

**THE WHARTON SCHOOL
UNIVERSITY OF PENNSYLVANIA**

**MARKETING STRATEGY
MKTG 777
FALL 2009
SECTIONS 001 AND 002**

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Class Hours: Section 001 - 1-2:50 PM T/R	Class Hours: Section 002 - 3-4:30 PM T/R
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LEARNING OBJECTIVES

Marketing plays a critical role in creating and managing market-based brands and customer assets to attain sustainable competitive advantage and superior performance. Marketing strategy and plans serve as the tools that managers use to create and manage these market-based assets. This course serves as a capstone course in order to review and integrate marketing concepts developed in other marketing classes to facilitate learning about creation, management and leveraging of market-based brand and customer assets.

To achieve these objectives, I seek to develop a disciplined approach in analyzing marketing situations (the marketing audit) and make the participants appreciate how the various elements of successful marketing programs fit together. I will also link marketing to corporate strategy and through it to the other managerial functions in the organization.

These objectives will be achieved through a combination of lectures, case discussions, and in-class exercises.

COURSE CULTURE AND PEDAGOGY

The methods of learning in this course require advance preparation by the participants. The presentation and exposition of the marketing strategy concepts will be through a mix of lecture, Socratic dialogue, discussion, group learning, case discussion and a major project. The “theory” of marketing strategy will be covered by the lectures and Socratic dialogue. How the

theory is applied in practice will be illustrated in cases, readings, and the examples that we discuss in class. Your opportunity to show how well you have grasped the theory and its application comes with the analysis and discussion of cases and the major course project.

I will try to help you think about marketing problems using a combination of intelligent frameworks and a large dose of common sense. If you can succeed in achieving that, you will succeed in the course. You should also survive in the afterlife.

I welcome student contact. I will be available to discuss issues that arise during the semester and to offer any advice and assistance that I can. I do keep some formal office hours but you are welcome to make an appointment by email.

COURSE DETAILS

The course is based on a fundamental pedagogical concept that learning is co-produced by participants (students) and the facilitator (faculty). I will facilitate the co-production process, but you will need to exert smart effort to get something useful out of the course. There are three major components of the co-production process:

Participation in class and case discussions (individual)

An effective class session can only occur if both you and I are involved in the learning process. It requires openness, a sense of skepticism, and an interest in learning new ideas and concepts. This suggests that whatever the topic there will always be room for the subjective, the opinion and the intuition. You should be willing to share ideas with the other participants and also be willing to listen to them. Your active participation will help us test our own assumptions and assertions. Your enthusiasm, your intellect and your physical presence can contribute tremendously to your learning. Furthermore, your colleagues are important sources of learning. Take advantage of your colleagues' knowledge and ideas, and do your part by being prepared and contributing to both group and class meetings. However being a cynic will not help. Cynics sit on the sidelines and disengage. They pollute the learning environment.

Since, your consistent involvement in these class sessions is essential to achieving the objectives of the course, your learning will be impeded if you do not read the material assigned prior to class or if you skip information and try to read it at a later date. Class participation will be graded on a daily basis. Participants are expected to come to class prepared to discuss, ask questions and contribute to the learning process. For many situations, there might not be a single right answer. I encourage you to be creative risk takers. You will always have the option to explain, clarify and justify your work and positions. Class participation is a critical component of my evaluation of your performance. If you are prepared to do your part you can expect your grade to benefit accordingly. You can expect to be **cold-called** at any stage to help our discussion. Please bring **name tents** to class. Please note that attendance does not constitute participation. If you must miss a class, please submit within three days of the class you missed, a three page

(double spaced) write up of your position on the assigned case discussion questions. This will count partially towards your class participation grade, but not returned.

In evaluating class participation, I try to reward contributions that 1) get the discussion off to a productive start, 2) shape the discussion through the introduction or use of concepts and frameworks, 3) provide enlightening quantitative analysis, 4) help change direction when needed, 5) summarize others' comments, all in a concise manner with avoidance of repetition and "chip shots."

Case discussions are intended to present dilemmas as they are encountered by managers, so it is important to deal with the cases as you find them (i.e., no "Monday morning quarterbacking" based on knowledge of what happened after the time frame of the case). In case discussions, the present tense should be interpreted as referring to the time frame of the case or its end. Please do not prepare for the class discussion by seeking out additional or more recent data on the firms or industries in the case.

The cases provide you an opportunity to take the ideas/frameworks discussed in the course and apply them in practice. **If you cannot attend a session or are unprepared, please let me know in advance.** In addition to case discussions, I expect participants to contribute constructively during lectures with examples and critiques. In my classes, participants that actively participate in a constructive and positive fashion have typically done well in this component as well as other components of the course.

The Marketing Strategy Current Issues Minute". Every class meeting period, we will reserve the first 15-20 minutes of class to discuss how the recent actions by firms or trends in the marketplace are posing new strategic challenges and opportunities to marketing. I expect this topic to come from you, although I can always think of an important current issue. If you have opinions, thoughts, or questions related to something happening in the real world, be prepared to bring it up in class. This is a useful way to enhance your class participation grade.

Case summaries (couples)

We will be discussing 13 cases in this course. You need to write summaries for any four of those cases. I expect these summaries to be one page (single spaced with a line in between paragraphs) at most (12 point font Times Roman), with a maximum of a two page appendix with analysis. The case summaries need to answer two questions: (a) What is the key problem in the case?, and (2) How would you go about solving the stated key problem? All case summaries are due before the class in which the case is being discussed.

Marketing Dashboard Group Project

Good marketing strategists recognize that there is no such thing as a free lunch – tradeoffs are inherent in almost every decision a marketer makes. Marketers must understand the tradeoffs and choose strategic options after evaluating the benefits and costs of those options. Strategy

development is then an exercise in optimization. This project requires you to develop tools that will help managers in your selected company/industry make better decisions. The frameworks developed in this course will help serve as the foundation for these tools – I would ask the participants to pay special attention to the sessions where we will discuss marketing metrics and performance measurement. Students would also be expected to argue for the utility of the dashboard for the CMO and the top management.

Some example projects are:

- a. New brand go/no-go analyzer: Evaluates whether to launch a new brand concept, and how to launch it (positioning).
- b. Growth option generator and evaluator: Generates and evaluates strategic options.
- c. Brand Portfolio Rationalizer: Provides advice on which brands to retain, which to drop, and how much to support retained brands.
- d. Pricer (pricing strategizer): Prices your product/service by taking into account the intangible effects of price on other components of the marketing mix.
- e. Brand extension analyzer: Generates extension options and evaluate best options.
- f. Social Media/User Generated Content analyzer: Provides an assessment of external perceptions of the firm and provides advice on firm actions to take.
- g. Corporate Social Responsibility analyzer: Provides metrics and assessments of the firm's CSR actions and provides suggestions for the firm.
- h. Or anything else; please be creative and do discuss with me.

You need to develop the tool and demonstrate its usefulness by applying it to your selected company/industry. Note that I will avoid overlap between tools and industries, so one tool can only be used once for an industry (decided on first come first serve basis).

The participants will be expected to present their dashboard/analyzer in class during the assigned block in Course Schedule for presentations. The presentations would be framed as being for the top management for the chosen company by the students. The presentation would be limited to 20 minutes and the time and day of the presentations would be decided by the instructor (if students have preferences, these may be satisfied on a first come first serve basis).

You also need to develop a 3 page strategy document to market the dashboard tool (include as many appendices as required). This document is due last day of class

The projects would be done by self-selected groups of five students – the group composition is due to me via email before the end-of-day September 25, 2009.

COURSE ASSESSMENT

Class Participation	35% (Individual)
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Case Summaries	30% (Couples)
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Dashboard Group Project	35% (Group)
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I will assume equal division of labor for group work, so pick your groups carefully (five students per group).

TENTATIVE COURSE SCHEDULE

#	Date	Topic
1	R, Sep 10	Introduction & Course Overview
		Introduction to Marketing Strategy
2	T, Sep 15	New Value Strategies
3	R, Sep 17	Starbucks: Delivering Customer Service
4	T, Sep 22	Marketing in the C-Suite: Search for Dashboards
		Growth Options: New Markets and Competitive Strategy
5	R, Sep 24	Issues in Market Entry
6	T, Sep 29	Biocon: Launching a New Cancer Drug in India
7	R, Oct 1	Product Team Cialis: Getting Ready to Market
8	T, Oct 6	Netflix Inc: DVD Wars
9	R, Oct 8	Growth Strategies in Recessionary Markets
10	T, Oct 13	Growth at the Bottom of the Pyramid: Unilever in India: Hindustan Lever's Project Shakti—Marketing FMCG to the Rural Customer
11	R, Oct 15	Market Orientation and Leveraging the Marketing Periphery
12	T, Oct 20	Interview Date: No Class Meeting
		Customer Relationship Management (CRM)
13	R, Oct 22	Experiencing Customer Management: Simulation (no in class meeting)
14	T, Oct 27	In-class Discussion of Customer Management
15	R, Oct 29	Managing Customers Profitably: Virgin Mobile USA: Pricing for the Very First Time
16	T, Nov 3	Managing Customers: Wesco
17	R, Nov 5	Managing Unprofitable Customers: CMR Enterprises
		Branding Strategy
18	T, Nov 10	Branding Challenges and Brand Equity
19	R, Nov 12	Snapple
20	T, Nov 17	Dove
		Organizational and Integrative Strategic Marketing Issues
21	R, Nov 19	Samsung Electronics: Global Marketing Operations
22	T, Nov 24	Avaya (A)
23	T Dec 1	Integrative Case: Synthes
24	R, Dec 3	Group Presentations: Designing Marketing Dashboards Project
25	T, Dec 8	Group Presentations: Designing Marketing Dashboards Project
26	R Dec 10	Course Wrap-Up

MANAGING CUSTOMERS FOR PROFITS ¹

OBJECTIVES OF THE EXERCISE

In the Managing Customers for Profits simulation, your group has just assumed leadership of TubePack, a manufacturer of tubing-based packaging products. TubePack needs to increase profits and market share during the next several years. The president's objectives are to establish budgetary priorities and set a pricing policy for the company. TubePack's customers, a mix of small and large companies, each seem to want something different from their tubing manufacturer. Some want very individualized services such as field engineering for designing in products. Others want large overall improvements in areas such as delivery time. Still others desire general support services. How much and in what areas should TubePack invest? How will TubePack satisfy its customers and build loyalty? This simulation illustrates the challenges faced by a new executive guiding a business in a mature market.

The attached appendix serves as a navigational map to the software. As you work through the simulation, also use that experience to prepare for class discussion. The questions listed below will be used as the basis for class discussion.

Discussion Questions

1. Who are TubePack's customers? How do their needs and expectations evolve? How does satisfaction change over time?
2. Who are TubePack's competitors? How do they behave when you change TubePack's service or prices?
3. How does strategy vis-à-vis the customer and the competition change in a growing market? In a contracting market?
4. How do you manage pricing? What does it take to justify price increases? How does price flexibility affect the outcome?
5. How do you balance short-term and long-term investments with regard to customer and board of director needs?
6. How do investments in market research affect your management of TubePack?
7. How does channel conflict figure into your pricing decisions? What strategies work to minimize the damage of this conflict.

¹ This note is an abridged version of the note to introduce the Managing Customers for Profit simulation

8. What does a focus on customer satisfaction illuminate and obscure in your marketing strategy? How does customer satisfaction relate to customer loyalty?

Appendix

A checklist of things you should do in the simulation

Where am I ?	What should I do?	What am I looking for?
◇ Start Up Screen	<ul style="list-style-type: none">◇ Click on "FINDING YOUR WAY"◇ Click on "WELCOME"◇ Click on "PART 1 - BUILD YOUR UNDERSTANDING"	<p>This will give you a quick review of the buttons and controls that you can use in this learning environment</p> <p>A quick introduction to the learning objectives of this pedagogical approach</p>
◇ Main Screen of Part 1	Click on BACKGROUND	You are taken to another screen where you can learn about Tubepack, its customers, and its competitors.
◇ Background	Click on each of the & manila folders marked CONFIDENTIAL	<p>The 7 folders are titled:</p> <ul style="list-style-type: none">◇ Organization Chart◇ About Tubepack◇ Company Financials◇ Industry Information◇ Customer Interviews - Audio and Video◇ Board Correspondence◇ Going to Market

Where am I ?

What should I do?

What am I looking for?

◇ Levers & Metrics	Click on the various buttons in this screen	<p>This is a <u>dummy of the actual cockpit</u> that you will "RUN THE BUSINESS" from. It is to give you an idea of the levers and metrics.</p> <p><u>The levers are:</u></p> <ul style="list-style-type: none">◇ Account Management◇ Channel Management◇ Delivery Service◇ Customization◇ Market Research◇ Pricing<ul style="list-style-type: none">List Price, Price Flex,Distributor Discount <p><u>The metrics are:</u></p> <ul style="list-style-type: none">◇ Market Share◇ Annualized Profit (Note that you make decisions by quarter but the information is annualized)◇ Satisfaction Index◇ Year◇ Key Outputs (Click on the Graph on the right hand corner of the cockpit)<ul style="list-style-type: none">◇ Financial Statement, Focus Group◇ Customer Database◇ Cash Flow◇ Prices◇ Satisfaction & Profits◇ Decision Record <p><u>(Note: the actual outputs will open only in the next step when you actually run the business)</u></p> <p>In addition, check out what the stop, reset, and proceed buttons do.</p>
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Where am I ?**What should I do?****What am I looking for?**

◇	Run the Business	RUN THE BUSINESS	<p>After you move the levers (that is make your decisions for the period) press ADVANCE ONE QUARTER</p> <p>The simulation moves one quarter and all the output dials get updated. You might also get audio/video responses and coaching tips, or if things are going bad - you might get fired.</p> <p>When you go to the KEY OUTPUT screen, click on each of the individual reports. <u>If you see a solid "DOG-EAR" at the bottom left corner of the screen, click on it, there are pages of information one behind the other and you will be able to flip across pages one at a time.</u></p> <p>REMEMBER: If you want to restart the simulation, you first need to STOP it and then RESET it before you can rerun.</p>
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Once you have completed your learning in PART 1, you can then go back to the MAIN SCREEN of the simulation and go to PART 2 which is titled "EXTEND YOUR UNDERSTANDING."

First the simulation will ask you if you have spent enough time in PART 1. Click on "YES"

Next, you will get a screen which will have two buttons that say "EXPLORE THE MODEL" and "EXAMINE THE MODEL"

PART 2

Where am I ?	What should I do?	What am I looking for?
◇ Explore the Model	Customize the environment that you would like to operate in	<p>Here you can customize the environment you want to operate in. The objective is to test the robustness of your learnings from PART 1. You will be able to explore how things change from one market to another.</p> <p>For example, you can set up a market that resembles your firm's environment. There are options for you to choose from growing, mature, contracting, S shaped market (life cycle), business cycle (where it goes up and down cyclically).</p> <p>You can also un-constrain the budget now.</p> <p>You can change the importance of the different attributes.</p> <p>There is a LOYALTY index in the cockpit now. What is LOYALTY? How can you use this to manage your business? Link satisfaction, loyalty, and profitability.</p>
◇ Examine the Model	Take a look at the logic in the model	<p>The guts of the simulation are explained here.</p> <p>Study each part of the model. Think about how it links with the Marketing Strategy module.</p> <p>Note: Every time you see a DOT (.) - Click on it</p>