

Team Project Assignment
ECO 610
Fall 2018

Our focus in the second half of the semester is the external environment in which firms compete. Market structure influences the nature and degree of competition among firms, and so an understanding of the economic characteristics of different types of markets is important. The team project component of your grade in this course is designed to motivate an in-depth analysis of a particular industry. Each of you will be semi-randomly assigned to a team of four or five students. Each team will be given a specific task that will require you to research an industry so that you become something of an expert. Sources that you might use for your research include library and internet resources, as well as discussions with persons knowledgeable about the industry. Teams will be selected and specific assignments given at the end of class Tuesday, October 23rd.

You should convey your research findings in a business-style report. You should write a seven to ten page report (12 pt. font, double-spaced, one-inch margins) that could be submitted to professional clients who have commissioned your consulting group to do the study. Make sure that you appropriately cite all of the outside references that you use, because your clients will not want to make important decisions based on unreliable sources or flimsy evidence and research. Be careful and efficient in your writing. Two of my favorite essays on business writing are “It Is Recommended That You Write Clearly,” by Gary Blake, *WSJ*, 4/3/95:

<http://search.proquest.com.ezproxy.uky.edu/docview/398553202/48E61259468E4A5BPQ/42?accountid=11836> and “How to Write Good,” by Michael O’Donoghue, originally published in *The National Lampoon*, http://workableweb.com/pages/tips_how_to_write_good.htm. A concise list of do’s and don’ts is contained at <http://www.plainlanguage.gov/examples/humor/writegood.cfm>.

Attach as an appendix to your report a hard copy of each of the sources that you use! If you cite a book or long article, only include the title page and the pages you refer to in your report. For short articles from periodicals, newspapers, and internet sources, include the entire piece. Then in your memo you can use very brief citations to your sources, e.g. see Appendix A-1. The cover page to the appendix can serve as your reference list. BTW, I have found that the quality of the appendix correlates very closely with the quality of the body of the report, and I conjecture that the relationship is causal.

The written report is due Tuesday, December 4th. Your group will also make an oral presentation of your analysis in class that evening. I will grade your written report and return it to you with detailed comments. The oral presentation will be a minor part of your grade—the primary purpose is to give you practice in making a professional presentation. Harvie or Karl and I will evaluate your oral communication skills and give you feedback.

Team Assignment Procedure:

Read the eight different project descriptions below. If it does not matter to you which project and team you work on, I will assign you to one of the undersubscribed groups. If you have a preference for one of the projects, then communicate that preference to me prior to the start of class on Tuesday, October 23rd. I will put the projects and the team members on the board at the end of class. If five or fewer students request a specific project, then those people will be locked onto that team. If more than five people request to be assigned to the same team/project, then I will randomly select enough students from that group to take the team down to five, and allow those students to choose another team/project to join.

Projects

1. A large homebuilder/real estate developer located in the Southeastern U.S. buys large quantities of lumber year in and year out. They regularly experience lumber prices going up and lumber prices going down. Lately they have been going down, way down. They contract with your consulting team to study the timber/lumber market. How would you characterize this market? You should analyze current market conditions, historical trends, and what the future looks like for this industry. A suggested starting place is “Tree Glut Uproots Southern Investors,” *WSJ*, 10/10/18.
2. Cobalt, Platinum, Palladium? Prices of each of these precious metals have been jumping around quite a bit the past several years. It has something (actually, a lot) to do with gasoline propulsion vs. electric propulsion of automobiles, and how changes in automobile propulsion affect markets for various different metals. An automobile parts manufacturer that makes catalytic converters is thinking about adding car batteries to its product line, and wants a thorough analysis of the markets for these metals. Discuss market structure, current market conditions, historical trends, and what the future looks like. A suggested starting place is “Palladium Leads a Rebound in Metals,” *WSJ*, 9/25/18.
3. If you have lived in Lexington for any length of time, and don’t eat all of your meals at home, then you may have noticed the turnover that seems to occur in the sit-down (not fast-food) restaurant market. New restaurants open on a regular basis, while at the same time existing restaurants close their doors and disappear. Describe and analyze the market for sit-down restaurants in Lexington. Explain the characteristics of market structure. How would you assess the long-run profit prospects for a new and unique restaurant concept that some of your friends are contemplating opening?
4. Suppose UK were contemplating entering the online market for MBA education. The program would offer students in the evening/professional program the option of attending class in person as is currently done, or attending remotely via an online connection. Students would thus be able obtain an MBA from UK and only have to be physically present on campus on selected occasions. You are asked to analyze the market for such a hybrid/online MBA program. What is the product market like? In other words, what other MBA programs would be considered close enough substitutes such that they are in the same product market as the proposed UK program? What other types of MBA programs are enough different so that prospective students would consider them to be in separate product markets? What is the geographic scope of the market for such a hybrid MBA program? How competitive do you perceive the product and geographic market for the proposed MBA program to be?
5. Lexmark was recently acquired by a Chinese company, Apex Technology. They desire your assistance and expertise in formulating a North American strategy going forward. Toward that end, they want you to analyze the market structure for printers and assess the prospects for earning positive economic profits. You should probably touch on all the elements of a five-forces analysis, and especially focus on the nature and intensity of competition among rivals in this market. You may limit your analysis to North America, since they have the rest of the world figured out already.
6. After over a decade of offering a daytime one-year MBA program, the Gatton College decides to assess its position in the market, and contracts with your team to perform the analysis. Program administrators and faculty specifically want to know more about the product market and the geographic scope of the market in which they are competing. They want some sense of MBA or other degree programs that students consider at the same time they are also thinking about applying to UK’s one-year full-time program. They also would like to know about the geographic scope of the

market, so that they can direct their recruiting efforts to students who are likely to attend and not go after students who think UK is too far away.

7. Kentucky Kingdom wants to re-assess their pricing strategy. They feel like they have some localized monopoly power, in that there aren't any other roller coaster amusement parks within an hour's drive. They contract with your team to help them out. They would like a general assessment of how different amusement parks price their products. Clearly the ability to identify and sort customers according to willingness to pay is critical, so they would like you to compare how they do things with how other firms in the same product space but different geographic spaces set their prices.
8. Greece has been struggling financially as a country for a decade, and would like to increase revenues from tourism. The Greek government contacts you to do some marketing analysis for their national treasures like the Acropolis and Parthenon. They have a monopoly on the Parthenon, but are not sure they are extracting the maximum possible surplus from the various different types of customers who visit Greece. They currently charge the same price for admission to everyone (who is not a Greek citizen), but they realize that more sophisticated pricing strategies and market segmentation might increase revenues. Analyze their current pricing and marketing strategy, as well as those of similar national treasures in other European countries. You might also consider how private for-profit entities market and price their "treasures", e.g. Disneyland Paris.