

MARK 8338, Fall 2009.
Research in Marketing Management and Strategy.

Instructor: Niladri Syam, nbsyam@uh.edu, 713-743-4568.

Class meeting: Tuesdays, 3 PM – 6 PM.

Venue: 387 Melcher Hall (Marketing conference room)

Some things to note:

1. What we are trying to do is to significantly increase your familiarity with what appears in academic journals in the fields of marketing management and strategy.
2. Significantly increase the likelihood that you will publish such an article. At the least you should be able to intelligently consume, and clearly present, strategy research.
3. Marketing strategy is a very vast area. Of course, the choice of topics for this course and the tools used to investigate them reflect my tastes in topics and tools.

Format of this seminar:

The target audience is doctoral students. So:

- We'll focus on a few journal articles in each sub-area of marketing management/strategy. The idea is to be able to tackle a few 'representative' papers in depth rather than to do an exhaustive literature review.
- Each of you will "teach" in a few sub-areas.
- Each of you will come up with a research proposal within the subject domain of the course and present it.
- Each of you will take a mid-term and a final exam. The exams are closed-book written tests conducted in-class.

Grading:

You'll earn four equally-weighted grades over the semester: your proposal (written in two-person teams), your two exams, and class participation. So 75% of your semester grade is written work. This is a doctoral seminar, so **class participation is extremely important**. As regards participation, you will be graded on preparation and astuteness. Everything you say in class – leading one class, presenting your proposals, commenting on what others present, etc. – is included in this grade component.

Notes on proposals

A research proposal consists of sections detailing:

- The purpose of the research: to present the idea that.....and why that idea makes a contribution to the literature in this field
- Relevant literature that provides background and supports the idea
- Propositions/Hypotheses
- Method of analysis. Apart from analytical work, you could develop ideas which are best tested empirically. In a latter case, you will have to outline how you will go about gathering data and analyzing it.

- A summary, that recaps in a paragraph what this proposed study will investigate and why. The paragraph may be placed at the beginning as an abstract, but should be written last, so that it accurately encapsulates the proposal.

Excellent proposals are those

- With interesting propositions and/or plausible hypotheses *intelligently derived from theory*,
- On topics of plausible interest to at least some marketers,
- Communicated clearly, professionally written, with no logical gaps.

Two notes from the Bauer College Dean's office:

The University of Houston Academic Honesty Policy is strictly enforced by the C. T. Bauer College of Business. No violations of this policy will be tolerated in this course. A discussion of the policy is included in the University of Houston Student Handbook, <http://www.uh.edu/dos/hdbk/acad/achonpol.html>. Students are expected to be familiar with this policy.

The C. T. Bauer College of Business would like to help students who have disabilities achieve their highest potential. To this end, in order to receive academic accommodations, students must register with the Center for Students with Disabilities (CSD) (telephone 713-743-5400), and present approved accommodation documentation to their instructors in a timely manner.

Schedule of classes:

- **Aug 25. Introduction.**

We'll go over the syllabus. Discussion of the domain of marketing management and strategy, journals that publish research in this domain, and the kinds of research they publish. At a broad level, the domain of strategy research is distinguished by what dependent variables are used (think profit, market share, sales, ROI, ROA etc.). The independent variables are whatever you can defend.

You'll draw for your "teaching assignments". And if we have six or more students in the class, which is what I expect, you'll draw for your co-author in preparing your research proposals (Note: the "teaching assignments" are individual based).

The day of your teaching assignment is your responsibility. On your day, please plan to lead a discussion of the topic, beginning with a *thorough* analysis of the assigned articles. Then you'll tell us how the field shapes up, how current journal articles update this topic or build on it, and you'll fit the assigned articles into the context of the broader sub-area. **Please get all of us talking about the articles and about research ideas prompted by what we've read and what you've said.** The more we learn and the more thinking we are prompted to do, the better job you did.

Readings: Porter (1996), Varadarajan and Jayachandran (1999)¹

¹ *Papers are listed chronologically by date of publication and do not reflect order of importance*

- **Sept 1. Marketing strategies and theories of the firm-1**

We discuss briefly the competing views of the role of marketing in the firm. An important focus is on what it means to be Market Oriented. We distinguish this from Marketing Oriented and Customer Oriented. Also we ask if Market oriented firms do better on various measures of firm performance.

Readings: Kohli and Jaworski (1990), Narver and Slater (1990), Jaworski and Kohli (1993), Slater and Narver (1994),

- **Sept 8. Marketing strategies and theories of the firm-2**

We continue our discussion from last week.

Readings: Coase (1937), Wernerfelt (1984), Moorthy (1985), Day (1994)

- **Sept 15. Product strategy**

We will talk about how firms decide on their product lines, a very important aspect of product strategy. The role of product differentiation, market segmentation and cannibalization are important aspects of product strategy, and these will be discussed.

Readings: Mussa and Rosen (1978), Moorthy (1984), Lancaster (1990), Balachander and Srinivasan (1994)

- **Sept 22. Competitive response-1: Entry deterrence and signaling**

The primary dimensions of competitive dynamics are (1) Pre-emptive activities to deter entry and (2) Competitive reactions to entry, especially using marketing-mix elements. The main thrust of entry deterrence models are market incumbent's use of various signaling devices. We will discuss some of them to give you a flavor of signaling models.

Readings: Demsetz (1982), Lutz (1989), Moorthy (1988), Moorthy and Png (1992)

- **Sept 29. Competitive response-2: Marketing mix instruments**

We will continue our discussion of competitive dynamics focusing on how firms strategically change their marketing mix variables in response to competition.

Readings: Hauser (1988), Robinson (1988), Moorthy and Srinivasan (1995), Shankar (1997)

- **Oct 6. Channel management**

We focus on the two main theoretical streams of channels research, (1) Transaction Cost Economics (TCA) (2) Game theoretic modeling. TCA draws attention to the economies of scope and scale that channel intermediaries bring. Game theory highlights issues like transfer pricing inefficiencies like *double marginalization*, sophisticated transfer pricing mechanisms to reduce such inefficiencies, the impact of competition at different levels of the channel, the nature and observability of channel contracts etc.

Readings: Jeuland and Shugan (1983), Anderson (1985), Coughlan (1985), Moorthy (1987)

- **Oct 13. Proposal presentations (Preliminary)**

Proposals presented. Please plan on 25 minutes for each proposal, but hope for and expect questions, so your structured presentation should be 15-20 minutes or so. All the students are expected to actively participate in discussing the proposals.

- **Oct 20. Take-home Mid-term exam due.**

Prof. James Hess will talk to the class. We will discuss the mid-term exam and your proposals.

- **Oct 27. Topics in Moral Hazard**

- **Nov 3. Topics in Adverse Selection**

- **Nov 10. Salesforce management-1**

We will deal primarily with salesforce compensation. Most of the theoretical papers in marketing on the topic of salesforce compensation use the principal-agent framework that we studied in the previous classes.

Readings: Coughlan and Sen (1989), Kim (1997), Oyer (2000)

- **Nov 17. Salesforce management-2**

We will continue our discussion of salesforce compensation, but we will deal with a specific form of compensation: sales contests.

Also we will do teacher evaluations today; please bring pencils.

Readings: Lazear and Rosen (1981), Nalebuff and Stiglitz (1983), Kalra and Shi (2001).

- **Nov 24. Final exam (structure to be decided).**

Final proposals to be turned in

This is the last class; we don't meet after today.

Assigned readings

Porter, Michael E. (1996), "What is Strategy?," *Harvard Business Review* 74 (Nov-Dec.)

Varadarajan, P.R. & Jayachandran, S. (1999), "Marketing strategy: an assessment of the state of the field and outlook", *Journal of the Academy of Marketing Science*, 27 (2) (Spring), 120-43.

Kohli, Ajay K. & Jaworski, Bernard J. (1990), "Market orientation: the construct, research propositions, and managerial implication", *Journal of Marketing*, 54 (April), 1-18

Narver, John C. & Slater, Stanley F. (1990), "The effect of a market orientation on profitability", *Journal of Marketing*, 54 (October), 20-35

Jaworski, Bernard J. & Kohli, Ajay K. (1993), "Market orientation: antecedents and consequences", *Journal of Marketing*, 57 (July), 53-71

Slater, Stanley F. & Narver, John C. (1994), "Does the competitive environment moderate the market orientation – performance relationship?", *Journal of Marketing*, 58 (January) 46-55

Coase, R.H. (1937), "The nature of the firm", *Economica*, 4, 386-405

Wernerfelt, Birger (1984), "A resource-based view of the firm", *Strategic Management Journal*, 5 (2) (September-October), 171-80

Moorthy, Sridhar (1985), "Using game theory to model competition", *Journal of Marketing Research*, 22 (August), 262-82

Day, George S. (1994), "The capabilities of market-driven organizations", *Journal of Marketing*, 58 (October), 37-52.

Mussa, Michael & Rosen, Sherwin, 1978, "Monopoly and product quality," *Journal of Economic Theory*, vol. 18(2), pages 301-317.

Moorthy, Sridhar (1984), "Market segmentation, self-selection, and product line design", *Marketing Science*, 3, 4, (Fall), 288-307.

Lancaster, Kelvin (1990), "The economics of product variety: survey", *Marketing Science*, 9, 3 (Summer), 189-206

Balachander, Subramanian & Srinivasan, Kannan (1994), "Selection of product line qualities and prices to signal competitive advantage", *Management Science*, 40, 7 (July), 824-41

Demsetz, Harold (1982), "Barriers to entry", *American Economic Review*, 72, 1 (March), 47-57.

Moorthy, Sridhar (1988), "Product and price competition in a duopoly", *Marketing Science*, 7, 2, (Spring), 141-168.

Lutz, Nancy A. (1989), "Warranties as signals under consumer moral hazard", *The Rand Journal of Economics*, 20, 2 (Summer), 239-55

Moorthy & Png (1992), "Market segmentation, cannibalization, and the timing of product introductions", *Management Science*, 38, 3, (March), 345-359.

Hauser, John R. (1988), "Competitive price and positioning strategies", *Marketing Science*, 7, 1 (Winter). 76-91

Robinson, William T. (1988), "Marketing mix reactions to entry", *Marketing Science*, 7, 4 (Fall), 368-92.

Moorthy, Sridhar & Srinivasan, Kannan (1995), "Signaling quality with a money-back guarantee: the role of transaction costs", *Marketing Science*, 14, 4, 442-66

Shankar, Venkatesh (1997), "Pioneers' marketing mix reactions to entry in different competitive game structures: theoretical analysis and empirical illustration", *Marketing Science*, 16, 3, 271-93.

Jeuland, Abel and Steven Shugan, (1983), "Managing channel profits", *Marketing Science*, 2, 3, (Summer), 239-272.

Anderson, Erin (1985), "The salesperson as outside agent or employee: a transaction-cost analysis", *Marketing Science*, 4 (Summer), 234-54.

Coughlan, Anne T. (1985), "Competition and cooperation in marketing channel choice: Theory and Application", *Marketing Science*, 4, 2 (Spring), 110-29

Moorthy, K. Sridhar (1987), "Managing channel profits: comment", *Marketing Science*, 6, 375-9.

Coughlan, A.T. & Sen, S.K. (1989), "Salesforce compensation: theory and managerial implications", *Marketing Science*, 8, 324-42.

Kim, Son Ku (1997), "Limited liability and bonus contracts", *Journal of Economics and Management Strategy*, vol. 6, no. 4, 899-913

Oyer, Paul (2000), "A theory of sales quotas with limited liability and rent sharing", *Journal of Labor Economics*, vol. 18, no. 3, 405-426.

Lazear, E.P. & Rosen, S. (1981), "Rank-order tournaments as optimum labor contracts", *Journal of Political Economy*, 89, 841-64.

Nalebuff, B. & Stiglitz, J. (1983), "Prizes and incentives: towards a general theory of compensation and competition", *Bell Journal of Economics*, 14 (Spring), 21-43

Kalra, A. & Shi, M. (2001), "Designing optimal sales contests: a theoretical perspective", *Marketing Science*, 20, 170-93.