMATION ON:

a. The percentage of potential consumers in each segment who prefer to shop in a given distribution channel  
b. The number of brands in a specific product category that a segment of consumers is likely to purchase each year  
c. The percentage of potential consumers in each segment who intend to buy a given brand
7. Course exam
According to the HSE regulations course exam is conducted in the form of an individual written assignment (3 hours, in class) on the exam day. Students are provided with materials and data on the business performance of one of the companies in the simulation and are required to provide strategic analysis for a given company. The assignment includes questions regarding product performance, target audience selection and competitive position as well as other aspects. Some questions of the assignment are focused on the marketing reports and concepts used in the simulation. The assignment is discussed in detail during the first class.
The following topics are covered in the exam:
1. analysis of past performance
2. main strategies pursued
3. main adjustments made to changes in the environment
4. key points learned through past successes and failures
5. recommendations for the future

8. Methods of Instruction
Present course is based on the Markstrat business simulation available via http://www.stratxsimulations.com/, participant activation keys (PAKs) are distributed to students in the beginning of the course. The Markstrat access is possible from any device with Internet connection. Based on the testing conducted certain topics from marketing strategy, marketing research and finance are discussed to enable students to make better decisions in the simulation.
About Markstrat world.
The Markstrat world is a fictitious industrialized country of 80 million inhabitants whose monetary unit is the Markstrat dollar ($). This world does not intend to represent any country, market or industrial sector. However, it roughly behaves like most markets, and the general management and marketing knowledge that you have acquired through business experience or formal education applies to this new world.
In the Markstrat world, both inflation and GNP growth is fairly stable, and no major political, social or economic event is anticipated in the near future. There are a handful of competing companies that manufacture and market consumer durable goods. These goods are comparable to electronic products such as digital cameras, GPS systems, mobile phones or computers, as well as office equipment, cars, books, or any other consumer durable goods.

**Company decisions.**

Within each Decision Round, student teams may choose to organize several working sessions to complete their decisions in due time. Students can for instance make a detailed analysis of their company results on day 1, make product upgrade and production plan decisions on day 2, make marketing budget and segmentation strategy decisions on day 3 and finalize everything on day 4. It is a good idea to analyze the results individually at their own pace. However, students will have to meet with as a team at some point to exchange their findings, elaborate or refine strategy and agree on a course of action for the period to come.

There are two ways to input team decisions into Markstrat. Team members may work all together in the same room, make decisions collectively, and have one of them logged in Markstrat key in the decisions. Team may also split the responsibilities across all teammates and have each person enter his/her decisions into Markstrat from different computers, in parallel or at different points in time. Both options will work fine because all members of the same team share the same results and the same decisions and because Markstrat include a built-in mechanism to lock a specific decision form while one team member uses it.

**Decision rounds**

Students follow a decision-making cycle that will repeat itself for each simulated year, for instance 8 years in total. This cycle is called a decision round or a round. A simulated year is also called a period.

1. At the beginning of each round, the instructor provides teams with the results for the previous year (sales, R&D, production,) together with additional information on the market and competitors. In the first year teams should begin analyzing this information and then start formulating a strategy for their companies and agree on objectives. In the subsequent years, teams should appraise their results, check if they have met their objectives and possibly review their initial strategy and decide on what changes should or should not be made.

2. The previous step will lead to a series of decisions, which will be input into the decision forms provided. Decisions can be modified and refined throughout the decision round, until the time is over.

3. At the end of the round, the instructor collects and audits the decisions of all teams. If
everything looks fine, the instructor runs the Markstrat mathematical model to simulate the round and produce new results. At this stage, teams are ready to start a new round.

Team responsibilities and labor division

Regarding the last point, try to avoid letting each member concentrate solely on his/her area of professional expertise. Initially, we strongly recommend that each team member be involved in all discussions for everyone to have the same understanding of the business situation. As the simulation evolves, your team will develop a common understanding of the strategic issues. In parallel, the management of the organization will become increasingly complex. At some point, the members of the team can begin focusing on a specific area of responsibility.

Overall study sessions are structured as follows:

<table>
<thead>
<tr>
<th>Week 1</th>
<th>Introduction I to Markstrat Reading assignment: chapters 1 to 4 of Markstrat Participant Handbook</th>
<th>18.10-21.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organization of teams: team ID’s &amp; passwords will be distributed end of class.</td>
<td></td>
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<tr>
<td></td>
<td>Distribution of the starting situations (Company reports for Period 0) Period 1 decision round is opened.</td>
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<tr>
<td>Week 2</td>
<td>Instructor available for consultation</td>
<td>18.10 – 19.00</td>
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<tr>
<td></td>
<td>Period 1 decisions due. Period 1 decision round is closed.</td>
<td>19.00</td>
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<tr>
<td></td>
<td>Introduction II to Markstrat Reading assignment: chapter 5 of Markstrat Participant Handbook</td>
<td>19.00 – 20.30</td>
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<tr>
<td></td>
<td>Distribution of Period 1 Reports. Period 2 decision round is opened.</td>
<td>20.30</td>
</tr>
<tr>
<td>Week 3 to 9</td>
<td>Instructor available for consultation</td>
<td>18.10 – 19.00</td>
</tr>
<tr>
<td></td>
<td>Period N (3 to 9) decisions due. Period N decision round is closed.</td>
<td>19.00</td>
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<tr>
<td></td>
<td>Lecture/Discussion: Instructor’s choice</td>
<td>19.00 – 20.30</td>
</tr>
<tr>
<td></td>
<td>Distribution of Period N Reports. Period N+1 decision round is opened.</td>
<td>20.30</td>
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<tr>
<td>Week 10</td>
<td>Instructor available for consultation</td>
<td>18.10 – 19.00</td>
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<tr>
<td></td>
<td>Period 9 decisions due. Period 9 decision round is closed.</td>
<td>19.00</td>
</tr>
<tr>
<td></td>
<td>Lecture/Discussion: Instructor’s choice</td>
<td>19.00 – 20.30</td>
</tr>
<tr>
<td></td>
<td>Distribution of Period 9 Reports. Discussion of the exam guidelines</td>
<td>20.30</td>
</tr>
</tbody>
</table>
9. Special Equipment and Software Support

To log in to Markstrat, students will need five pieces of information, provided by the instructor:

- PAK: e.g. BNP-4GSV2
- Course ID: e.g. B07528
- Industry name: e.g. ANANAS
- Team name: e.g. T
- Team password: e.g. 9751

To log in, go to www.stratxsimulations.com and follow the instructions below:

• • •

- Click the SIGN IN link at the top-right corner of the page and select “A Participant”
  Enter your PAK and click the “Submit” button.
- Click the “Access Markstrat” logo to access Markstrat’s login page shown on Figure 37 and enter your team password.

If you have started a working session and wish to stop it, you must close the Markstrat application by clicking the Logout button in the left bar.

Do not close your browser without logging out, especially while you are making decisions. If you do this, the decision form that you were using when you closed your browser will be locked for about 20 minutes, until you are timed out by the Markstrat application. Your teammates will not be able to access this decision form during this time.

Markstrat is an easy-to-use web-based platform that needs no prior computer skills or expertise. There is no software to install on your computer; all you need in a web browser such as Internet Explorer, Safari, Firefox or Chrome.

Use of Markstrat is strictly reserved to participants who have a valid Participant Activation Key (PAK) and who have registered with the PAK on www.stratxsimulations.com.

Academic integrity

Every task given in the course explicitly states required collaboration of the students. Group project is based on teamwork, while individual assignments (tests and the exam) require individual efforts. Students are not allowed to share their individual assignments’ submissions and exam answers. In case of identical submissions all students involved will receive “0” marks.