



ENGAGE. EXPERIENCE. EMBRACE. EDUCATE.

## Study Center in Barcelona, Spain

<b>Course name:</b>	Competitive Strategy: A European Perspective
<b>Course number:</b>	ECON 3005 BABC
<b>Programs offering course:</b>	Barcelona Business and Culture
<b>Language of instruction:</b>	English
<b>U.S. Semester Credits:</b>	3
<b>Contact Hours:</b>	45
<b>Term:</b>	Summer 2018

### Course Description

In this course we will analyze 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 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:

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

### Course Prerequisites

Some prior knowledge of business economics is recommended, but not necessary.

### 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.



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## **Assessment and Final Grade**

1. Mid-term Exam	30%
2. In-class case write-ups and Term Paper	35%
3. Final	35%

## **Course Requirements**

### **Class discussion**

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).

### **Case Questions**

Students are expected to answer some three or four basic questions about the cases to be discussed in class.

### **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.

### **Term paper**

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.

### **Attendance and Class Participation**

Students are expected to attend all scheduled class sessions on time and prepared for the day's class activities. CIEE does not distinguish between justified or unjustified absences, whether due to sickness, personal emergency, inevitable transport 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 2 class sessions. If students miss up to 3 class sessions, students' final course grade will drop 1 point out of 10 on the Spanish grade scale for each additional absence beyond 2 (for example a 9.5 will become a 8.5 if they reach the 3th absence). Students will automatically fail the course if they miss more than 20% of total class hours (i.e. if they reach the 4th absence).

For students who miss up to 20% of the total course hours due to extenuating circumstances, the RD 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. Late assignments will be marked down 10% after the first day and 5% every day afterwards. No coursework will be accepted after the last day of class.

Textbooks:

Besanko, D., D. Dranove, M. Shanley and S. Schaefer, (2004) *The Economics of Strategy*, 3rd edition, J. Wiley and Sons  
(There are many editions of this text, but you can use any edition)

Andreosso, Bernadette and David Jacobson (2005). *Industrial Economics and Organization: A European Perspective*, 2nd edition

University of Chicago, Insead, University of Michigan Business School, SAID Business School (2000) *Mastering Strategy: the Complete MBA Companion in Strategy*, Financial Times/ Prentice Hall

## **Weekly Schedule**

Session 1:

Topic 1. Introduction. Explaining profitability. Defining Strategy. Cultural approaches to Strategy.

Recommended reading: Besanko et al Introduction

Required reading: John Kay, "Strategy and the delusion of Grand Designs" in *Mastering Strategy*

Case discussion:

- i. Cooperativas de Mondragón & Irizar
- ii. Chobani Yogurt: Culture as a competitive advantage

Session 2:

Topic 2. Defining: Horizontal and vertical boundaries of the firm.

Recommended reading: Besanko et al chapter 2 and 3.

Case discussions:

- i. Inditex - Zara

- ii. Mercadona
- iii. The Investment Game (in class experiment)

Session 3:

Topic 3. Industry analysis – Value Net  
 Recommended reading: Besanko et al chapter 10.  
 Required reading: John Kay, “Strategy and the delusion of Grand Designs” in *Mastering Strategy*  
 Case discussion: Crown, Cork and Seal

Session 4:

Topic 4. Strategic Positioning  
 Recommended reading: Besanko et al chapter 11.  
 Required reading: Adam M. Brandenburger and Barry J. Nalebuff, “The Right Game: Using Game Theory to Shape Strategy” en Harvard Business Review, *Harvard Business Review* 73, no. 4 (1995): 57–71  
 Case discussion: Sunrise Medical

Session 5:

Topic 5. Competitors and competition. Market definition and structure  
 Recommended reading: Besanko et al chapter 6.

Session 6:

Topic 5 (cont.) Market Power - Price discrimination  
 Guest Speaker: To be announced

Session 7:

*Term paper: short presentation of a case selected by the student*  
 Topic 5 (cont.) Competition Law and Policy – EU versus USA. Introduction to Game Theory.  
 Case discussion: Virgin Atlantic and British Airways

Session 8:

*Midterm*

Topic 5 (cont.) Cournot and Bertrand competition.  
 In class experiment – Strategy simulations

Session 9:

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

Session 10:

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" en *Mastering Strategy*

FIELD VISIT: To Be Announced

Session 11:

Topic 8. Differentiation. Location models: Hotelling

Case discussion:

- i. Marlboro Friday, cigarette pricing wars in the USA and in Spain
- ii. Cartels: The envelope industry in Spain

Session 12:

Topic 8 (cont.) Differentiation. Quality Competition

Case discussions:

- i. Inditex - Zara (II)
- ii. Mercadona (II)
- iii. Sunrise Medical (II)

Session 13:

Topic 9. Entry and Exit

Recommended reading: Besanko et al chapter 9.

Case: Dogfight over Europe: Ryanair

Session 14:

FIELD VISIT: To Be Announced

*Term paper: final oral presentation*

Session 15:

*Final Exam*

## Readings

### **Books:**

Besanko, D., D. Dranove, M. Shanley and S. Schaefer, (2004) *The Economics of Strategy*, 3rd edition, J. Wiley and Sons

Andreosso, Bernadette and David Jacobson (2005). *Industrial Economics and Organization: A European Perspective*, 2nd edition



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University of Chicago, Insead, University of Michigan Business School, SAID Business School (2000)  
Mastering Strategy: the Complete MBA Companion in Strategy, Financial Times/ Prentice Hall

**Cases:**

Alcacer J., T. Khanna, M. Furey and R. Mabud. Emerging Nokia. HBS case 710429.

Casadesus, R. and J. Mitchell. Irizar in 2005 HBS case 706424

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