Administrative details

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Office Hours: By appointment

Web Café Address: https://webcafe.wharton.upenn.edu/eRoom/mktg/777-sp07-1

Required Material: Course bulk pack


I. Objectives

The objective of this course is to help the students develop their competencies in the creative, analytic, and systematic use of marketing concepts and methods in the design, evaluation, and implementation of marketing driven business strategies of organizations in the rapidly changing and complex global information age. In support of this objective, students are expected to:

1. Understand how global changes in the digital world are affecting the currently accepted marketing strategy concepts, methods and practices as they relate to both marketing strategy and marketing perspective for business strategy.
2. Develop a working knowledge of the strategic marketing concepts, methods and practices that reflect the impact of the changing global digital world.
3. Apply this knowledge to practical problems in a creative and analytic way.
4. Have a strong conceptual understanding of how marketing flows through to impact the market cap of a firm.

II. Premises

The premises of the course are:

1. Successful marketing and business strategy require mastery of marketing concepts, methods and processes.
2. The dramatic changes in the business environment brought about by the global digital world are constantly changing the nature of marketing and the marketing strategy options.
3. Understanding these changes and their impact on marketing concepts and methods is a must. The conceptual framework guiding the course is outlined in the following Exhibit.
## Conceptual Framework for the Marketing Strategy Course

### Changing Business Environment
- The hybrid
- Technology
- The world
- Globalization
- New competition dynamics
- Post 9/11
- Changing role of government
- ...

### Industry and Firm Dynamics
- Pharmaceuticals
- Financial services
- Consumer
- Information
- Education
- Automotive
- Media and entertainment
- Retailing
- Industrial goods

### Marketing Concepts and Tools
- Marketing Research and Modeling
- Data Mining
- Diagnostics
- Customer Analysis
- Performance Measures
- Enhancing Creativity and Generating Options
- Evaluation and Choice (AHP)
- Decision Support System
- Expert Systems
- Market Response Models
- Forecasting
- Scenario Planning
- Optimization and Simulations
- Resource Allocation
- Portfolio Analysis
- Experimentation

### The Context [Weeks 1 - 4]
1. The marketing and business challenge: CEO, CMO, and other key perspective
2. Marketing perspective, vision, objectives, and business and revenue models
3. The changing market reality: the changing stakeholders’ needs, technology, competitive dynamics, complexity, uncertainty. Innovative Business Models

### Foundation [Weeks 5-8]
4. Target segments, value proposition, and positioning
5. Marketing metrics and standards, experimentation and
6. Sustainable competitive growth strategies
7. Competitive marketing strategies

### Value Offerings [Weeks 9-11]
8. Product and
9. Customer relationship and Loyalty Program

### Resource Allocation, Dashboards and Marketing Strategy [Weeks 11-14]
Scenario – vision – objective - Business model and value proposition – portfolio and resource allocation - Implementation

### Approaches to Capturing Opportunities in an Industry/Firm
III. Overview

The course is organized around four unifying themes. These are (in order of appearance): (1) the context of marketing strategy, (2) foundation elements, (3) the value offering- marketing mix and its interactions, (4) resource allocation, organizational architecture, implementation, and putting it altogether. We will alternate between an aggregate view of markets, demand, and competitive interaction, and a disaggregate approach to strategy in which the individual customer is the unit of analysis. We will also make use of analytical tools and market response models as appropriate. The course will draw on concepts from economics, psychology, marketing research and management science.

It is my goal to provide a cohesive framework based on a few fundamental, concepts theories and principles, rather than a laundry list of “dos and don’ts.” The premise is that these concepts and principles will have more lasting value, and broader applicability to small companies, large companies; consumer goods, industrial goods, service industries, internet based companies, and emerging companies in the US and other countries.

IV. Who should take this course?

This course is intended as a capstone course in marketing that “ties everything together and provide a marketing perspective for business and corporate strategy.” It is a generalist’s course, not a specialist’s course: we will not spend a large amount of time on any one marketing mix variable (e.g., advertising), or on one marketing function (e.g., marketing research). Instead, all marketing mix variables will be discussed in an integrated way, with a focus on the fundamental, strategic marketing issues that confront senior management. The course is most tailored to those intending to pursue careers in marketing, consulting, or general management.

V. Process

The course is based on four pedagogical concepts—(1) learning is a co-production process of the students and the faculty, (2) discovery based learning (3) Action learning and (4) teaching is the best way to learn. The course uses five major pedagogical approaches: (a) lectures and discussions, (b) case examples, (c) written group teaching exercise, (d) course projects, papers including computer simulation and (e) readings. (a) and (b) facilitate the goal of rigorous evaluation of marketing strategies; (c) and (d) are geared toward formulation and implementation; while (e) provide background and opportunities for further exploration.

Note: Please notify me if you will not be in class or if you are not prepared to participate!

1. Lectures/Discussions

These sessions introduce principles, theories and concepts constructive discussion and critique are strongly encouraged.

2. Case Discussions

For all case discussions, it will be assumed that everyone has read the case thoroughly and is prepared to discuss it. This assumption will be tested (cold calling, spot presentations, etc.) The case will be used to illustrate a particular theory or principle. It is not necessary to do any additional work to bring in outside information about the company or industry beyond what has happened in the case, although we will do this in some instances. You should view the date of the case as irrelevant to its pedagogical purpose. In some of the cases, we will be operating with live cases. There is some information which is provided, but it is left to
you to search it out, primarily via the web and other current information relevant to the case.

3. Group Teaching Exercise

There is strong evidence that the best way to learn is to teach. You will need to form a teaching group of approximately 4-6 students. Each group will have the responsibility for selecting a topic from the list of course topics on Web Café (first come, first serve) in which you will need to develop and manage a pedagogical exercise, simulation, electronic case discussion, experiential learning opportunity, etc. You will distribute and conduct it electronically to the class prior to the class coverage and evaluate the responses.

4. Course Papers and Dashboard Project

a) The Dashboard project—Please form a group and select a company for whom you will develop a Dashboard. You will need to delve far enough into this company to understand what their current strategy is the issues they face, and the implications of trying to change it. This will be a major project. The ultimate Dashboard should show the key performance measures and their drivers. It will be due the last class of the semester.

b) You will have the opportunity to work on your own and in a group of your choosing for two of the paper assignments. While there are a total of four papers assigned (two group and two individual), each is to be short and succinct.

1. (Group) Two page paper on what is the best way your selected company/industry should be segmenting their market for Feb. 7th.
2. (Group) Two page paper on how do you evaluate growth opportunities? What is the value of alternative avenues of growth? Apply this to your selected company/industry for Feb 14th.
3. (Individual) A two-page book review due on March 14th after Spring Break. [Section X includes a number of illustrative books. Feel free, however, to select any other marketing related book, if you so desire.
4. (Individual) Two page paper on determining the optimal breadth of a product line. Apply this to your selected company/industry. For March 14th.

A Note On Selecting Your Team

Since most of the course assignments are team based, much of what you get out of the course depends on the composition of the team and how effectively it functions. To get the most out of the team you work with, try to ensure that your team is interdisciplinary (e.g. members with different professional backgrounds and majors), and culturally diverse (includes members from various countries).

5. Readings

A bulk pack provides some initial readings. It will be augmented with material distributed in class or added to the class web site. The readings in the bulk package are only illustrative of articles addressing the various topics we discuss. Feel free to substitute any of the readings with other recent articles or books. We strongly encourage you to seek out relevant websites.
There are an increasing number of books that could be of value for your class preparation and as general references. An illustrative list is included in section X. A few are also proposed as supplementary readings for specific sessions.


In searching for information consider the numerous databases that can be accessed from the Penn library homepage.

**VI. Assessment**

Your final grade in the course will be based on the performance on the following components:

- **Class Participation (individual)** 30%
- **Teaching project (group)** 15%
- **Dashboard project (group)** 35%
- **4 Class papers (individual & group)** 20%

(For group work, I will assume an equal division of labor among group members, so pick your groups carefully.)

**VII. Course philosophy**

The starting point is the belief that you cannot develop a sound marketing strategy unless you first understand the problem or situation. This requires not only an understanding of what the important features are in the situation you face, but also how these features will impact your marketing strategy. In other words, you need to have a good theory. “Cook-book” solutions rarely work in practice because every situation is somewhat unique, and there are no universal marketing solutions. Alfred Whitehead expressed this very well in a famous essay from 1929:

> Whatever be the detail with which you cram your student, the chance of his meeting in after-life exactly that detail is almost infinitesimal; and if he does meet it, he will probably have forgotten what you taught him about it. The really useful training yields a comprehension of a few general principles with a thorough grounding in the way they apply to a variety of concrete details. In subsequent practice the (students) will have forgotten your particular details; but they will remember by an unconscious common sense how to apply principles to immediate circumstances.

— Alfred Whitehead, *The Aims of Education and Other Essays*
### III. Class schedule at a glance

<table>
<thead>
<tr>
<th>MONDAY</th>
<th>WEDNESDAY</th>
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<tbody>
<tr>
<td><strong>January 8</strong>&lt;br&gt;Topic: Role of Marketing</td>
<td><strong>January 10</strong>&lt;br&gt;Topic: Market Strategy&lt;br&gt;Case: DuPont: Stainmaster</td>
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<td><strong>January 15</strong>&lt;br&gt;Martin Luther King Day—no class</td>
<td><strong>January 17</strong>&lt;br&gt;Topic: Buzz Marketing&lt;br&gt;Case: Red Bull (LBS)&lt;br&gt;Snapple (HBS)</td>
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<td><strong>January 22</strong>&lt;br&gt;Case: Hasbro (A) &amp; (B)</td>
<td><strong>January 24</strong>&lt;br&gt;Topic: Changing Business Models&lt;br&gt;Speaker: Marc Lefar, Cingular, CMO</td>
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<td><strong>January 29</strong>&lt;br&gt;Topic: Expanding Business Scope&lt;br&gt;Case: On Star</td>
<td><strong>January 31</strong>&lt;br&gt;Topic: Selecting your Business Model&lt;br&gt;Case: BizRate.com&lt;br&gt;Guest: Farhad Mohit, CEO</td>
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<td><strong>February 5</strong>&lt;br&gt;Topic: Global Marketing Strategy; Marketing to the Low Income Population&lt;br&gt;Case: Unilever in Brazil: Marketing Strategies for Low-Income Consumers</td>
<td><strong>February 7 [Paper #1]</strong>&lt;br&gt;Topic: Target Segments, Value Proposition and Positioning&lt;br&gt;Lecture &amp; Discussion: Segmentation and Positioning</td>
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<td><strong>February 12</strong>&lt;br&gt;Topic: Growth Strategies&lt;br&gt;Case: TiVo</td>
<td><strong>February 14 [Paper #2]</strong>&lt;br&gt;Topic: Alternative Growth Strategies&lt;br&gt;Case: Starbucks</td>
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<td><strong>February 19</strong>&lt;br&gt;PRICING SIMULATION JMHH 375&lt;br&gt;Topic: Competitive Marketing Strategies&lt;br&gt;[Lab]</td>
<td><strong>February 21</strong>&lt;br&gt;Topic: Competitive Strategy&lt;br&gt;Case: Brita</td>
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<td><strong>February 26</strong>&lt;br&gt;Topic: Competitive Marketing Strategies&lt;br&gt;Live Case: Viagra</td>
<td><strong>February 28</strong>&lt;br&gt;Topic: Marketspace</td>
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<tr>
<td><strong>March 12</strong>&lt;br&gt;Topic: Product and Branding&lt;br&gt;Lecture &amp; Discussion: NPD and Product Line</td>
<td><strong>March 14 [Paper #3 &amp; 4]</strong>&lt;br&gt;Topic: Product and Branding&lt;br&gt;Case: Black and Decker (A)</td>
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<td><strong>March 26</strong>&lt;br&gt;Topic: Building Retention and Loyalty&lt;br&gt;Case: CABO San Viejo</td>
<td><strong>March 28</strong>&lt;br&gt;Topic: Resource Allocation&lt;br&gt;Simulated Exercise: RATE - Part I</td>
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<td><strong>April 2</strong>&lt;br&gt;Topic: Resource Allocation&lt;br&gt;Simulated Exercise: RATE – Part 2</td>
<td><strong>April 4</strong> FOLLOW-UP ASSIGNMENT&lt;br&gt;Topic: Resource Allocation and Dashboards&lt;br&gt;Exercise: Allocator Simulation - Part I</td>
</tr>
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<td><strong>April 9</strong>&lt;br&gt;Topic: Resource Allocation and Dashboards&lt;br&gt;Exercise: Allocator – Part II</td>
<td><strong>April 11</strong>&lt;br&gt;Guest Lecture&lt;br&gt;Topic: Portfolio and Resource Allocation&lt;br&gt;Live Case: Diageo &amp; Product Line Optimization&lt;br&gt;Guest: Rob Malcolm, President of Marketing</td>
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<tr>
<td><strong>April 16</strong>&lt;br&gt;Topic: Linking Marketing Metrics to Financial Performance</td>
<td><strong>April 18</strong>&lt;br&gt;Topic: Marketing Dashboards &amp; Summary</td>
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</table>

**SPRING BREAK (March 5-11): SELECT AND REVIEW MARKETING BOOK**
### IX. Initial List of Class Assignments

<table>
<thead>
<tr>
<th>Session</th>
<th>Date</th>
<th>Preparation/Readings</th>
<th>Assignments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jan. 8</td>
<td>• Wind, Marketing Strategy (2002)</td>
<td>Be ready to discuss the role of Marketing</td>
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<td>• CMO Summit Summary</td>
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<td>2</td>
<td>Jan. 10</td>
<td><strong>Case:</strong> DuPont: Stainmaster</td>
<td>Read and be ready for discussion</td>
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<tr>
<td>3</td>
<td>Jan. 15</td>
<td><strong>NO CLASS</strong></td>
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<tr>
<td>4</td>
<td>Jan. 17</td>
<td><strong>Case:</strong> Red Bull (LBS)</td>
<td>Read and be ready for discussion</td>
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<tr>
<td></td>
<td></td>
<td>Snapple (HBS)</td>
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<tr>
<td>5</td>
<td>Jan. 22</td>
<td><strong>Case:</strong> Hasboro (A) &amp; (B)</td>
<td>Read and be ready for discussion</td>
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<tr>
<td>6</td>
<td>Jan. 24</td>
<td><strong>Case:</strong> On Star</td>
<td>Go on line and review Cingular situation</td>
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<td>7</td>
<td>Jan. 29</td>
<td><strong>Case:</strong> BizRate.com</td>
<td>Read and be ready for discussion</td>
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<td>8</td>
<td>Jan. 31</td>
<td><strong>Case:</strong> Unilever Brazil: Marketing Strategies for Low-Income Consumer</td>
<td>Read and be ready for discussion</td>
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<td>9</td>
<td>Feb. 5</td>
<td><strong>Case:</strong> Unilever Brazil: Marketing Strategies for Low-Income Consumer</td>
<td>Read and be ready for discussion</td>
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<td>11</td>
<td>Feb. 12</td>
<td><strong>Case:</strong> TiVo</td>
<td>Read and be ready for discussion</td>
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<td></td>
<td></td>
<td>• Geoffrey A. Moore, “Darwin and the Demon: Innovating Within Established Organizations.”</td>
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<td></td>
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<td>• Business Week Cover Story; “Planet Starbucks,” September 9, 2002</td>
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<td>13</td>
<td>Feb. 19</td>
<td><strong>Pricing Simulation</strong> (in computer lab)</td>
<td>Review the literature on competitive marketing strategy</td>
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<td>14</td>
<td>Feb. 21</td>
<td><strong>Case:</strong> Brita</td>
<td>Read and be ready for discussion</td>
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<tr>
<td>15</td>
<td>Feb. 26</td>
<td><strong>Live Case:</strong> Viagra</td>
<td>Review the current information on line on Viagra and be ready to discuss the case</td>
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<td>16</td>
<td>Feb. 28</td>
<td>Marketspace Simulation</td>
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<td></td>
<td></td>
<td>• “Make it Simple,” <em>Business Week</em>.</td>
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<td></td>
<td>• Green, Krieger and Wind. “30 Years of Conjoint Analysis.” 2002</td>
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<td></td>
<td></td>
<td>• Wind and Mahajan. “Issues and Opportunities in New Product”</td>
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<tr>
<td>Session</td>
<td>Date</td>
<td>Preparation/Readings</td>
<td>Assignments</td>
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<td>18</td>
<td>Mar. 14</td>
<td><strong>Case:</strong> Black and Decker (A)</td>
<td>Papers #3 &amp; #4</td>
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<tr>
<td>19</td>
<td>Mar. 19</td>
<td><strong>Case:</strong> Lenovo</td>
<td>Read and be ready for discussion</td>
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<td>• House of Brands vs. Branded House</td>
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<td>• “Why Brands are Good for You,” Economist</td>
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<td>20</td>
<td>Mar. 21</td>
<td><strong>Case:</strong> Diesel for Successful Living: Branding Strategies for an Up-market Line Extension in the Fashion Industry</td>
<td>Read and be ready for discussion</td>
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<tr>
<td>21</td>
<td>Mar. 26</td>
<td><strong>Case:</strong> CABO San Viejo</td>
<td>Read and be ready for discussion</td>
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<td></td>
<td></td>
<td>• Nunes and Dreze, “Your Loyalty Program is Betraying You”</td>
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<tr>
<td>22</td>
<td>Mar. 28</td>
<td>RATE Simulation</td>
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<tr>
<td>23</td>
<td>Apr. 2</td>
<td>Review the Literature on Resource Allocation, such as the relevant chapters in Lilien and Rangaswamy, Marketing Engineering.</td>
<td>RATE Simulation.</td>
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<tr>
<td>24</td>
<td>Apr. 4</td>
<td>Allocator Simulation</td>
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<td>25</td>
<td>Apr. 9</td>
<td>Allocations</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Apr.11</td>
<td><strong>Live Case:</strong> Diageo</td>
<td>Go on line to get ready to discuss Diageo.</td>
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<td></td>
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<td><em>Guest Lecture: Rob Malcolm, President of Marketing, Diageo</em></td>
<td>Review the Literature on Product and Business Portfolio and Resource Allocation</td>
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<tr>
<td>27</td>
<td>Apr. 16</td>
<td>Marketing Dashboard due</td>
<td>Go on line to get ready to discuss Diageo.</td>
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<tr>
<td>28</td>
<td>Apr. 18</td>
<td>Be ready to discuss the lessons from:</td>
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<tr>
<td></td>
<td></td>
<td>a. your project</td>
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<td>b. your team’s teaching assignment</td>
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<td></td>
<td></td>
<td>c. the course</td>
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X. Suggestions for Marketing Readings


Kawasaki, Guy, with Michele Moreno. *Rules for Revolutionaries: The Capitalist Manifesto for Creating and Marketing New


