

**Joseph L. Rotman School of Management
University of Toronto**

RSM 3056: Current Topics in Marketing Strategy

Prof. David Soberman Tel:(416) 978-5445
Office 5066 E-mail: david.soberman@rotman.utoronto.ca

Spring 2016

This course builds on RSM 3052, and its aim is to expose students to the frontiers of research in theoretical/empirical marketing strategy so that you can start to think about a dissertation topic. Generally, we will examine papers of recent vintage, some still in working paper form, to expose you to current developments in the field. The aim of the course is to prepare you for a career in research and most immediately in terms of producing a second-year research paper. At least one class per student will be reserved for discussion of his/her second-year paper.

The course will meet weekly on Thursdays 1:30-4 pm in 6024. Typically, we will discuss one topic a week—in some cases, for “big” topics, over two weeks—and each topic will have several papers assigned to it. Students will be assigned to topics by rotation/interest/ expertise. Assigned students will be expected to present the topic to the class, in a format described below. Non-assigned students should be prepared with questions to ask of the presenting student—your class participation grade will depend on it as discussed below.

The course grade is based on three criteria: (1) class participation (20%), (2) presentation and discussion of papers assigned to you (30%), and (3) a research proposal (50%).

Class participation

All students should come prepared to discuss the papers assigned for each class. Your grade on class participation will be based on your ability to ask/answer questions, or otherwise contribute to class discussions, when you are *not* the presenting student for the week.

Presentations and discussion of papers

Your presentations should cover the following ground:

- (1) Introduction: (a) problems/issues being examined in the paper, (b) relationship to the literature (briefly—if applicable, focus on earlier papers in the same module). (2 slides)
- (2) For theory papers:
 - (a) Brief description of model set-up (1 slide); (b) Main results/propositions? (up to 3 slides) (c) What drives the results? (1 slide)

(2) For empirical papers:

(a) Theory underlying the empirical work (1 slide) (b) Data sources (1 slide). (c) Identification strategy. Are the data adequate to address the questions motivating the paper? (1 slide) (d) Empirical methodology (up to 3 slides) (e) Results (up to 2 slides).

(3) Overall Assessment/Conclusions: Brief assessment of the contribution of the paper. Is the contribution of the paper interesting, useful and significant? How would you improve/extend the paper? (2 slides)

In short, *up to* 9 slides per theoretical paper and *up to* 12 slides per empirical paper. The presentations should be in the form of PowerPoint or Adobe Acrobat files. Your presentation mark will be based on the quality of your write-up and your ability to answer/respond to questions.

Research proposal

The research proposal is a good way to start thinking about a second-year paper. It can be about a theoretical topic or an empirical topic. As noted below, it should go beyond a literature review, to a concrete idea and some “results.” The page limit is 10 double-spaced pages. The research proposal is due by April 30, 2015. You should talk to me as soon as you can about your ideas for the proposal.

The proposal should be organized as follows:

(1) Motivation (problems/issues being examined, why they are important, proposed contribution)

(2) Related Literature, including discussion of how it relates to your proposed research (please note: only *related* literature—not encyclopedic review)

(3) For theory papers: model set-up, some results, anticipated results, and testable predictions (if any).

For empirical papers: theory underlying the proposed empirical work—model and predictions, possible data sources, empirical identification strategy, estimation methodology, some descriptive results, and anticipated (causal) results.

Guest speakers

Several faculty will be invited to come to the class and present their current work. The idea is to broaden your exposure to other faculty, so that you become familiar with the diversity of research being conducted at Rotman.

READING LIST

The reading list reflects a combination of developing areas of significant research potential, and student interests.

1. Advertising I

Already Reviewed in RSM 3052

- a) Grossman, G. M., & Shapiro, C. (1984). Informative advertising with differentiated products. *The Review of Economic Studies*, 51(1), 63-81.

New

- b) Mayzlin, Dina, Jiwoong Shin. 2011. Uninformative advertising as an invitation to search. *Marketing Science* 30(4) 666.685.
- c) Anderson, Simon P., Régis Renault. 2009. Comparative advertising: disclosing horizontal match information. *The Rand Journal of Economics* 40(3) 558.581.
- d) Klein, Benjamin, Keith B. Leffler. 1981. The role of market forces in assuring contractual performance. *Journal of Political Economy* 89(4) 615.641.

2. Advertising II: Targeting

- a) Chen, Y., & Iyer, G. (2002). Research note consumer addressability and customized pricing. *Marketing Science*, 21(2), 197-208.
- b) Iyer, G., Soberman, D., & Villas-Boas, J. M. (2005). The targeting of advertising. *Marketing Science*, 24(3), 461-476.
- c) Soberman, D. A., & Parker, P. M. (2006). The economics of quality-equivalent store brands. *International Journal of Research in Marketing*, 23(2), 125-139.

3. Marketing of credence goods

- a) Dulleck, Uwe, and Rudolf Kerschbamer. "On doctors, mechanics, and computer specialists: The economics of credence goods." *Journal of Economic literature* (2006): 5-42.
- b) Brown, Jennifer, and Dylan B. Minor. *Misconduct in Credence Good Markets*. No. w18608. National Bureau of Economic Research, 2012.
- c) Inderst, Roman, and Marco Ottaviani. "Misselling through agents." *The American Economic Review* 99.3 (2009): 883-908.

4. Empirical dynamic models I: promotions

- a) Sun, Baohong. "Promotion effect on endogenous consumption." *Marketing Science* 24.3 (2005): 430-443.

- b) Hartmann, Wesley R. "Intertemporal effects of consumption and their implications for demand elasticity estimates." *Quantitative Marketing and Economics* 4.4 (2006): 325-349.
- c) Ailawadi K L, Gedenk K, Lutzky C, et al. Decomposition of the sales impact of promotion-induced stockpiling[J]. *Journal of Marketing Research*, 2007, 44(3): 450-467.

5. Guest speaker: Professor Matt Osborne speaking on dynamic empirical modeling (February 11)

- a) Ching, A.T., T. Erdem and M. Keane. 2014. A Simple method to Estimate the Roles of Learning, Inventories and Category Consideration in Consumer Choice, *Journal of Choice Modelling*, 13: 60-72.
- b) Ching, A. and M. Osborne (2015), "Identification and Estimation of Forward-Looking Behavior: The Case of Consumer Stockpiling," Working Paper.
- c) Yao, S., C. F. Mela, J. Chiang, and Y. Chen (2012), "Determining Consumers' Discount Rates with Field Studies," *Journal of Marketing Research*, XLIX (December), 822—841.

6. Online Marketing Activity

- a) Goldfarb, Avi, and Catherine E. Tucker. "Privacy regulation and online advertising." *Management Science* 57.1 (2011): 57-71.
- b) Scott K. Shriver, Harikesh S. Nair and Reto Hofstetter (2013), "Social Ties and User-Generated Content: Evidence from an Online Social Network," *Management Science*, Vol. 59, No. 6, 1425–1443
- c) Forman, Chris, Anindya Ghose, and Avi Goldfarb. "Competition between local and electronic markets: How the benefit of buying online depends on where you live." *Management Science* 55.1 (2009): 47-57.

7. Non-rational Consumers

- a) Chioveanu, Ioana, and Jidong Zhou. "Price competition with consumer confusion." *Management Science* 59.11 (2013): 2450-2469.
- b) Ellison, G., & Wolitzky, A. (2012). A search cost model of obfuscation. *The RAND Journal of Economics*, 43(3), 417—441.
- c) Chen, Yuxin, Ganesh Iyer and Amit Pazgal. 2010. Limited Memory, Categorization, and Competition. *Marketing Science*. 29(4): 650-670.

8. Social Responsibility and Green Marketing

- a) Sankar Sen, C.B. Bhattacharya (2001) Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility. *Journal of Marketing Research*: May 2001, Vol. 38, No. 2, pp. 225-243.
- b) Banerjee, S. and L. Wathieu (2013), "Marketing Social Responsibility," Working Paper, ESMT, Berlin, Germany.

- c) Iyer, Ganesh K. and David A. Soberman (2015), "Socially Responsibility and Product Innovation." forthcoming at *Marketing Science*.

9. Guest speaker: Professor Joshua Gans speaking on 2-sided media markets (March 10)

- a) Jean-Charles Rochet and Jean Tirole (2003), "Platform Competition in Two-sided Markets, " *Journal of the European Economic Association*, Vol. 1, No. 4 (Jun., 2003), pp. 990-1029
- b) Marc Rysman (2009), "The Economics of Two-Sided Markets," *The Journal of Economic Perspectives*, Vol. 23, No. 3 (Summer, 2009), pp. 125-143