

**THE WHARTON SCHOOL  
UNIVERSITY OF PENNSYLVANIA**

**MARKETING STRATEGY  
MKTG 777  
SPRING 2010**

Facilitator: Professor Sundar Bharadwaj	Class Location: JMHH 260
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Class Hours: 4:30-7:30PM on Thursday	
Web Café Address: <a href="https://webcafe.wharton.upenn.edu/eRoom/faculty/mktg777-sp10-3">https://webcafe.wharton.upenn.edu/eRoom/faculty/mktg777-sp10-3</a>	

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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 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 14 cases in this course. You need to write summaries for any three of those cases. I expect these summaries to be one page 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 order 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 Final Strategy document should address the following:

1. A brief background and context of the firm and industry
2. Why is the chosen Marketing Dashboard important for that firm?
3. What are the metrics chosen and a clear justification of why they are relevant for the firm?
4. Selection and justification of the controllable drivers
5. The rationale for why these drivers should impact the outcome metrics

6. Why using the marketing dashboard the firm will make better decisions and a demonstration of the nature of the decisions? What is the potential pay-off in terms of returns and risk?
7. What are some caveats/limitations that must be borne in mind?

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 Feb 11, 2010.

#### **COURSE ASSESSMENT**

Class Participation	35% (Individual)
Case Summaries	30% (Pairs)
Dashboard Group Project	35% (Group)

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	Jan 14	Introduction & Course Overview Re-thinking Segmentation, Targeting and Positioning
		<b>Introduction to Value Based Marketing Strategy</b>
2	Jan 21	Marketing in the C-Suite: Search for Dashboards Case: Starbucks: Delivering Customer Service
3	Jan 28	Managing Consumers and Customers for Profitability Case: Purolator Courier Ltd.
4	Feb 4	Experiencing Customer Management: Simulation
5	Feb 11	Managing Unprofitable Customers Case: CMR Enterprises Customer Management: Wrap-up <b>Managing Growth Through Innovation</b>
6	Feb 18	Growth Strategies Case: The American Express Card
7	Feb 25	Growth Through Category Expansion Case: Birth of Swatch
8	Mar 4	Growth Through Leveraging the Marketing Periphery Case: Ben and Jerry's: Preserving Mission and Brand Within Unilever
9	Mar 18	Growth Strategies in Competitive Environments Case: Netflix Inc: DVD Wars Case: Synthes
10	Mar 25	Growth Strategies in Challenging Environments Case: Zappos.com: Developing a Supply Chain to Deliver Wow
		<b>Branding Strategy and Integrative Strategic Marketing Issues</b>
11	Apr 1	Branding for Performance Case: Samsung Electronics: Global Marketing Operations Case: HTC Electronics
12	Apr 8	Brand: Organic and Inorganic Growth Acquisition Case: Manchester Products: A Brand Transition Challenge Case: Mountain Man Brewing Company: Bringing Brand to Light
13	Apr 15	Branding Strategy in New Social Environments Case: Dove
14	Apr 22	Group Presentations: Designing Marketing Dashboards Project Course Wrap-Up

## **Case Preparation Questions**

### **Starbucks: Delivering Customer Service**

1. What factors accounted for the extraordinary success of Starbucks in the early 1990s? What was so compelling about the Starbucks value proposition? What brand image did Starbucks develop during this period?
2. Why have Starbucks' customer satisfaction scores declined? Has the company's service declined, or is it simply measuring satisfaction the wrong way?
3. How does the Starbucks of 2002 differ from the Starbucks of 1992?
4. Describe the ideal Starbucks customer from a profitability standpoint. What would it take to ensure that this customer is highly satisfied? How valuable is a highly satisfied customer to Starbucks?
5. Should Starbucks make the \$40m investment in labor in the stores?

### **Purolator Courier Ltd.**

1. Why was the Purolator turnaround in 2001-2002 judged a success?
2. What is the Purolator value proposition? Should they try to reposition? What are the constraints and opportunities for them?
3. What would you recommend they do to implement a strategy of deepening relationships with their best customers?

### **CMR Enterprises**

1. What is CMR's growth strategy? How does the Blackstone Homes account fit into that strategy?
2. How is CMR's strategy put into action? What changes are made to how the company selects customers, manages customer relationships, monitors the health of customer relationships, and measures the results? What are the impacts of those changes on the health and performance of the company's relationships with customers? On the Signature relationship?
3. How much profit is CMR making from the commercial business versus the residential business? From the Blackstone account?
4. What should Marcus do now?

### **The American Express Card**

1. What explains the American express card's success over the past fifty years?
2. What challenges face the American express card in 2008?
3. Delineate and rank order the growth options open to the American Express card?
4. How is an imminent economic recession likely to affect the revenues and profits of the American Express card?

### **Birth of Swatch**

1. Why was Swatch so successful? In what ways was the Swatch different than any watch the industry has ever seen?
2. What elements of the original Swatch marketing plan were most critical to the brand 's success?
3. What does Franco Bosisio mean when he says that Swatch is sold at a "clean price"?
4. Should the company have charged a higher price?
5. In many ways, the Swatch forced people to think about watches in a way that they had never thought before. Can you think of other products in other product categories that have done the same thing? Bring at least one example to class?
6. Today, if you had to create a new sub-category of watch, what would it be?
7. What does it take for the Swatch brand to compete successfully today?

### **Ben & Jerry's: Preserving Mission & Brand Within Unilever**

1. What is the rationale for the merger?
2. Is this a good way for a firm to build new capabilities /assets?
3. Is this merger different from others? If so how?
4. Can brand associations be broadened through this process?

### **Netflix Inc. DVD Wars**

1. Using the case data, what is the lifetime value of customers in each quarter?
2. How do you expect the launch of the Total Access to affect Netflix? Are these expectations validated by the trend in Netflix's customer acquisition, customer retention, customer revenue, and CLV?
3. Is the drop in the Netflix stock price after the launch of Total Access justified by Netflix's financials? Are Netflix's customer metrics a good indicator of its market valuation?
4. How should Netflix react to Blockbuster's new initiatives? Which company is a bigger threat to Netflix: Blockbuster, Wal-Mart or a new start-up such as VUDU?
5. If Netflix decides to react to Blockbuster by increasing emphasis on selling DVDs rather than renting, would CLV still be relevant for it?

### **Synthes**

1. Are "bioresorbable implants worth the risk for Synthes? Take a stance and be ready to defend.
2. What are the risks in coming out with a bioresorbable product? What is the worst that could happen? The best?
3. What are the risks in not coming out with a bioresorbable product? What is the worst that could happen? The best?
4. What should Synthes do?

### **Zappos.com: Developing a Supply Chain to Deliver Wow!**



1. What are Zappos' core competencies and sources of competitive advantage? How sustainable are they?
2. How important is next-day air shipment to the consumer experience? Is it worth the cost? How would you change it in the cost-conscious environment facing the company in late 2008?
3. How would you expand the business? Would you add more products, more geographies, or by selling private labels? As you expand the business, how can the company become more profitable, particularly in light of the costs associated with the focus on service?
4. How would you expect the environment of a more cost-conscious consumer to affect Zappos' business? What can Zappos do in such an environment to maintain sales growth?

### **Samsung Electronics Company: Global Marketing Operations**

1. What are the ingredients of SEC's corporate turnaround strategy? What are the implications for marketing?
2. How strong is the Samsung brand? Can Samsung pass Sony and become a top ten global brand?
3. As Chief Marketing Officer, what are Kim's role and responsibilities? How has he built his influence?

### **HTC Corp. in 2009**

1. Evaluate HTC's performance to date. What are its competitive advantages and vulnerabilities?
2. What should HTC's OS strategy be? Should it stick with Windows Mobile and Android? Should HTC build its own platform? Add/drop others?
3. All smartphone companies with operating systems have opened their own app store trying to emulate Apple's success. Samsung and LG announced plans to do the same as well. Should HTC build its own app store? Do something else?
4. Peter Chou and Cher Wang want to make HTC into the leading smartphone company in the world. What kind of marketing strategic actions are needed to achieve this goal?

### **Manchester Products: A Brand Transition Challenge**

1. What are benefits and risks associated with the acquisition of PLFD?
2. What are the marketing problems raised by the brand transition?
3. Which of the three brand transition options outlined in the case (or, a fourth one that you develop) should Adams recommend?
4. Compare the marketing budget for MH and PLFD (Exhibits 5 and 6). What differences do you observe in the allocations of push vs. pull expenditures?
5. Do you agree with Adams's budget estimates and allocations?

6. Calculate 2005 sales needed to break even to make up for the incremental marketing spend in 2005 vs. 2004. What sales are needed to break even if 2004 PLFD push expense allocations are maintained in 2005?

### **Mountain Man Brewing**

1. What has made MMBC successful? What distinguishes it from competitors?
2. What are the main challenges that MMBC is facing?
3. Should MMBC introduce a light beer? Should they launch Mountain Man Light?

### **Dove**

1. What was Dove's market positioning in the 1950s? What is its positioning in 2007?
2. How did Unilever organize to do product category management and brand management before 2000? What was the corresponding structure after 2000? How was the brand meaning controlled before 2000 and how was it controlled at the time of the case?
3. Spend a little time searching blogs, using Google Blog Search, Technorati, Blog Runner, or any other blog search engines, to get a sense of what people are saying about Dove today. What does this discussion contribute to the meaning of the brand?
4. Footnote 1 of the case leads you to a blogger who asks, with reference to the age of YouTube advertising, "Is marketing now cheap, fast and out of control?". Footnote 2 refers to Dove as having started a conversation "that they don't have control of." Do you see risks for the Dove brand today?