



CIEE Barcelona, Spain

Course title:	Competitive Strategy: A European Perspective
Course code:	ECON 3005 BASP
Programs offering course:	Business and Culture, Economics and Culture, Language and Culture
Language of instruction:	English
U.S. semester credits:	3.00
Contact hours:	45.00
Term:	Fall 2023

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

By completing this course, students will:

- Evaluate firm profitability and competitive advantage in relation to strategic decisions.
- Examine a variety of frameworks to understand a business environment.
- Develop tools to define the market and your business to formulate a strategic position.
- Formulate how to compete (or cooperate) with your rivals in a market.
- Recommend strategic decisions taking in consideration regulatory and antitrust restrictions.

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

1.	Midterm Exam	30%
2.	Final Exam	30%
3.	Term Paper Presentation	20%
4.	Class Participation & Case Write-ups	20%
	TOTAL	100%

Course Requirements

Midterm Exam

Final Exam

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 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.

Class Participation & 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.

Attendance

To encourage engaged learning, regular class attendance is required throughout the program. This includes any required co-curricular class excursion or event, as well as internship, service-learning, or other required field placement.

An excused absence in a CIEE course will only be considered if approved by a CIEE Center Director/Academic Director (not the Instructor), and:

- it is a self-certified absence for illness (only once per course, requires formal request before or within 24 hours, cannot miss assessment worth more than 5% of final course grade)
- a doctor's note from a local medical professional is provided
- evidence of a family emergency is provided
- it is a pre-approved observance of religious holiday

Unexcused absences include personal travel and/or travel delays, as well as missing more than 25% of a single class period (including tardiness and early departure). Assessments missed due to unexcused absences will be marked as zero. Students with over 10% unexcused absences will be contacted by CIEE staff. Students with over 20% unexcused absences will be contacted by CIEE staff, receive a formal warning letter (shared with their home institution) and lose 10% of the final course point total (e.g., a final A grade of 93% will be lowered to a B grade of 83%).

For more detail, please consult your CIEE Academic Manual.

Academic Integrity

Academic integrity is essential to a positive and inclusive teaching and learning environment. All students are expected to complete coursework responsibilities with fairness, respect, and honesty. Failure to do so by seeking unfair advantage over others or misrepresenting someone else's work as your own can result in grade penalties or disciplinary action. See the CIEE Student Academic Manual for further information on academic integrity.

N.B. Course schedule and co-curriculars are subject to change. The final duration and distribution of content and assignments will be determined and presented to students at the onset of the course.

Weekly Schedule

Week 1

Class: 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:

The Espresso Anomaly Chobani Yogurt: Culture as a competitive advantage

Week 2

Class: Developing Strategy

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

Class: Industry Analysis – Value Net

Recommended reading: Besanko et al chapter 10.

Case discussion: Crown, Cork and Seal

Week 4

Class: 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

Week 5

Class: Competitors and Competition

Market definition and structure

Recommended reading: Besanko et al chapter 6.

Case discussion: Whole Foods and Wild Oats

Week 6

Class: Competitors and Competition (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

Class: Competitors and Competition (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

Class: 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

Class: 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

Class: Differentiation

Location models: Hotelling. Quality Competition.

Case discussions:

Inditex – Zara: What is quality?

iPhone 5S and 5C

Sunrise Medical revisited

Week 11

Class: Entry and Exit

Recommended reading: Besanko et al chapter 9.

Case: Dogfight over Europe: Ryanair

Term paper: final oral presentation

Week 12

Class: Final Exam

Course Materials

Readings

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

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

Rumelt, R. (2013) Espresso Anomaly, in Good Strategy, Bad Strategy: The Difference and Why it Matters, London, Profile Books

Ton Z. and S. Harrow. Mercadona. HBS case 610089