



College of Commerce
Division of Economic and Financial Studies
Business Department

BBA203

PRODUCT & PRICING DECISIONS

Unit Outline

Semester 1, 2007

Unit Convenor: Leanne Carter

Lecture/Tutorial: Tuesday 1.00 to 4.00 pm

Location: C5C T1

Prerequisites: Entry into BBA or BCom-Mktg;
BBA101 or MKTG101.

Students should read the Unit Outline carefully at the beginning of the semester. It contains important information about the unit. If anything is unclear, please consult the unit convenor.

MACQUARIE UNIVERSITY
DIVISION OF ECONOMIC AND FINANCIAL STUDIES

DEPARTMENT OF BUSINESS

**BBA203 - Product & Pricing Decisions
Semester 1, 2007**

About this Unit

BBA203 is a 3 credit point subject. This unit extends the material learnt in MKTG101- Fundamentals of Marketing in reference to product and pricing decisions. Product strategy will encompass product classification, product management, brand management, new product development and portfolio management. Pricing decisions will look at alternate methods of pricing.

Teaching Staff

Convenor- Leanne Carter
Building E4A Room 631
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Email: lcarter@efs.mq.edu.au

Consultation Times: Tuesdays 11.00am to 1.00pm
And other times by appointment.

Classes

Lecture Time: Tuesdays, 1.00pm to 4.00pm in C5C T1

Learning Outcomes

This unit is designed to give an in-depth understanding of the job of the “typical” product manager in marketing consumer and business to business goods/services. While the specific duties of a product manager vary considerably across industries and companies, the course focuses on the four major activities common to the position: (1) analysis of market information, (2) developing product strategy, (3) programming the strategy, and (4) implementation. The course attempts to simulate the product manager’s job through the development of a marketing plan for a particular product or service through a computer simulation. In addition, a range of cases will be analysed. These cases will allow students to develop their problem solving skills as well as communication skills: both oral and written.

Relationship between Assessment and Learning Outcomes

Knowledge and understanding of the product and pricing decisions that make up part of the marketing mix are assessed by a mixture of examinations, assignment, presentation and computer simulation. Marks in this unit will be allocated on the following basis:

Assignment 1- Music 2 Go Single Player	5%
Assignment 2-Multi Player M2Go	
Strategic Marketing Plan	10%
Assignment 3- Multi Player M2Go	
Final report and Presentation	20%
Individual Essay	20%
Final examination	45%

All students are required to perform satisfactorily in the final examination to obtain a passing grade for the unit. No other assessment marks will be considered until a pass has been obtained in the final examination.

Students will have to cope with the usual range of issues that arise in the context of group work. There are to be no more than 6 students and no less than 4 students per group.

You are expected to have read nominated chapters, readings and/or cases prior to the appropriate lecture/tutorial, so you are prepared to discuss them in class.

In the case of missing lectures and/or tutorials, it is your responsibility to arrange for the submission of completed assignments and to obtain any notes, readings and assignment details.

Whilst there is a three hour lecture/tutorial session scheduled each week, it is expected that part of this time will be allocated to The Music 2 Go simulation for weekly decision meetings and group assignment. The assessment items are all described below.

Assignment 1. MUSIC 2 GO Simulation – SINGLE PLAYER 5 marks.

Objective: To experience managing a marketing campaign while trying to achieve key financial targets.

Your goal in this assignment is to take over as Vice President Marketing for your single-player music2go firm. Your instructions are clear: you must try to achieve the highest cumulative net marketing contribution that you can by the end of 2017. To do this you must use a combination of your marketing skills that you have learnt from your degree so far, combined with keeping a watchful eye on profitability.

Net marketing contribution is the amount of profit remaining after manufacturing (cost of goods sold) and marketing expenditures have been deducted. The only costs still to be deducted are other functional overhead costs for your firm, e.g. finance, administration etc.

Net marketing contribution is a measure of how profitable your firm is because of your strategic marketing plan. There are two ways that you can increase your net marketing contribution:

- Reduce Marketing Expenditure without reducing your Gross Margin
- Increase Gross Margin without increasing your marketing expenditure

How you achieve that, is the challenge of M2G.

Target Cumulative Net Marketing Contribution Levels

Cumulative Contribution	Result	Comment/Feedback
\$50m or less	Fail	Try repeating the exercise without making any decisions, it will improve your result
>\$50m	Poor	You have not fully understood the basic concepts of m2g, try doing a cost reduction project or launching a new product
>\$100m	Good	You have a sound understanding of the basic concepts of m2g. Try a more aggressive strategy to make it to the next level.
>\$150m	Very Good	m2g single-player is no longer a challenge for you
>\$200m	Excellent	You are an m2g guru, email your save game to help@smartsims.com

Please note that you are required to submit a printed copy of your Single-Firm Cumulative Net Marketing Contribution line chart showing the cumulative contribution of your firm at 2017. See the Assignment and Marketing Guide at the end of the outline for extra details. You should use this form for the assignment submission.

Assignment 2. MUSIC 2 GO Simulation – MULTI PLAYER Strategic Marketing Plan
10 marks

This assignment is based upon the **m2g** Scenario. You can access a full set of the **m2g** reports for your firm when you login to the **m2g** software. When preparing the plan outlined below, note that it is not necessary to refer to all of the **m2g** information available to you - present only that information which you see as critical to helping a well informed manager to understand your decisions and reasoning.

You should assume that this plan would be the basis of what you intend your firm to achieve over the next 5 years in **m2g** (i.e for Years 3 to 5). It should be marketing focused. For more guidance on Strategic Marketing Planning refer to Chapter 2 (Planning) in your **m2g** Player's manual.

For this assignment you are required to:

1. Conduct a situation analysis.

Your situation analysis should cover both external environmental forces and internal non-marketing resources. It should also consider the groups of consumers served by your firm, the strategies used to satisfy them, and key measures of marketing performance. Due attention should be given to identifying and assessing competitors that are serving the same markets.

Your situation analysis should also include a SWOT assessment. This involves identifying and evaluating your most significant strengths, weaknesses, opportunities, and threats. Information for the analyses is available in the reports/market research available in **m2g** and in the player's manual.

2. Develop marketing objectives.

Your Marketing objectives should be closely related to your **m2g** firm's company-wide objectives and strategies.

Remember that strategic planning involves matching an organization's resources with its market opportunities. With this in mind, you need to assign a priority to each marketing objective based on its urgency, cost and its potential impact on your market opportunities.

3. Determine positioning and differential advantage.

You need to state how you intend to position your product(s) in the marketplace and how to distinguish it (them) from competitors.

After describing your product positioning you need to describe what each product's differential advantage is. Note that differential advantage refers to any feature of an organization or brand perceived by customers to be desirable and different from those of the competition.

4. Select target markets and measure market demand.

The **m2g** market has already been roughly divided into large general segments. You must now choose which of those segments you wish to target and what subsets when those segments. E.g. will you be targeting the whole segment or budget constrained consumers that shop in discount stores.

Once you have chosen one or more potential target markets; then you must forecast demand (that is, sales) in those markets. The results of demand forecasting will represent valuable information in deciding whether a specific segment is worth pursuing, or whether alternative segments need to be considered.

5. Design a strategic marketing mix.

For each target market you have selected, you must design and describe a marketing mix, which is the combination of multiple aspects of the following four elements: a product, how it is distributed and promoted, and its price.

This assignment should be concise and no longer than 2-4 pages long.

See the Assignment and Marketing Guide at the end of the outline for extra details. You should use this form for the assignment submission.

Assignment 3. MUSIC 2 GO Simulation – MULTI PLAYER **Final Report on Performance against The Strategic Marketing Plan** **(Assignment 2) and Presentation. 20 marks**

This assignment requires your team to write a written report for the President of your firm detailing the success of your strategic marketing plan at the end of Year 7, and to prepare a brief 10 minute presentation outlining the key aspects of your report, specifically, why your strategies succeeded or did not succeed supported with appropriate visual aids.

Suggested Format of the Final Report

Your report should contain the following sections:

OVERVIEW OF INDUSTRY

- General overview of industry including strengths and weaknesses of the general market
- Should NOT exceed 2 typed pages in length

COMPANY REVIEW

- Detailed analysis of company performance against each part of your Strategic Marketing Plan
- All departures from the Strategic Plan should be noted along with the reasons for such departures
- The review should include an analysis of how the company affected the industry or how it had to react to strategies adopted by competitors
- Should NOT exceed 15 typed pages in length

KEY RESULTS REPORTS

Include your Industry Benchmark Report and your Net Marketing Contribution History Table report.

APPENDICES

Any graphs, tables or schedules that are not suited for inclusion in the body of the report should be placed here with a clear reference in the body of the report to the appropriate appendix.

LEARNING

The team should outline the learning experience they gained from having to operate a company and work in a team. Describe the key insights you gained into marketing management, and how your team's decision-making and conflict management processes worked.

Should NOT exceed 2 typed pages in length

Penalties for late assignments will be 10% of total potential marks for each day late.

Assignment 4: Individual Assignment **20%**

There will be one individual assignment during this course. This assignment is worth 20% of your marks for the unit.

TBA

This is due by 5.00pm, Week8, Tuesday, 1 May 2007.

5. Final Examination **45%**

A three hour written examination will be held in the examination period. The examination will include questions relating to The Lectures, Textbooks, Music 2 Go Simulation, Case Studies, and any materials discussed in lectures or distributed on WEB CT. You will be expected to be able to **apply** your knowledge. To simply feedback lecture notes (or any other materials) *will not* guarantee a pass. Further details will be given in lectures.

*Note: To obtain a passing grade in this unit you **must** pass the final examination. No other marks will be considered unless a pass is obtained in the final examination.*

Required and Recommended Texts

Prescribed Texts:

Lehmann, Donald R. & Winer, Russell S. (2005), *Product Management*, 4th Edition, McGraw Hill, Boston.

Music 2 Go CD

Note: These texts are available as a package from the Co-op Bookshop.

Additional/Recommended Reading (held in Special Reserve):

Aaker, David, (2001) *Strategic Market Management*, 6th Edition, Wiley, New York.

Keller, L.K., (2003) *Strategic Brand Management*, 2nd edition, Prentice Hall, New Jersey.

Kotler P., (1997) *Marketing Management: Analysis, Planning, Implementation and Control*, Ninth edition, Prentice Hall (Chapters 10, 11, 12, 15, 16 and 17).

Kotler, P., (2003) *Marketing Management*, 11th edition, Prentice Hall, New Jersey.

Nagle, T.T. & Holden, R.K., (2002) *The Strategy and Tactics of Pricing: A Guide to Profitable Decision Making*, 3rd Edition, Prentice Hall, New Jersey.

In addition to these there may be a number of journal articles added to Web CT during the semester. Material from any (or all) of these may be used for examination purposes.

PLUS additional information on this subject can be found in the following business periodical publications. These publications are available in the library either in hard copy or in electronic format:

Journal of Marketing
Journal of Product and Brand Management

European Journal of Marketing
Harvard Business Review

Unit Web Page

This unit is supported by a web Page. You can log into this using the following address:

<http://online.mq.edu.au/>

Teaching and Learning Strategy

(Note that this Schedule of Topics is not formalised and some topics may not be covered)

Critical dates and issues are in **BOLD**

Week	Date	Topic	Activities
1	27 February	Course Introduction Music 2 Go- an introduction to the Simulation and Assignments	
2	6 March	Introduction to Product Management and Marketing Planning L&W Chapters 1 & 2	Music 2 Go: <ul style="list-style-type: none"> • Getting started • Allocation of Firms (groups) • FAQ
3	13 March	Assessing the Situation: Defining the Competitive Set Category Attractiveness L&W Chapters 3, & 4,	Perspectives on the Australian Macromarketing Environment Clemes & Brush Case: Magnetic Attraction
4	20 March	Competitor Analysis L&W Chapter 5	Assignment 1 DUE Music 2 Go Single Player at 1.00pm 1st Trial Decision M2Go at 11.00pm
5	27 March	Customer Analysis Market Potential and Sales Forecasting L&W Chapter 6 & 7	2nd Trial Decision M2Go at 11.00pm

6	3 April	Developing Product Strategies Brand Strategy and Product Management L&W Chapter 8	Assignment 2 DUE Music 2 Go Strategic Marketing Plan at 1.00pm 1st Real Decision M2Go at 11.00pm
Mid Semester Break	10 April		2nd Real Decision M2Go at 11.00pm
Mid Semester Break	17 April		3rd Real Decision M2Go at 11.00pm
7	24 th April	Branding Strategies Cases including Club Med, 3M and AMEX.	4th Real Decision M2Go at 11.00pm Individual Assignment 4 Due 5.00pm
8	1 May	New Product Development L&W Chapter 9	WORKSHOP: Introducing and Naming New Products and Extensions Keller Chapter 12 5th Real Decision M2Go at 11.00pm
9	8 May	Pricing Decisions and Financial Analysis for Product Management L & W Chapters 10 & 15	Customers and Pricing: Understanding and Influencing the Purchase Decision Nagle & Holden Chapter 4 6th Real Decision M2Go at 11.00pm
10	15 May	Pricing Case: American Airlines Pricing Debrief of Simulation	Assignment 3 DUE Music 2 Go Final Report due at 1.00pm Group Presentations
11	22 May	Debrief of Simulation	Group Presentations
12	29 May	Debrief of Simulation	Group Presentations
13	5 June	Review of Unit Discussion and Review Questions for Final Exam	

Examinations

The University examination period in the first half of the year 2005 is from 15 June to 29 June. You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

<http://www.timetables.mq.edu.au/exam>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at <http://www.reg.mq.edu.au/Forms/APSCon.pdf>

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official examination period.

Plagiarism

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

University Policy on Grading

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG). On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results. It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark. For an explanation of the policy see

<http://www.mq.edu.au/senate/issues.html>

Support Services for Students

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>

MARKING GUIDE

Assignment 2: Strategic Marketing Planning for your music2go Firm

Names: _____

ASSESSMENT SCHEDULE

CONTENT (80%)

Knowledge, understanding and thoroughness

PRESENTATION (20%)

Clarity of writing, spelling and grammar

Overall presentation/layout, and succinctness

COMMENTS:

FINAL GRADE

Signature: _____ **Lecturer**

MARKING GUIDE

Assignment 3: Final Report for your music2go Firm

Names: _____

ASSESSMENT SCHEDULE

WRITTEN REPORT CONTENT (60%)

Knowledge, understanding and thoroughness

WRITTEN REPORT PRESENTATION (10%)

Clarity of writing, spelling and grammar

Overall presentation/layout, and succinctness

CLASS PRESENTATION (30%)

Presentation – delivery and clarity

Content - structure and appropriateness

COMMENTS:

FINAL GRADE

Signature: _____ Lecturer

**BBA203 PRODUCT AND PRICING
MUSIC 2 GO SIMULATION GROUPS**

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