

**THE WHARTON SCHOOL
UNIVERSITY OF PENNSYLVANIA**

MARKETING STRATEGY
An Entrepreneurial Approach

MKTG277 and MKTG777
2011 Summer Session I
Mon, Tues, Weds, Thurs: 1:00 pm to 2:35 pm

Professor: Dr. Martin R. Lautman	Class Location: JMHH F70
Office: 716 JMHH	Updated April 8 , 2011
Office Hours: By appointment only	Email: MLaut@wharton.upenn.edu
Web Café Address: http://webcafe.wharton.upenn.edu/eRoom/mktg/777-su11-1	
Required Material: Course Bulk Pack	

Themes of the Course

There will be four major themes in this course.

1. Entrepreneurial Lens

All of our cases will be analyzed through an entrepreneurial lens. I have always been an entrepreneur and am now a venture partner for three funds and an angel, early stage and private equity investor in multiple companies. In prior years, I built and sold a marketing consulting and research firm to a major multinational public company becoming President and CEO of North American operations. I also structured and actively participated in an LBO which is now a public company.

This course will focus on real life business experience.

We will explore how companies, including many that I have personally been involved with, attacked current business models and created new ones. Entrepreneurial companies, some started by Wharton alums, will be presented and discussed as examples of how new businesses can be built or existing businesses transformed based on the marketing strategy principles we will be discussing.

Our Marketing Entrepreneurs Day will feature start-up entrepreneurs. You will serve as their marketing strategy team using what you have learned and consulting on critical marketing challenges that they are facing in growing their businesses.

2. Consulting Tools and Analytical Frameworks

You will develop and utilize analytical frameworks and tools for developing strategic marketing insights and recommendations. We will focus on those typically used by major consulting firms and business analysts in analyzing companies for investment purposes and recommending actions to management.

3. Chief Marketing Officer Challenge

You will learn by participating as a member of Wharton Marketing Strategy Consultants, in the Chief Marketing Officer (CMO) Challenge. This is a hands-on, LIMITED IN TIME AND SCOPE, assignment with real world operating companies to analyze and consult on key elements of their marketing strategies and tactics.

The companies have developed detailed briefing books on their businesses to give you a head start on this assignment. At the kick-off of the project, management representatives of the companies will be visiting Wharton during class hours to brief your team. During the course you will have reasonable access to key company management and service suppliers and a budget provided by the company to assist you in successfully executing your assignment.

4. Hot Issues

You will be studying business cases many of which deal with currently hot issues. We will be focusing on marketing and marketing strategy issues currently facing small and large corporations—many of which are in today's news.

Course Background

This is a capstone course in marketing that “ties everything together.” It is a generalist’s course, and we will not spend a great deal of time on any one marketing mix variable or marketing function. All marketing mix variables and macroeconomic and global trends will be discussed in an integrated way with a focus on the strategic marketing issues that confront senior management in creating and managing successful business ventures.

The course materials involve creative applications of marketing strategy and will require you to apply your best thinking to organizations as diverse as soccer teams, churches and businesses from all over the world-- Asia, Latin America, Europe and the U.S.

Case Preparation

To benefit from the case method, you must become intimately familiar with the facts of each case. I recommend that you follow the following three steps:

1. Identify underlying marketing challenges, not just the symptoms described in the case. Ask yourself, why was this case assigned in a marketing strategy class? What is happening here that has broad-based implications? While doing this, you should think

about how these challenges apply to multiple industries and companies. Resist the temptation to try to find out what happened to the company, as this would greatly reduce what you will learn from the case.

2. Generate alternative marketing actions (including their pros and cons) and make a decision about what should be done before you come to class. As is often the situation in actual practice, cases may not have all the data you would like. Nevertheless, it is critical that you develop a reasoned plan of attack on the basis of the data available. The arguments behind your recommendation are as important as your decision itself.
3. Be prepared to discuss your analyses and decisions with your classmates in a constructive manner. Repeating case facts or personal experience is not enough. Building on other people's comments and moving the analysis forward is as important as coming up with recommendations and answers.

For several of the classes, along with the cases, I have assigned articles for you to read. You are expected to be able to participate in class discussions based both on these readings and the cases. Please utilize and refer to the readings in your case write-ups, as appropriate.

Individual Case Brief Write-Ups—Not Graded

Each student must submit an individually-prepared, one-page memo on each case, except for the two cases that you will be turning in as full case reports. Your write-up should be single spaced, 12 point font, no more than one page in length and should briefly summarize the answers to each of the case questions at the end of this document.

You will receive credit simply for handing in each of these reports on time (email only—hard copies only in the case of computer failures) due at noon, before the time when they are scheduled to be discussed in class. These reports will not be individually graded or returned, however, they will be used to help determine final grades for students close to letter cutoffs.

Full Case Write-Ups-Graded

Two full case reports are required. Each must be sent **in as a single word document**, single-spaced, 12 point font and **must not exceed 2,500 words (4-5 pages)**. You may include exhibits. Exhibits do not count toward the word limit but must not exceed **3 pages**. The format for each extended written case analyses is as follows:

1. A concise executive summary. This should define the single most important problem facing the organization and your specific recommendations in one paragraph.
2. Recommendations
 - a. If appropriate, and depending on the case, you should try to use the framework and tools we will be discussing in class to analyze the case. For example, your analysis should consider the market (customers, competitors, company, collaborators & context), the customer segmentation scheme (if applicable),

analyses for any targeting decision (target attractiveness vs. company resources), and facts that support any chosen positioning or action.

- b. Make assumptions that underlie your recommendations explicit.
 - c. Make sure you address all of the questions at the end of this document.
 - d. Your plan (i.e., specific marketing mix actions) and recommendations should include detailed and actionable solutions, supported by numbers and analyses, if appropriate and available.
 - e. Be sure to be explicit about the potential expected benefits and expected drawbacks of your recommendations.
 - f. Key major impediments/potential barriers to executing your recommendations should be noted.
 - g. Reasons why what may seem to be obvious alternative strategies and actions were not chosen should be given.
3. Appendix. This should provide supporting analyses as needed. It should include relevant financial forecasting and break even analyses (if appropriate). This is the place for EXCEL spreadsheets. Diagrams, tables and figures can be embedded either within your report or in the Appendix. Never append an exhibit that is not referred to in your text.

Case write-ups will be graded according to:

- 1. Quality of problem diagnosis and analysis. The source of identifiable symptoms or key impediment to attaining valued goals is defined (i.e., the correct challenge is identified).
- 2. Quality of recommendations. Specific, comprehensive and practical plans recognizing issues of implementation are provided.
- 3. Writing style and organization. The write-up is logically structured, clear and concise. Use exhibits to amplify and support your ideas, but ensure that the arguments presented can stand on their own. Take some extra time to insure that your write-ups are grammatically correct. You won't lose points for punctuation and grammar, but if your write-up is hard to read or demonstrates extensive carelessness it will be reflected in your grade.

Class Participation

Grading class participation is necessarily subjective.

Keep in mind that your grade for class participation is not simply a function of the amount of "air time" you take up. This part of the grade depends on the quality of your contributions. Highly valued contributions include presenting a concise and well-thought out opening of the case, providing insightful observations about the assigned readings, redirecting a case discussion when the current point has been adequately covered, providing appropriate qualitative and quantitative analyses, reconciling previous inconsistent comments, and drawing insights that reflect conclusions that can be generalized.

I will “cold call” throughout the term, so please be prepared. Most case analyses will begin with a cold call. This “opening of the case” will be your opportunity to demonstrate your preparation, analytic skills and competency to serve as a senior level marketing strategist who has been asked to address the CEO, President or Board of Directors.

I will assume that everybody who has not alerted me beforehand (by email prior to the class) that they have not prepared the assigned material is willing and able to contribute.

Missing Class

Attendance is required. My assumption is that you will attend all of the classes. Expect that your grade will be significantly adversely affected by absence. As a courtesy, if you are going to miss a class, please send me an email PRIOR to the class letting me know that you will be out.

Class Organization and Communications

Seating Chart:

A seating chart will be established during the first class. Please use that seat throughout the class so that I can get to know you quickly.

Name Tents:

Be sure you have your name tents with you every class. This will help me and our guests learn your name.

Email Response:

I will try to provide 24-hour turnaround on responding to your emails. I will monitor email more frequently before assignments are due.

Selecting Your Team for the Wharton Marketing Strategy Consulting Assignment:

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, majors, experience), and culturally diverse (e.g., members from various countries and/or ethnic backgrounds). I will assume an equal division of labor among group members, so pick your groups carefully.

Assignment Lateness:

Case analyses will not be accepted after the class in which they are discussed. Other assignments that are late will receive an automatic 20% grade deduction.

COURSE ASSESSMENTS

Assignment	Individual/Team	Due Date	Points	Comments
Class Attendance/ Participation	Individual	Throughout semester	35%	10% for attendance 25% for participation
Branding and Brand Equity Analysis Exercise	Team	June 16, noon	10%	Social media and McKinsey Model Branding Analysis
CMO Project-Final Written Reports and Powerpoint Presentation Decks	Team	Noon, June 28 th Due dates for interim work products will be provided in class	25%	Final written report and presentation should include a full and detailed problem definition, analyses and recommendations commensurate with what a company would expect from a top-notch consulting firm
Cases-1 page write ups for cases	Individual	Noon day of case	10%	Full credit for handing cases in on time-no grading
Two Cases-Full, 4-5 page write ups 1. Club Atlético 2. Blogging at BzzAgent	Individual	Noon day of case	10%	Cases will be individually graded
10 Question Flash Final	Individual	Last day of class	10%	All questions will come <u>directly</u> from class discussions

Class Schedule and Assignments

Entrepreneurial Marketing Strategy

Week	Date	Class	Topics and Assignments	Speakers/Guests
1	May 23	1	Introduction and Defining the Marketing Strategy Framework	
			Foundations of Marketing Strategy Attacking and Reinventing Old Business Models	
	May 24	2	Attacking Existing Marketing Models: Free Marketing <ol style="list-style-type: none"> 1. Case: Radiohead: Music at Your Own Price (A), Harvard Business School, Case 9-508-110. 2. Ariely, D. The End of Rational Economics. <u>Harvard Business Review</u>, July-August, 2009, pp. 78-84. 	
	May 25	3	Competitive Marketing Strategy: Models and Tools <ol style="list-style-type: none"> 1. Sun Tzu. <u>The Art of War</u>. Translated by Thomas Cleary, Shambahala Publications, Boston, Mass. ISBN 978-0-87773-452-9, 2003, Chapter 4, pp. 84-92 and Chapter 7, pp. 114-124. 2. Brandenburger, A. M. and Nalebuff, B.J. The Right Game: Use Game Theory to Shape Strategy. <u>Harvard Business Review</u>, July-August, 1995, pp. 57-71. 3. Kim, W.C and Mauborgne, R. Value Innovation: The Strategic Logic of High Growth. <u>Harvard Business Review</u>, January-February, 1997, pp. 103-112. 	
	May 26	4	Attacking Existing Models: Growth Through Disruptive Technology <ol style="list-style-type: none"> 1. Case: ASUSTeK. Harvard Business School, Case 9-609-011. 2. Greene, R. <u>The 33 Strategies of War</u>. Penguin Books, N.Y., N.Y. ISBN 978-067-00345-74, 2006, Chapter 23, pp. 299-311. 3. Christensen, C.M. and Raynor, M.E. <u>The Innovator's Solution</u>. Harvard Business School Press, Boston, Mass., ISBN 978-157-85185-24, 2003, Chapter 2, pp. 31-71. Chapter 6, pp. 158-162. 	
2	May 30		Holiday	
	May 31	5	Reinventing Existing Marketing Models: Organized Religion <ol style="list-style-type: none"> 1. Case: Willow Creek Community Church (A), Harvard Business School, Case 9-691-102. 2. Hamel, G., Gary Hamel's Management 2.0 Blog. Organized Religion's 'Management Problem' August 21, 2009, 3:28 PM ET. http://blogs.wsj.com/management/2009/08/21/organized-religions-management-problem/tab/article/ 	

	June 1	6	Reinventing Existing Marketing Models: Positioning and Branding <ol style="list-style-type: none"> 1. Randazzo, S. Subaru: The Emotional Myths Behind the Brand's Growth, <u>Journal of Advertising Research</u>, March, 2006, pp. 11-17. 	Rob Malcolm, Former President of Marketing, Sales and Innovation, Diageo Spirits
	June 2	7	Chief Marketing Officer (CMO) Challenge: Company Team Briefings at Wharton	CMO Challenge Companies on-site
3	June 6	8	Reinventing Existing Marketing Models: Establishing Competitive Advantage through Intellectual Property <ol style="list-style-type: none"> 1. Case: Intellectual Ventures, Harvard Business School, Case 9-710-423. 	Ken Davis, JD Director of IP Practice Morgan, Lewis and Bockius, LLP
	June 7	9	Reinventing Existing Models: Employee Resource Management <ol style="list-style-type: none"> 1. Case: Club Atlético Boca Juniors, Harvard Business School, Case 9-508-056. 	
	June 8	10	Reinventing Existing Models: The Fashion Industry <ol style="list-style-type: none"> 1. Case: The Birth of the Swatch Watch, Harvard Business School Case 9-504-096. 	
	June 9	11	Reinventing Existing Models: Retailing and Sustainability <ol style="list-style-type: none"> 1. Case: Wal-Mart's Sustainability Strategy, Stanford Business School, Case OIT-7. 	
			Creating Marketing Strategy	
4	June 13	12	Creating Marketing Strategy: Mental Models and Metaphors	Carrie Reed, Director, Strategic Initiatives, Olson Zaltman Associates
	June 14	13	Experiential Marketing and Building a Franchise: Harry Potter <ol style="list-style-type: none"> 1. Brown, S. Marketing for Muggles: The Harry Potter Way to Higher Profits. <u>Harvard Business Review</u>, January-February, 2002, pp. 6-14. 2. Pine II, B. Joseph and Gilmore, James. Welcome to the Experience Economy. <u>Harvard Business Review</u>, July-August, 1998, pp. 97-105. 	Andrew Yablin, VP, C&S Distribution Manager of marketing strategy for the distribution of Harry Potter books
	June 15	14	Strategies for Generating Unreasonable Growth through Marketing	Irene Britt, SVP, Campbell Soup, Chief Strategy Officer
	June 16	15	Creating Marketing Strategy: Branding and Anti-branding <ol style="list-style-type: none"> 1. Deighton, J. How Snapple Got its Juice Back. <u>Harvard Business Review</u>. January 2002, pp. 47-53. 2. Walker, R. The Marketing of No Marketing. http://www.nytimes.com/2003/06/22/magazine/the-marketing-of-no-marketing.html?pagewanted=all 	
5	June 20	16	Team Presentation Rehearsals and Class Feedback	
			Going Digital	

	June 21	17	The New Strategies of Marketing and Building Digital Businesses: Customer Acquisition and Segmentation <ol style="list-style-type: none"> Case: Hubspot.com. Inbound Marketing and Web 2.0. Harvard Business School Case 9-509-049. 	
	June 22	18	Building Digital Businesses: Dating and Social Media <ol style="list-style-type: none"> Case: eHarmony. Harvard Business School, Case 9-709-424. 	
	June 23	19	Building Digital Businesses: e-tail Culture and Service <ol style="list-style-type: none"> Case: Zappos: Developing a Supply Chain to Deliver Wow! Stanford Case GS-65 Jones, T.O. and Sasser, Jr. W. E. Why Satisfied Customers Defect, <u>Harvard Business Review</u>, November-December, 1995, pp. 88-99. 	
6	June 27	20	Building Digital Businesses: Information and Data <ol style="list-style-type: none"> Case: Blogging at BzzAgent. Harvard Business School, Case 9-508-102. Singh, T., Veron-Jackson, L., and Cullinane, J. Blogging: A new play in your marketing game plan. Kelly School of Business, BH 281. 	
			Marketing Entrepreneurs Day	
	June 28	21	Creating and Growing Start-ups: Marketing Strategy in Practice	Anthony Bucci, www.Revzilla.com Steve Barsh, www.Packlate.com
	June 29	22	Team Presentations to Company Management	CMO Challenge Companies
	June 30	23	Wrap up, Review and Ten Question Flash Final	

Case Preparation Questions

Radiohead

- Do you think Radiohead's plan to allow fans to name their own price for the downloaded version of *In Rainbows* is a good idea? Why or why not?
- What are the implications for artists' economic conditions? How does it affect the relationship between artists and record labels?
- How does Radiohead's plan fit in the wider context of how the Internet is affecting the music industry?

ASUSTeK

- Why did some of the leaders in the desktop personal computer business have trouble adapting when consumers started switching to notebooks?
- What assumptions are Jerry Shen's marketing people making about the Eee PC?
- Which suppliers to the global PC industry do you think should be concerned about the success of the Eee PC?

Willow Creek

1. Why has Willow Creek been the most successful church in the U.S. (in terms of attracting the most people per week), given the fact that they preach the same message as other Protestant churches?
2. Why do unchurched people find Willow Creek worth attending?
3. How do you empower people to implement a given strategy in an excellent way without monetary rewards?

Intellectual Ventures

1. IV is a \$5b private equity/venture fund. In general, what are the advantages and disadvantages of a PE/VC fund? Is a PE/VC model the right business model for the IP market? If not, what alternatives, if any, would you recommend?
2. What strategy should IV take towards recalcitrant players who are unwilling to pay?
3. If you had the money and were asked, would you invest in IV? Why or why not?

Club Atlético Boca Juniors

1. What is Boca Juniors' business model? How does Boca Juniors' model differ from the top European clubs?
2. How would you describe the brand, Boca Juniors? What are the club's main tangible and intangible benefits?
3. Who are Boca Juniors' customers? How is the market segmented?
4. Why do young players want to join Boca Juniors? Why do so many of them leave?
5. Should Macri and Ibarra enter into negotiations with the Spanish and Italian clubs interested in buying Gago and Palacio? If so, how should they approach the talks?
6. Which player, Gago or Palacio would you be most willing to sell? Why?
7. How does this business model relate to a business world where many people consider themselves "free agents," expecting to advance by frequently changing employers?

The Birth of the Swatch Watch

1. Why was Swatch so successful? In what ways was the Swatch different than any watch the industry has ever seen?
2. Which elements of the original Swatch marketing plan were most critical to the brand's success?
3. Today, if you had to create a new sub-category of watch, what would it be?
4. In many ways, the Swatch encouraged people to think about watches in a new way. What other products in other product categories have done the same thing? Be prepared to discuss at least one example in class.

Wal-Mart's Sustainability Strategy

1. Given that Wal-Mart's customers are typically unwilling to pay any premium for environmentally friendly products, is the company going to achieve business value through its sustainability strategy? If so, how?
2. Imagine you are Andy Ruben or Tyler Elm, evaluating the progress of the electronics, seafood and textile networks. Which networks have been the most successful? What factors explain the success (or, lack of success) of each network?
3. How is Wal-Mart motivating its suppliers to share information about and continuously reduce the environmental impact of products and services? How can the company stimulate the development of disruptive, breakthrough innovations?

4. The case identifies some initiatives that will benefit society, but not Wal-Mart's profitability. Pick one of these initiatives and describe how you would defend it as an internal champion.

MAKE UP 1-2 POWERPOINT SLIDES TO SHARE WITH THE CLASS.

Hubspot.com

1. Is Hubspot finding and serving the right set of customers? Given its status as a start-up company, should it widen its focus to serve any customer who comes their way? Or, should they narrow their target by focusing on either Owner Ollies or Marketer Marys? Should they focus on B2B or B2C customers?
2. Does the Software as a Service (SaaS) pricing model work for both Owner Ollies and Marketer Marys?
3. Are Halligan and Shah being overly stubborn by not doing any outbound marketing? What would you do?

eHarmony

1. Why do people want to meet people on-line instead of finding them in the real world?
2. Does eHarmony have a competitive advantage? If so, where does it come from?
3. Which of the four options should Waldorf pursue? Support the one you selected and describe why the others would be sub-optimal.

Zappos: 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? Would you change their shipping strategy in the cost-conscious environment facing the company in late 2008? If so, how
3. How would you expand the business? Would you add more products? More geographies? Sell private label products?

Blogging at BzzAgent

1. What is the role of blogs in the Internet world? Are they critical? If so for whom?
2. Does the the BeeLog make sense? Has the BeeLog run its course? Should it be closed?
3. Who is the BeeLog attempting to influence?
4. What are the BzzAgent business, marketing and revenue models? How does BzzAgent's business compare to other media?
5. Why are major brands doing business with them?
6. Why do Agents do this? Is what they do ethical? Would you be a BzzAgent? Why or why not?