CIEE Barcelona, Spain

Course name: Competitive Strategy: A European Perspective
Course number: ECON 3005 BASP
Programs offering course: Barcelona Business and Culture, Barcelona Economics and Culture, Barcelona Language and Culture
Language of instruction: English
U.S. Semester Credits: 3
Contact Hours: 45
Term: Spring 2020

Course Description

In this course we will analyse the strategic decisions made by firms to compete successfully in the marketplace, with a special emphasis on European specific problems and environment. The course will provide basic foundations of industrial economics, an introduction to game theory as a tool of strategic thinking but also consider other approaches from management science. We will consider American, European and Spanish firms case studies. We will also discuss the implications and limitations of corporate strategy given by competition law.

Learning Objectives

The course aims at developing the necessary skills about how to:

- Explain firm profitability and competitive advantage in relation to strategic decisions.
- Provide a variety of frameworks to understand a business environment.
- Develop tools to define the market and your business to formulate a strategic position.
- Understand how to compete (or cooperate) with your rivals in a market.
- Learn the implications of your decisions from a regulatory or legal perspective.

Course Prerequisites

3 semesters of college-level micro- or macroeconomics. 1 semester of calculus recommended.

Methods of Instruction

The course will be taught in English, lectures will be presented in PowerPoint slides, we will discuss many cases and a guest lecturer and a fieldtrip. There will be class debate in every class, for example, to discuss a Harvard Business School case, a short newspaper article or to perform a simulation experiment. These activities will comprise 40% of time of every session. Active participation and debate is greatly encouraged.
Assessment and Final Grade

Grading will be based on the following:

1. Midterm Exam: 30%
2. Final Exam: 30%
3. Class participation and case write-ups: 20%
4. Term paper presentation: 20%

Course Requirements

Midterm and final exams
The exam will include some short questions, true-false with short explanations and a longer essay question about a short case/article provided in the exam. Each exam will last 80 minutes. The student will not pass the course without any of these two examinations.

Class participation and case write-ups
Students are expected and encouraged to participate in class discussion and perform short quizzes. Readings (short, about ten-page article/cases) are assigned on a daily basis. (Books will be available in the CIEE library). Students are also expected to answer some three or four basic questions about the cases to be discussed in class.

Term paper presentation
The term paper will be a short description or analysis of the competitive strategy of a firm, no more than eight pages, with double spaced lines. In session seven, students will present the firm (selected by them), the introduction and motivation of the paper to get feedback from the class and the professor. The main findings and conclusions will be presented in class during the last two sessions with a final draft. The final and definite version of the paper will be handed in the day of the final exam. It will count as 20% of final grade.

CIEE Barcelona Attendance Policy
Students are expected to attend all scheduled class sessions on time and be prepared for the day’s class activities. CIEE does not distinguish between justified or unjustified absences, whether due to sickness, personal emergency, inevitable transportation delay and/or other impediments. You are considered responsible of managing your own absences. Please keep in mind that exams, paper submission dates, presentations and any other course work deadlines cannot be changed.

No academic penalty will be applied if students miss up to 3 class sessions. If students miss up to 5 class sessions, students’ final course grade will drop 5 points out of 100 on the CIEE grade scale for each additional absence beyond 3 (for example a 95 will become a 90 if they reach the 4th absence, and an 85 if they reach the 5th absence). Students will automatically fail the course if they miss more than 20% of total class hours (i.e. if they exceed 5 absences).

For students who miss up to 20% of the total course hours due to extenuating circumstances, the Academic Director may allow for exceptions to the local attendance policy based on documentation
such as proof of bereavement, religious observances, hospitalization etc.

Students arriving more than 10 minutes late to the class will be considered absent for a day.

**Weekly Schedule**

**Week 1**
Recommended reading: Besanko et al Introduction
Case discussion:
The Espresso Anomaly Chobani Yogurt: Culture as a competitive advantage

**Week 2**
Topic 2. Developing strategy and defining: the horizontal and vertical boundaries of the firm.
Recommended reading: Besanko et al chapter 2 and 3.
Case discussions:
Inditex - Zara
Mercadona
The Investment Game (in class experiment)

**Week 3**
Topic 3. Industry analysis – Value Net
Recommended reading: Besanko et al chapter 10.
Case discussion: Crown, Cork and Seal

**Week 4**
Topic 4. Strategic Positioning
Recommended reading: Besanko et al chapter 11.
Case discussion: Sunrise Medical

**Week 5**
Topic 5. Competitors and competition. Market definition and structure
Recommended reading: Besanko et al chapter 6.
Case discussion: Whole Foods and Wild Oats

**Week 6**
Topic 5 (cont.) Market Power - Price discrimination
Guest Speaker: To be announced
Term paper: short presentation (5 minutes) of the topic selected by the student

Week 7

Topic 5 (cont.) Competition Law and Policy – EU versus USA.
Introduction to Game Theory.
Case discussion: Virgin Atlantic and British Airways
Cournot and Bertrand competition.
In class experiment – Strategy simulations
Midterm

Week 8

Topic 6: Strategic Commitment
Required reading: Luis Garicano, Game theory, how to make it pay, in Mastering Strategy
Recommended reading: Besanko et al chapters 6 and 7

Week 9

Topic 7. Dynamics of Price Competition and Price Wars
Recommended reading: Besanko et al chapter 8.
Required reading: Luis Garicano y Robert Gertner, “The Dynamics of Price Competition” in Mastering Strategy
Case discussion:
Marlboro Friday, cigarette pricing wars in the USA and in Spain
Cartels: The envelope industry in Spain
FIELD VISIT: To Be Announced

Week 10

Case discussions:
Inditex – Zara: What is quality?
iPhone 5S and 5C
Sunrise Medical revisited

Week 11

Topic 9. Entry and Exit
Recommended reading: Besanko et al chapter 9.
Case: Dogfight over Europe: Ryanair
Term paper: final oral presentation

Week 12

Final Exam
**Course Materials**

**Readings**


**Cases**

Ghemawat and J.L. Nueno Zara. HBS case 703497.  
Hammer and R. Rosenbloom Crown, Cork & Seal. HBS case 388096  
McGahan, A. Sunrise Medical. HBS case 794069  
Rivkin, J. Dogfight over Europe: Ryanair (A). HBS 700115  
Ton Z. and S. Harrow. Mercadona. HBS case 610089