

# MARKETING CHANNEL STRATEGIES

## MBA COURSE SYLLABUS

### COVER SHEET : COURSE OVERVIEW

This class is for individuals who currently work in or are targeting jobs in consulting and strategy, entrepreneurial ventures, industrial sales and buying, and marketing management. The goal is for you to leave the course with a solid framework and a set of tools that are useful in your work life. Alums of this class have found them useful in assessing financial arrangements in their go-to-market structures; deciding how broadly to distribute products in a new consumer-focused market when the company's history was in B2B sales; how to motivate and manage upstream partners who complete the firm's distribution channel to end users; and many other go-to-market challenges.

Most students learn that marketing is about the development of goods and services. However, this viewpoint sells the marketing function short. One critical component of value creation for customers and consumers that is often overlooked is *how customers want to buy*. The ability to make its products and services available to customers and consumers *at the right place and time* is a key source of explosive value, and the purview of marketing channel strategy.

Topics in this course include but are not limited to the following:

- How to segment your market to best understand end-users' demands for how to buy – not just what to buy
- How to design and redesign routes to market
- How to select and incentivize partners
- How to use leverage sources to manage and prevent conflicts in the channel

## DETAILED COURSE SYLLABUS

### FIRST ASSIGNMENT:

- Buy the case packet for the course (required).
- Buy the required book for the course: *A Field Guide to Channel Strategy: Building Routes to Market*, , available for purchase on Amazon.com at: <https://www.amazon.com/Field-Guide-Channel-Strategy-Building/dp/1539987744> .
- Read the assignments for Week 1.
- Watch the video “The Cola Road” (available on the course website) and come to class ready to discuss the study questions for it.
- Feel free to contact me with any questions you might have.

### NATURE AND PURPOSE OF THE COURSE:

This class is for individuals who currently work in or are targeting jobs in consulting and strategy, entrepreneurial ventures, industrial sales and buying, and marketing management. The goal is for you to leave the course with a solid framework and a set of tools that are useful in your work life. Alums of this class have found them useful in assessing financial arrangements in their go-to-market structures; deciding how broadly to distribute products in a new consumer-focused market when the company’s history was in B2B sales; how to motivate and manage upstream partners who complete the firm’s distribution channel to end users; and many other go-to-market challenges.

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In this course, we will unpack the “black box” of distributors, reps, salespeople, systems integrators, value-added resellers, and retailers that constitute the routes to market between the manufacturer and its end users. You will learn how to capture and leverage channel value through the careful selection of channel partners, the application of appropriate incentives and pricing agreements, and the design and management of multiple channels. Topics in this course include but are not limited to the following:

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- How to design and redesign routes to market
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The framework for analysis you will learn in this course is general and thus applicable across a wide array of consumer, B2B, and service applications, and across multiple geographies. We will bring this variety alive in this course through discussion of applications in emerging markets as well as developed economies and applications in services as well as physical products, sold to consumer as well as business end-users. Throughout the course, we will use lecture/discussion, case discussion, outside speakers, and a group channel audit project to develop and use the course knowledge.

COURSE MATERIALS:

You must buy the course packet of required readings, cases, lecture slides, and tools.

The required book for the course is: *A Field Guide to Channel Strategy: Building Routes to Market*, , available for purchase on Amazon.com at: <https://www.amazon.com/Field-Guide-Channel-Strategy-Building/dp/1539987744> .

We will also discuss several cases (included as well in the course packet) that reinforce the channel analysis framework and give you opportunities to use the analytic tools of this course. Proprietary lecture slides are also included for your reference and use in class.

We will use the Canvas system in this class.

EVALUATION OF STUDENTS' WORK:

Your grade in this class will depend on several assignments done during the quarter. All assignments are required. There will be no final exam in this course. Assignments and their weights are as follows:

ASSIGNMENT	GROUP/ INDIVIDUAL?	WEIGHT
End-User Channel Benefits exercise	Individual	12%
Group Analysis of Prepared Food Delivery Channel Assignment	Group	12%
Case memo #1 (pick one from this set: (i) d.light Design, (ii) Cemex, (iii) Clique Pens)	Individual	13%
Case memo #2 (pick one from this set: (i) New Distribution Capability in the Airline Industry, (ii) Sondologics)	Individual	13%
Channel audit project:	Group	35%
Class participation:	Individual	15%

END-USER CHANNEL BENEFITS EXERCISE:

The End-User Channel Benefits exercise is due at the beginning of class in **week 3 of the course**. It is an individual assignment – meaning that you are to work on it alone and hand in an individual assignment for it. This assignment is worth 12% of your course grade. We will discuss what end-user channel benefits are, and how to use them to segment end-users for the purpose of channel design and management. Your assignment will be to shop *either* for (a) a specific book; or (b) coffee (or tea if you drink tea, not coffee). We will discuss the assignment requirements in class before the assignment is due.

GROUP ASSIGNMENT ON THE PREPARED FOOD DELIVERY CHANNEL:

This group assignment is due at the beginning of class in **week 3 of the course**. This assignment is worth 12% of your course grade. It is an exercise that allows you to investigate curated research and resources about the trend toward buying *prepared food, delivered conveniently* – which is stealing “food” share from grocery and on-premise (restaurant) food options. Please consult the packet of materials to prepare your assignment.

### CASE MEMOS:

We will be discussing several cases in class. Each of you is required to write an individual case memo on two of these in-class cases and each case memo is worth 13% of your course grade. Specifically, you will write your first individual case memo on one of these three cases: {(i) d.light Design, (ii) Cemex, or (iii) Clique Pens}. You will also write a second individual case memo on one of these two cases: {(i) New Distribution Capability in the Airline Industry, or (ii) Sondologics)}. The questions you are expected to answer for each case memo are in your course packet along with the case itself. I will have sign-up sheets available in class for you to sign up for your preferred case memo choices.

To recapitulate on case memos: (a) you will write two individually-done case memos (one from each defined set of in-class cases); and (b) you should submit an electronic copy of each case memo via Canvas by the beginning of class in order to earn credit for it.

Of course, you should prepare *every* case for in-class discussion, even if you are not scheduled to turn in a case memo that day. Insufficient preparation will hamper your ability to participate in class and to learn from the case.

### CLASS PARTICIPATION AND CASE DISCUSSION:

Each student is expected to participate regularly in class discussions. A substantial part of the benefit that you will derive from the assignments is a function of your willingness to expose your viewpoints and conclusions to the critical judgment of the class, as well as of your ability to build upon and evaluate critically the judgments of your classmates.

It is very important that all of you come prepared to air your views in class. I have provided suggested questions for you to prepare in studying the cases before class. In general, you should view preparing the cases as an opportunity to practice using the analytical tools we are developing in class.

15% of your course grade depends on class participation. Effective (i.e., quality as well as quantity of) participation can therefore mean the difference between a higher and lower grade. Regular class attendance is crucial to good class participation.

### GROUP CHANNEL AUDIT ASSIGNMENT:

You will be required to perform an audit of a specific firm's existing distribution channel as part of the course requirements. Your audit will count for 35% of your final course grade, and is due at the beginning of class in **week 10 of class**. This audit will consist of a report describing the current state of the channel (its structure, members, allocation of channel functions, ability to meet target customer segments' demands for channel benefits, misalignment analysis, and power and conflict characteristics), as well as suggestions for improvement of the channel's design and management. You will be introduced to templates and analytic tools over the course of the quarter that will equip you to do this real-world analysis. You are responsible for finding a firm whose distribution channel you wish to study. Primary data (*e.g.*, personal interviews) are crucial to an excellent audit; secondary data (company reports, business press articles, consulting studies of the industry or company, census data, etc.) are also helpful to fill out information for your audit. Your audit should include bibliographic references and citations to any secondary sources you use (business press articles, journals, books, etc.) as well as mentioning the names, titles, and companies of any people you interview for the audit. You will be graded on the quality of your analysis and recommendations and on your ability to apply the analytic concepts from class to your chosen distribution channel situation.

It is best to study a pre-existing channel rather than a firm's plans to enter a new market and build up a new channel. However, if you wish to look at a case of new market entry, you may do so, but please include an analysis of the firm's pre-existing channel for other products and suggestions for altering it for the new product or market.

Please work on your audit in a group of 4 to 6 people. You may choose your group members; I will ask for your group membership by the end of week 3 of the course, to make sure everyone is in a group.

**Your channel audit report can be up to 3000 words long, and can include up to 15 exhibits. Please turn in a paper copy of your report, as well as submitting all files to Canvas, by the beginning of class in week 10.** Each team should also plan on a brief presentation about their channel audit to the rest of the class.

### FINAL EXAM

There is no final exam in this course.

**CLASS SCHEDULE, MBA MARKETING CHANNEL STRATEGIES**

<b>Week</b>	<b>Topic</b>	<b>Comments</b>
1	Course Introduction: Channel Strategy Framework	<p>This class will introduce the course; its framework for analyzing, structuring, and upgrading channels; and how channels can significantly affect total go-to-market value. We’ll discuss the go-to-market challenges raised in the video “The Cola Road.”</p> <p><b>Read/Prepare before class:</b>            Course Syllabus            Watch video: “The Cola Road”            Study Questions for “The Cola Road”  <b>Field Guide</b>, Chapter 1: A Framework for Channel Strategy            Optional read: “The Silver Blaze Mystery”</p> <p><b>Slides to be used in class:</b>            Introduction and Framework for Channel Strategy</p> <p><b>Channel Analysis Workbooks (for your reference; we will discuss and use these throughout the course):</b>            Channel Benefit Demands Workbook            Channel Functions Workbook            Channel Power, Conflict, Resolution (PCR) Workbook</p> <p><b>Channel Audit Project Overview Materials and Past Examples (for your reference throughout the course):</b>            The Channel Audit: An Informal Guide            The Channel Audit Handbook            Pure Barre (sample channel audit)            Naked Wines (sample channel audit)</p> <p><b>ATTENDANCE REQUIRED</b></p>
1	Creating Explosive Channel Value	<p>In this session we’ll discuss how your go-to-market strategy, defined by your channel design, can create significant value through both increased sales and higher willingness-to-pay by your consumers – and may decrease your cost as well.</p> <p><b>Read/Prepare before class:</b>  <b>Field Guide</b>, Chapter 2: Identifying and Capturing Explosive Channel Value</p> <p><b>Slides to be used in class:</b>            Creating Explosive Channel Value</p>

<b>Week</b>	<b>Topic</b>	<b>Comments</b>
2	Case application: Michaels Craft Stores Case	<p>We analyze Michaels Craft Store’s channel strategy and how it aims to create explosive channel value... and what challenges to doing so are encountered.</p> <p><b>Read/Prepare before class:</b>  Michaels Craft Stores case  Study Questions for Michaels Craft Stores case</p>
2	End-User Channel Benefits: Channel Segmentation	<p>We turn to <i>demand-side</i> analysis of end-users’ channel benefits – channel value creation in terms of <i>how</i> the end-user buys, not just <i>what</i> s/he buys.</p> <p><b>Read/Prepare before class:</b>  Channel Benefit Demands Workbook  <b>Field Guide</b>, Chapter 3: How Do Customers Want to Buy?  <b>Field Guide</b>, Chapter 4: How Can I Audit My Customers’ Channel Benefit Preferences?  Retail Channel Benefit Audit Assignment Directions</p> <p><b>Slides to be used in class:</b>  Channel Benefits: Segmenting on How End-Users Buy</p>
3	Channel Functions and Partner Value Creation: Doing the Work of the Channel	<p>We discuss the <i>supply side</i> of channel design analysis: what the work of the channel is and which channel member(s) can/should do which elements of the work, in the pursuit of generating end-user channel benefits while controlling channel operations costs.</p> <p><b>Assignment: Your individual End-User Channel Benefits assignment is due at the beginning of class.</b></p> <p><b>Read/Prepare before class:</b>  Channel Functions Workbook  <b>Field Guide</b>, Chapter 5: How Can I Get Distributors to Do More For Less?  <b>Field Guide</b>, Chapter 6: How Can I Audit the Work of the Channel?</p> <p><b>Slides to be used in class:</b>  Channel Functions</p>

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3	Prepared Food Delivery Channel Analysis	<p>We analyze and discuss a specific rising market opportunity in the food industry: the Prepared Food Delivery market, and the channel solutions it has inspired.</p> <p><b>Alyssa Mielke, a Kellogg alum and creator of this assignment, will speak in class about your assessments and about the food industry's responses to this market opportunity.</b></p> <p><i>Group Assignment: Your group analysis of the Prepared Food Delivery Channel Assignment is due at the beginning of class.</i></p> <p><i>Read/Prepare before class:</i> Prepared Food Delivery Channel Study Materials</p> <p><b>ATTENDANCE REQUIRED.</b></p>
4	Case application: d.light Design: Marketing Channel Strategies in India Case	<p>We use the d.light case to examine the constraints and misalignments that challenge the entrepreneurial channel design process for a new solar lamp product line targeted at the rural poor in India.</p> <p><i>Assignment: If chosen, your individual d.light case memo is due at the beginning of class.</i></p> <p><i>Read/Prepare before class:</i> d.light case Study Questions for d.light case</p>
4	Channel Alignment Analysis	<p>We use this discussion to motivate a framework for analyzing Channel Alignment challenges on both the demand and supply sides, from their antecedents through to suggested methods of improving Alignment.</p> <p><i>Read/Prepare before class:</i> <b>Field Guide</b>, Chapter 7: How Can I Cost-Effectively Align Channel Activities to Channel Benefit Demands?</p> <p><i>Slides to be used in class:</i> Channel Alignment Analysis</p>
5	Case Application: Cemex Case	<p>Cemex, the largest cement company in Mexico and one of the largest in the world, seeks to help low-income, informal-economy consumers build rooms for their homes and faces challenges in encouraging its dealers to support the effort.</p> <p><i>Assignment: If chosen, your individual Cemex case memo is due at the beginning of class.</i></p> <p><i>Read/Prepare before class:</i> Cemex case Study Questions for Cemex case</p>



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5	End-User Channel Benefits Presentations and Discussion	<p>We discuss your individual End-User Channel Benefits assignments, with the goals of illustrating segmented demands for the “elements of how” that the channel provides and of showing how marketing research can identify these benefit demands and the resulting channel segments.</p> <p><i>Read/Prepare before class:</i> none.</p> <p><i>Slides to be used in class:</i> none.</p>
6	Channel Leverage: Sources and Analysis	<p>We discuss the first of our <i>Channel Implementation</i> topics, Channel Leverage and Power: the ways in which a channel member can influence others to take channel actions they would not otherwise take, and which improve channel performance/profitability. We apply these ideas to the establishment of channel relationships and partnerships.</p> <p><i>Read/Prepare before class:</i>  Channel Power, Conflict, Resolution (PCR) Workbook  <b>Field Guide</b>, Chapter 8: Channel Implementation: Become a Strategic Skeptic!  <b>Field Guide</b>, Chapter 10: How Do I Thrive With a Powerful Channel Partner?  <b>Field Guide</b>, Chapter 11: Why Do I Need a Channel “Relationship”?  <b>Field Guide</b>, Chapter 12: When Should I Take the Leap to Strategic Partnering?</p> <p><i>Slides to be used in class:</i>  Channel Leverage and Power</p>
6	Case Application: Clique Pens Case	<p>The Clique Pens case deals with the common dilemma faced by consumer-goods marketing companies in managing their sales and marketing efforts toward both their retail “partners” and their ultimate consumers. Channel power issues are important in managing these channel relationships. The case also highlights the classic tension between the sales and marketing teams within the company.</p> <p><i>Assignment: If chosen, your individual Clique Pens case memo is due at the beginning of class.</i></p> <p><i>Read/Prepare before class:</i>  Clique Pens case  Study Questions for Clique Pens case</p>

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7	Channel Conflict and Governance Analysis	<p>We discuss how to identify and analyze sources of channel conflict, i.e. the situation where a channel “partner” does not want to support your channel initiatives – and how to control (or prevent) it from occurring. This informs the decision about how to <i>govern</i> your channel to guard against the decline of your channel’s function and the quality of your relationships with your channel partners.</p> <p><b>Read/Prepare before class:</b>  <b>Field Guide</b>, Chapter 9: Suspenders Along With Your Belt: What Should I Do to Guard Against My Channel Relationships Going Awry?</p> <p><b>Slides to be used in class:</b>  Channel Conflict and Governance Analysis</p>
7	Channel Implementation in the Direct Selling Channel	<p>Executives from the direct selling channel will come to class to discuss how the direct selling channel works and how it – and other direct selling companies – use their leverage sources and channel function cost-bearing to encourage coordinative behavior; and how their governance rules encourage performance of desired channel functions as well as protecting the investments in channel performance made by distributors and by the firm itself.</p> <p><b>OUTSIDE SPEAKER TBA.</b></p> <p><b>ATTENDANCE REQUIRED.</b></p>
8	Pricing Through the Channel	<p>We analyze the challenge of managing channel pricing and what tools and policies are available to motivate downstream channel partners to set the “right” price.</p> <p><b>Read/Prepare before class:</b>  <b>Field Guide</b>, Chapter 13: How Do I Price <i>Through</i> the Channel?</p> <p><b>Slides to be used in class:</b>  Pricing Through the Channel</p>

<b>Week</b>	<b>Topic</b>	<b>Comments</b>
8	Case Application: New Distribution Capability in the Airline Channel Case	<p>This multi-media interactive case on the airline industry allows you to diagnose misalignments in the air travel distribution channel and assess the viability of a suggested new technological standard (“NDC”) for the representation of much richer big data to convey airlines’ differentiated offerings to business and leisure travelers. This case is in an online, interactive form rather than in the standard paper-case form.</p> <p><b>Gary Doernhoefer, Principal, Skylarc, former General Counsel, IATA will debrief the case.</b></p> <p><i>Assignment: If chosen, your individual NDC case memo is due at the beginning of class.</i></p> <p><b>Read/Prepare before class:</b>  New Distribution Capability in the Airline Industry interactive, online case (accessed through Canvas)  Study Questions for New Distribution Capability in the Airline Industry case</p> <p><b>ATTENDANCE REQUIRED.</b></p>
9	Sales Force Compensation	<p>Your (or your partner’s) sales force is a channel partner in its (their) own right. They perform important and costly channel functions and their compensation is therefore an important element of managing the financials of your channel and incentivizing the behaviors you have designed for them to do in your channel.</p> <p><b>Read/Prepare before class:</b>  <b>Field Guide</b>, Chapter 14: Sales Force Compensation</p> <p><b>Slides to be used in class:</b>  Sales Force Compensation</p>
9	Case Application: Sondologics Case	<p>The Sondologics case examines the dual problems of retail price control and gray marketing through multi-channel systems. Gray marketing is the sale of real, authorized, branded products by unauthorized resellers, which can result in price erosion and the cannibalization of sales in the authorized channel structure. Resolving gray market problems requires the identification of the “culprit” supplying the gray market, and the design of monitoring and channel pricing policies to mitigate the associated channel conflicts.</p> <p><b>Andy Walker, CEO and Kishan Shah, COO of Channel IQ/Market Track, will debrief the case.</b></p> <p><i>Assignment: If chosen, your individual Sondologics case memo is due at the beginning of class.</i></p> <p><b>Read/Prepare before class:</b>  Sondologics case (to be distributed)  Study Questions for Sondologics case</p> <p><b>ATTENDANCE REQUIRED.</b></p>

<b>Week</b>	<b>Topic</b>	<b>Comments</b>
10	Channel Audit Presentations	<p><i>Assignment: Final Group Channel Audit Project Write-Ups are due at the beginning of class.</i></p> <p><i>Assignment: Each team will make a brief PowerPoint presentation of its channel audit topic and key findings/insights, either on March 6 or March 9.</i></p> <p><b>ATTENDANCE REQUIRED.</b></p>
10	Course Wrap-Up	<p>We complete our presentations of team channel audits; summarize the learnings and take-aways from class; and wish each other a good Spring Break!</p> <p><b>ATTENDANCE REQUIRED.</b></p>

