

# 30269 – Competitive strategies in creative industries

a.y. 2022/2023

Credits: 7

## Detailed course programme

### Instructors

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### Teaching Assistant

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## COURSE DESCRIPTION AND LEARNING OBJECTIVES

### Suggested background knowledge

This is an introductory course to business and corporate strategy, therefore there is no formal prerequisite. Students should be familiar with the fundamentals of management and microeconomics.

### Mission and content summary

In this course, we will explore the decisions that executives in the creative industries have to make in order to carve competitive positioning and ensure long-term sustainability for their companies. The course is organized into four modules, with the goal to help students develop an analytic toolkit for understanding strategic issues and hone their ability to structure complex business problems and make decisions in lack of complete information.

Specifically, in the **first module** of the course, we will focus on the formulation of competitive strategy for a given business of a firm (*how* to play in relation to the external and internal environments and the changes both constantly undergo); in the **second module**, we will develop an understanding on how multi-business firms determine the scope of their activities (*where* to play in terms of product/customer segments, geographies and value chains); in the **third module**, we will focus on operations management and its strategic centrality to cope with constant changes in customer preferences, networks of supply and demand, and developments in technology; in the **last module**, we will analyze strategic decisions that are specific of and key to current competitive landscapes in the creative fields.

The course is primarily designed for students who wish to pursue a career in creative industries or who are planning to work in or create companies that advise or support these fields. The ultimate objective of the course is to provide students with a coherent theoretical framework useful to the stimulation and development of their strategic decision-making in different situations.

## **Learning objectives**

By the end of the course, we aim at being able to:

- Identify, understand, and describe the competitive environment within diverse creative industries
- Evaluate the structural determinants of industry profitability and their dynamics
- Explain processes for transforming competitive advantages into sustainable competitive advantages
- Explore strategic decisions for growth and sustainability of organizations in the cultural fields
- Determine the optimal scope of a firm
- Describe and use foundational concepts in strategy such as industry dynamics, competitive advantage, resources and capabilities, organizational structure and how they relate to creative industries
- Describe and use foundational concepts in operations such as planning and control, supply chain management and corporate social responsibility
- Understand and assess current strategic trends in product portfolios, corporate scope and asset management within the industries of entertainment

In terms of pedagogy, the course will test your abilities in

- Applying the main concepts of business strategy to real life cases and strategic decisions (case discussions and group work activities)
- Describing the status of attractiveness of an industry and analysing a firm's strategy in the context of the competitive forces and the dynamics of its industry (case discussions and group work activities)
- Identifying the sources of a firm's competitive advantage and assessing its sustainability along time (case discussions and group work activities)
- Identifying and evaluating a firm's growth options (business simulation and negotiation)
- Problem setting, hypotheses making, information selection
- Analytical elaboration in complex settings (business simulation and negotiation)
- Teamwork and presentation (group work and activities)
- Constructive and active participation, synthesis skills, peer-reviewing (class participation, case discussions and group work activities).

Sessions will be devoted to either theoretical analysis, case discussions, student group work and presentations as well as business simulations.

## **INSTRUCTIONAL METHODS**

Frontal lectures will be coupled with intense class participation, discussion and debates, in-class exercises, and impromptu Q&A.

This will allow students to better work through difficult concepts and theories and develop their skills in tackling real issues and situations by applying theoretical constructs.

**Cases** are discussed in class with the purpose of bringing to life the concepts and frameworks learned during the course.

**Individual tasks** are used to develop critical thinking and analytical skills through the use of course concepts.

**Group assignments** and **business simulations** develop critical communication skills required to address strategic decision-making in group and organizational contexts.

## TEXTBOOKS AND REQUIRED READINGS

### Attending students

Course material will be made available via:

- Course reserve (CR) and ad hoc links;
- Lecturers' slides and other relevant material will be uploaded on Bocconi e-learning platform, Blackboard (B).
- N. SLACK, A. BRANDON-JONES, R. JOHNSTON, Operations Management. Prentice Hall, 8th edition (selected chapters).

Attending will be tested on the provided slides and materials available via Blackboard, the Case Studies discussed in class, and the bibliography listed in the detailed course schedule available via Course Reserve and ad hoc links.

Throughout the semester, materials may vary depending on the work in progress made in class.

### Non-Attending students

Non-attending students are required to read the following materials:

- R.GRANT, Contemporary Strategy Analysis, Wiley, 2022, 11th Edition (chapters 1-5; 7-10; 12-13)
- N. SLACK, A. BRANDON-JONES, R. JOHNSTON, Operations Management. Prentice Hall, 8th edition (chapters 1-3; 5; 12; 17)

## ASSESSMENT METHODS

Evaluation differs for attending and non-attending students.

Attending students participate to in class activity and prepare all required tests (as detailed below). The status of attending students is valid until the February 2023 session of exams. Students not completing all requirements will automatically become non-attending students.

Non-attending students are either students who participate to in class activities but opt for the final written exam only or students who do not complete ALL requirements needed to be considered attending.

Non-attending students are required to take a final written exam only, indeed.

Please note that the experience of the course differs radically, as well as time allocation.

Attending students will devote more time to class activity but will benefit from collective learning.

Non-attending students are asked to study the materials thoroughly and will not benefit from the risk diversification allowed by multiple tests.

As previously stated, attending students are required to realize that mere presence in class does not stand for class participation.

In the following page, you can find the different type of tests with the relative weight each modality includes.

|                        |  |                     |
|------------------------|--|---------------------|
| Attending students     | <b>Real-world case analysis</b> – individual preparation and group assignments | 20%                 |
|                        | <b>Strategy business simulation</b>  | 20%                 |
|                        | <b>Operations business simulation</b>  | 10%                 |
|                        | <b>Peer evaluation</b> on group simulations                                    | 5%                  |
|                        | <b>Class participation</b>   | Up to 1 extra point |
|                        | <b>Final written exam</b>  | 45%                 |
| Non-attending students | <b>Final written exam</b>  | 100%                |

See 'TESTS' section for the description of each assessment.

You will have to choose whether you want to be enrolled in the course as attending or non-attending, confirming your status (A or NA) via email to [margherita.mura@unibocconi.it](mailto:margherita.mura@unibocconi.it) within the first week of class (by Sunday, Sept. 11<sup>th</sup>).

## ATTENDANCE

Students are free to attend this course.

In case attendance is NOT chosen or attending status NOT respected (i.e., no completion of all required tasks), students will take the final exam at the end of the semester on official exam dates for code 30269. In case attendance is chosen, instructors recommend following the development of the course carefully with a weekly reading of all the theory material and participation in the debates in class.

**Attending students** are those who are present for at least 75% of classes and actively participate to class activity. Attendance will be recorded at the **beginning of the lecture** during the first 10 minutes. Roll call may be carried out during class.

### Be aware:

Signing in for a friend who is not in class or signing in while not being physically or virtually in class is considered not complying with the University Honor Code and implies not being able to take part to 6 months of exam sessions.

Active participation is encouraged and rewarded. It will be faculty responsibility to make sure that each attending student is given enough opportunities to speak out.

## TESTS

### Real-world case analysis – individual preparation and group assignments

For most sessions, you are asked to prepare on materials that are labelled as "preparatory" in the syllabus. These materials are case studies, and work as the starting point for the live sessions, helping us appraise theoretical frameworks through a learning by doing approach. Thus, individual reading of all preparatory materials is highly expected in advance to each class. In-class group activities will take place around the case studies and all students are asked to contribute actively to the assigned tasks. In-class activities come with quick formal outputs that groups have to upload on Bboard (technical instructions will be disclosed during class).

Taking part to in-class activities will count for **15%** of the final grade. Faculty will monitor and track students' presence. Peer evaluation within the groups arranged for in-class activities will count for **5%**

of the final grade. You must be aware that preparing in advance and contributing to group discussions is crucial for both your and classmates' learning outcome.

### **Business simulations**

Group works are designed to enhance the acquisition of course core issues, granting students the chance to immerse themselves in analytical or creative thinking exercises.

Students actively use the concepts and frameworks learned in class to craft the operations and corporate strategy of either a new entrepreneurial venture or an existing one. Students gain the ability to organize and manage a project within a team, the ability to develop an effective business strategy mindset (e.g., analysis of the market, understanding of requisite resources and capabilities, necessary organizational structure, etc.), and the ability to structure and deliver a winning presentation as well as handle an effective contract negotiation.

Further details will be disclosed along the semester at due date.

### *Strategy simulation*

Group assignment will develop around a main case study (Pacific Review – Disney/Pixar). The case study consists of an on-going set of activities, whose design is enhanced via a web-based learning environment. The aim of the project is to have students discuss of vertical integration decisions, through market contracts or acquisition in the form of incorporation under a management hierarchy. Either way, the management needs to be able to analyze alternatives, determine options, conduct a number of meetings and deal with potential conflictual situations. In other words, the management has to effectively negotiate their position with the counterpart.

Precisely, each group will be graded upon two outputs (ppt presentations, **each** counting for **10%** of the final grade).

### *Operations simulation*

The Global Supply Chain Management simulation aims at understanding the concepts of supply chain design, demand forecasting, resource allocation and production planning. During the simulations experience, students design a phone product line, forecast demand, choose a set of suppliers with different costs, lead times and capacity, and allocate production among their chosen suppliers. To manage the mobile phone supply chain successfully, students must balance competing priorities and create a supply chain that is flexible enough to react quickly to fluctuating demand. The output of the simulation will count for **10%** of the final grade).

### **Peer evaluation**

Group works relative to the simulations will include peer evaluation (**5%** of final grade). The form for peer evaluation will be provided on due time. The objective of peer evaluation is to train you to critically assess others' contribution to teamwork, as well as to signal and hinder free-riding.

### **Class participation**

Participation in class activity, contributions to in-class discussions, proactivity, and hands-on attitude will be considered to complete the evaluation. As anticipated, to encourage participation, attending students will be asked to prepare for specific sessions on several types of materials and work on instant assignments during class. Those materials are marked as "preparatory" on the detailed schedule grid (see below) and might be complemented with extras along the journey. In-class group activities will be scattered across the semester and may imply pre-work.

Participation quality is in the attitude, not in the output. Never worry about the "correctness" of what you say; self-reflect on the way you take part to the conversation.

When it comes to self-assess the quality of your participation, you may wish to include the following dimensions:

- **Relevance:** does the comment bear on the subject at hand? Comments that do not link up with what the discussion is focusing on can actually detract from the learning experience.
- **Causal Linkage:** are the logical antecedents or consequences of a particular argument traced out? Comments that push the implications of a fact or idea as far as possible are generally superior.
- **Responsiveness:** does the comment react in an important way to what someone else has said?
- **Evidence:** have data from the case, assigned readings, personal experience, general knowledge been employed to support the assertions made?
- **Importance:** does the contribution further our understanding of the issues at hand? Is a connection made with other cases we have analysed?

In order to give everybody the chance to express and share thoughts and ideas, classes have been organised around many themes and examples. Finally, be aware that you all share the responsibility for class success with the faculty. It is everybody's responsibility to create a constructive environment: come to class prepared, be proactive, act hands-on, and be open to fair and respectful confrontation.

Also, please be aware that the vast majority of class participants, including faculty, are not English native speakers: limited fluency in English cannot be considered as an excuse for poor participation.

**Up to 1 extra point** can be awarded to students that by the end of the semester have contributed consistent and high-value participation to class debates.

#### **Final written exam (attending)**

The final exam will be administered at the end of the course (regular exam sessions are available on your agenda). The test is composed of approximately 30 multiple-choice, true-false, and open-ended questions, and will test general understanding of course concepts and frameworks on the basis of materials for attending students. It will count for the **45%** of the final grade.

#### **Final written exam (NON attending)**

The final exam will be administered at the end of the course (regular exam sessions are available on your agenda). The test is composed of approximately 30 multiple-choice, true-false, and open-ended questions, and will test thorough understanding of the materials assigned to non-attending students (see section "Textbooks and required readings") It will count for the **100%** of the final grade.

#### ***Mock questions***

##### - **Open-ended**

How can positioning help explain why Southwest Airlines has outperformed its industry peers, even though the airline industry in general has been plagued by low performance?

Example of possible answer:

Southwest Airlines has created a competitive advantage and has outperformed its industry peers, proving that superior performance is possible when a firm chooses the right spot on the business landscape and the right business model to get to that spot and stay there. It has done so by positioning itself as an affordable provider of air travel that focuses on customers who are price-sensitive or who seek the convenience of reliable, frequent flights. Its service is deliberately no frills. It offers only economy class, does not have assigned seating, and serves no meals. It aims to be a low-cost competitor, focused on the market segment willing to forgo the amenities offered by typical airlines. In contrast to its full-service competitors, Southwest targeted price-sensitive customers and, especially in its early years, focused on midsize cities and the secondary airports of large cities. Southwest Airlines deliberately staked out a different, less competitive part

of the business landscape. This strategy helped the airline avoid the intense rivalry in other segments and mitigated the power of customers. On routes that Southwest serves, no other carrier offers the same combination of convenience and cost, and the airline attracts a self-selected segment of customers who have knowingly chosen a different flying experience.

- **Multiple choice**

In rapidly changing markets, which of the following is the BEST approach for a firm to use in selecting options?

- a. Continue to focus on the physical characteristics of products.
- b. Identify underserved customer segments.
- c. Pay attention to "bleeding edge" customers, whose demands often presage the needs of the larger marketplace. ✓
- d. Broaden the scope or range of the firm's customers.
- e. Identify overserved customer segments.

- **True/false**

When a firm has created a competitive advantage and achieved profitability, it has also achieved a sustainable competitive advantage.

- a. True
- b. False ✓

**PLEASE NOTE:**

**Grades registration, exams.**

Exams can be taken only by students that have enrolled in the exam session in advance.

If no enrolment is available, the exam CANNOT be graded, and it must be retaken on a further date.

**COURSE ETIQUETTE**

In your own interest and that of your colleagues, please observe the following courtesy rules:

1. Arrive in class on time; do not leave early (this works for both on-campus and in-distance attendance).
2. Participate actively in class and prepare materials in advance.
3. Pull your weight in group/joint work. Do not free-ride on your colleagues!
4. Feel free and encouraged to talk with the instructors for any doubt, difficulty, or dismay.
5. Have fun!

## DETAILED SCHEDULE Class 12

| DAY   | INSTRUCTOR | SESSION CONTENT   | LEARNING MATERIAL AND NOTES  |
|---|------------|---|--|
| 6/9   | Autera S.  | <b>Setting the stage</b><br><br>What is strategy?<br>What will we do?   | > <u>Mandatory</u><br><br>• Instructor's materials<br>• Harvard Business School: Introduction to Strategy (Casadesus-Masanell)   |
| <b>MARKET ATTRACTIVENESS</b>  |            |   |  |
| 8/9   | Autera S.  | <b>Fundamentals of industry analysis 1/2</b><br><br>The external environment and the forces that shape strategy     | > <u>Preparatory</u><br><br>• SoundCloud: Subscription Streaming? (case study)<br><br>> <u>Mandatory</u><br><br>• Instructor's materials<br>• Harvard Business School: Industry Analysis (Casadesus-Masanell)  |
| <b>DEADLINE: Sunday, Sept 11, 2022</b><br>please send an email to <a href="mailto:margherita.mura@unibocconi.it">margherita.mura@unibocconi.it</a> with the object "30269_class 11" to confirm whether you are attending (A) or non-attending (NA). |            |   |  |
| 13/9  | Autera S.  | <b>Fundamentals of industry analysis 2/2</b><br><br>PIE model and the role of complements                           | > <u>Mandatory</u><br><br>• Instructor's materials   |
| <b>COMPETITIVE ADVANTAGE</b>  |            |   |  |
| 15/9  | Autera S.  | <b>Sources and dimensions of competitive advantage</b><br><br>Differentiation and cost advantage, applied           | > <u>Preparatory</u><br><br>• Jason Blum's Blumhouse Productions (case study)<br><br>> <u>Mandatory</u><br><br>• Instructor's materials<br>• Harvard Business School: Competitive Advantage (Ghemawat, Rivkin)   |
| 20/9  | Autera S.  | <b>Value Innovation and dual advantage</b><br><br>The creation of new market space and the analysis of value curves | > <u>Preparatory</u><br><br>• Even a clown can do it, Cirque du Soleil A&B (case study)<br><br>> <u>Mandatory</u><br><br>• Instructor's materials<br>• W. Chan Kim and Renée Mauborgne, 1999. "Creating New Market Space", Harvard Business Review, January-February |

|                           |           |   |   |
|---------------------------|-----------|---|---|
| 22/9                      | Autera S. | <b>New sources of competitive advantage</b><br><br>Digital disruption   | > <u>Preparatory</u> <ul style="list-style-type: none"> <li>MRC's House of Cards (case study)</li> </ul> > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> <li>McCormick, C.J. 2016. "Forward is the Battle Cry: Binge-Viewing Netflix's House of Cards", in The Netflix Effect, ed. by McDonald and Smith-Rowsey (CR)</li> </ul> |
| <b>CORPORATE STRATEGY</b> |           |   |   |
| 27/9                      | Autera S. | <b>Fundamental of corporate strategy</b><br><br>Key vocabulary and the concept of synergies   | > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Harvard Business School: Corporate Strategy (Ghemawat, Rivkin)</li> <li>Instructor's materials</li> </ul>   |
| 29/9                      | Autera S. | <b>Decisions about business portfolio composition</b><br><br>Diversification strategy<br><br>Conglomeration in the entertainment business | > <u>Preparatory</u> <ul style="list-style-type: none"> <li>AT&amp;T: an underperforming conglomerate? (case study)</li> </ul> > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>  |
| 4/10                      | Autera S. | <b>Decisions about growth modes</b><br><br>Organic & Inorganic growth<br><br>Governance costs and structures                              | > <u>Preparatory</u> <ul style="list-style-type: none"> <li>Pacific Review (business simulation)</li> </ul> > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>   |
| 13/10                     | Autera S. | <b>Decisions about growth modes</b><br><br>Inorganic growth alternatives<br><br>Negotiation theory  | > <u>Preparatory</u> <ul style="list-style-type: none"> <li>Pacific Review group output 1</li> </ul> > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>  |
| <b>MID-TERM BREAK</b>     |           |   |   |
| 27/10                     | Autera S. | <b>Negotiation: live!</b>   | > <u>Preparatory</u> <ul style="list-style-type: none"> <li>Pacific Review group output 2</li> </ul>  |

|   |             |  |   |
|---|-------------|--|---|
| 3/11  | Autera S.   | <b>Vertical integration</b><br><br>Ownership test  | > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>   |
| <b>OPERATIONS MANAGEMENT</b>                            |             |  |   |
| 8/11  | Veronesi V. | <b>Operations strategy and Operations Management</b>   | > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>   |
| 10/11   | Veronesi V. | <b>The Calvisius Caviar Case</b>   | > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>   |
| 15/11   | Veronesi V. | <b>The Global Supply Chain Management Simulation</b>   | > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>   |
| 17/11   | Veronesi V. | <b>The Global Supply Chain Management Simulation</b>   | > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>   |
| 22/11   | Veronesi V. | <b>The Global Supply Chain Management Simulation - debrief</b>   | > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>   |
| 23/11   | Veronesi V. | <b>Network based supply chain Vs. Integrated Supply Chain</b>  | > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>   |
| <b>SELECTED STRATEGIC ISSUES IN CREATIVE INDUSTRIES</b> |             |  |   |
| 24/11   | Autera S.   | <b>Decisions about product portfolio</b><br><br>Blockbuster strategy                                   | > <u>Preparatory</u> <ul style="list-style-type: none"> <li>Grand Central Publishing (case study)</li> </ul> > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>  |
| 29/11   | Autera S.   | <b>Decisions about competitive positioning</b><br>Scale and budget allocation<br><br>Talent Management | > <u>Preparatory</u> <ul style="list-style-type: none"> <li>Octone Records (case study)</li> </ul> > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> <li>Elberse, A. 2011. The Creative Industries: Managing and Marketing Talent, Harvard Business School</li> </ul> |
| 1/12  | Autera S.   | <b>Platforms and networks</b>  | > <u>Mandatory</u> <ul style="list-style-type: none"> <li>Instructor's materials</li> </ul>   |

|      |           |   |   |
|------|-----------|---|---|
|      |           | Platform-economy and demand-side increasing returns | <ul style="list-style-type: none"> <li>• Shapiro, C. and Varian H.R. Networks and Positive Feedback, in "Information Rules: A Strategic Guide to the Network Economy", Harvard Business School Press</li> </ul> |
| 6/12 | Autera S. | <b>Final Wrap Up</b>                                |   |

**Please note:** The above schedule of topics and readings might be subject to change. As a class, we might find ourselves in need to deepen a topic or explore new proposals coming from you, or we might need more time to clarify difficult concepts.  
Of course, we will let you know if there will be changes to the schedule or the readings.

### Legenda

Preparatory: what you need to (MUST) read before class

Mandatory: what you are expected to study along the journey, with reference to each class topic

### Office hours

Office hours are available at (<http://www.uni-bocconi.it> > Didattica > Orari Aule Calendari > Orario di Ricevimento Docenti).

Office hours could vary: please check on the website and write an email to the instructor.

### Department of Management and Technology

Students may contact the course office through the Help&Contact procedure in YoU&B

### Staff: Tatiana Timofeeva

Röntgen, 1 – IV Floor – Room 4-C3-02 // Ph. 02.5836.2633-2632

### HONOR CODE

Università Bocconi conceives of education as an ongoing process that stretches across a person's entire professional life. The University hopes that the entire Bocconi community will respect the values of fairness and correctness associated with it, values which inspire and guide the conduct of all community members as they pursue common objectives and a shared mission.

The Università Bocconi Honor Code is published at <http://www.unibocconi.eu/honorcode>. We encourage all students to read it.