



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 415 H1 F

Sales and Distribution Channel Strategy, Fall 2014

Course Meets: Monday, 9:00 – 11:00AM, Classroom WO 30

Instructor: Prof. Mengze Shi. Rotman 568
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Course Scope and Mission

Structuring and managing a company's "route to market" is one of the most costly and difficult to reverse investments. Having a great product or service to sell is important, but without the right channel partners and strategies to bring your offering to the end-user, your chances of market success are slim. This course deals with questions regarding *what and how many intermediaries to partner with, what each partner's role and responsibilities should be, and how to motivate channel partners to perform at the highest level*. These issues affect consumer goods and services companies that hope to optimize their relationships with wholesalers and retailers; business-to-business firms working through independent distributors and sales representative firms; retailers seeking to improve their efficiency in an increasingly competitive marketplace; and intermediaries themselves, seeking to preserve their role in an increasingly fluid channel structure. We address these problems in the context of a wealth of current examples of companies whose channel decisions have had a strong impact on their performance. You will leave with a structure for analyzing existing channels or establishing new ones, as well as with tools for defining and resolving channel conflict and using your channel power to improve overall channel performance.

Key topics covered in the course include

1. Identify and satisfy the need of your end users;
2. Allocate costly activities among channel members to maximize value creation and efficiency;
3. Assess the performance of alternative channel designs: direct vs. indirect distribution, channel length, intensity of distribution, and exclusive versus nonexclusive distribution.
4. Diagnose sources of channel conflict and develop tools for channel conflict resolution.
5. Contemporary channel issues such as the growing power of retailers, managing hybrid channels, retailer-controlled brands (private labels), and distribution in an Internet world.

Course Prerequisites: RSM250H

Required Readings: A course package contains all the required cases and readings.

Evaluation and Grades

		<u>Due Date</u>
Class Participation	20%	Ongoing
Case Write Up	30%	Case discussion dates
Channel audit	20%	Last Day of Class
Final Exam	30%	During Final Exam Period

Class Participation

Your grade on class participation depends on my subjective evaluation on your contribution to class discussions. Specific evaluation criteria include:

- Preparation. Are you well prepared for (case) discussions? Do comments go beyond simple repetition of case facts? Are comments closely related to theories and concepts presented in previous classes?
- Contribution. Are you a good listener? Do comments help advance everyone's learning? Are you willing to interact with others in the classroom? Do your comments show evidence of assimilating and integrating what has been discussed in the course so far?
- Communication. Are comments presented in a concise way?

Written case analysis (For suggested format of write up, see Appendix 1 of this syllabus)

You will need to submit three (individual) case reports.

- Case 1 - choose 1 from "Invisalign" and "Electronic Arts".
- Case 2 - choose 1 from "Proctor & Gamble" and "Natureview"
- Case 3 – choose 1 from "Zara", "Tutor Time", and "Clique Pens"

The assignments have to be handed in at the beginning of the class.

Final Exam

The final exam will be case-based closed-book exam. You will be given the case a week ahead of exam date. However, you cannot bring your own case copy to the exam. You will be asked to answer a set of exam questions related to the case.

Missed Assignments

Students may miss an assignment due to illness, domestic affliction, or in the case of part time students, work commitments, without academic penalty providing the appropriate documentation is received and approved in a timely manner.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due

date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

A resolution will be determined by the instructor and may take the form of analyzing a different case.

Course Work & Academic Honesty

Submission of Assignments - Late submissions of any assignment may be considered; however, a resolution may be determined at the instructor's discretion and may include an academic penalty.

Accessibility Needs - The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: disability.services@utoronto.ca or <http://studentlife.utoronto.ca/accessibility>.

Academic Misconduct - The University's Code of Behaviour on Academic Matters ("Code") applies to all Rotman Commerce students. The Code prohibits all forms of academic dishonesty including, but not limited to, cheating, plagiarism, and the use of unauthorized aids. Students violating the Code may be subject to penalties up to and including suspension or expulsion from the University. A copy of the Code may be found at:

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>

Additionally, further information from the Faculty of Arts & Science regarding the procedures and prevention of Academic Offences may be found at

<http://www.artsci.utoronto.ca/main/faculty/acaresources/pdfs/academic-integrity-handbook-pt2-2008.pdf>

Students are expected to conduct themselves with the utmost integrity during their time at the University of Toronto and, without limiting the foregoing, will:

- Maintain an optimal learning and work environment for themselves and others (cooperation, keeping commitments, attendance, on-time arrival, preparation in advance, participation and non-disturbance during classes, provide support to colleagues and program administration...)
- Submit only original work, giving credit to others where appropriate;
- Neither give nor receive unauthorized aid in examinations or on assignments;
- Contribute substantially and proportionally to each group assignment;
- Ensure enough familiarity with the entire contents of group assignments so as to be able to sign off on them as original work;
- Accept and acknowledge that assignments found to be plagiarized in any way will be subject to sanctions under the University's Code of Behaviour on Academic Matters;
- Represent themselves honestly to members of the Rotman Commerce community and to outsiders;
- Represent Rotman Commerce appropriately to the outside world, and act as professionals (integrity, deportment, reasonableness and respect).

Weekly Schedule

Session	Topic	Reading/Case
#1 - Sep 8	– Course introduction	– Review Syllabus
#2 - Sep 15	– Channel design – Channel value, activities, end-user interface, gap analysis	– <u>Case</u> : Ford Motor: Dealer Sales & Service – “Customer Driven Distribution Systems”
#3 - Sep 22	– Direct sales channel	– <u>Case</u> : Invisalign: Orthodontics Unwired – “Hybrid Channel”
#4 - Sep 29	– Online sales channel – Multiple channel	– <u>Case</u> : Electronic Arts introduces <i>The Sims Online</i>
#5 - Oct 6	– Co-opetition	– <u>Case</u> : Proctor & Gamble: The Wal-Mart Partnership (A)
October 13: No Class – Thanksgiving		
#6 - Oct 20	– Channel economics – Legal issues	– <u>Case</u> : Natureview – “Legal issues in channel management”
#7 - Oct 27	– Guest speaker	– TBA
#8 - Nov 3	– Vertical Integration (Ownership-based channel management)	– <u>Case</u> : Zara – “Vertical integration is dead, or is it?”
#9 - Nov 10	– Franchise (Contract-based channel management)	– <u>Case</u> : Tutor Time (B) – “A note on franchising”
Nov 17: Fall Break		
#10 - Nov 24	– Market-based channel management	– <u>Case</u> : Clique Pens: The Writing Implements Division of U.S. Home – “Push and Pull: A one-two punch for packaged products”
#11 – Dec 1	– Presentation (Channel Audit Study) – Review	
#12 – Dec 3	– Field Visit	– TBA
Final Exam (dates TBD)		

Appendix: Guidelines for Case Report

Due: At the *beginning of class* on the day the case is discussed.

Format: Reports should be double-spaced, with adequate top, bottom, and side margins (≥ 1 inch) to allow grader to make comments. Reports should be **no more than 3 pages longer**. You can have an appendix with figures, tables, and excel sheets of analysis.

I recommend you use the following **case analysis framework** that consists of four major components: define the problems that company faced, present the alternative solutions, discuss the critical issues bearing on the choice of alternative, and conclude with your selection.

1. Problem definition: In this part, you may discuss, first, the company's *goals*, which are a set of objectives the management hopes to achieve. Second, you may discuss the *difficulty (obstacles)* that prevented the firm from achieving the goals. In the cases where you can identify many distinct problems, you may focus on the *most important ones*, and the ones that the case provide sufficient information for your analysis.

2. Alternatives: In this part, you present a list of **best alternative**, NOT all alternatives.

- The alternatives are competing approaches that are *significantly different from each other*.
- The alternatives should be as fully specified in order to be adequately evaluated. This requires you to think through all aspects of each alternative.
- **No more than 4 alternatives** for meaningful discussions.
- You may consider using labels for each of your alternatives (e.g. "McFord" – designing Ford service outlets like McDonald's, which is fast and convenient.).
- Avoid (a) the "wait for more research" type of alternative; (b) alternatives that have little information in the case (you then need to rely on wild guesses).

3. Critical issues: This part evaluates the causal factors affecting alternative success. Presumably each critical issue can illuminate a crucial factor for analysis. For example,

How motivated were the orthodontists in promoting Invisalign over regular braces?

The answer to the critical issues should help you develop the proposed solution. Since all the cases are channel-strategy related, usually

(a) *analysis of end-user needs (and sometimes the intermediaries) with respect to channel service, and*

(b) *analysis of forces that motivate the channel players,*

can provide useful insights in channel design and management.

4. Conclusion: This part integrates your answers to the critical issues, building on each to show how one alternative is better than another (or all others). Numerical analysis that can support your arguments can be invaluable. When financial data are available, you may create pro-forma profit and loss statements for each alternative. In general, a good conclusion reviews each of the alternatives presented, weighs each against the others, and identifies the key reasons for choice.