

**MARKETING DEPARTMENT**  
**The Wharton School**  
**THE UNIVERSITY OF PENNSYLVANIA**

**MKTG 771/271-401**  
**MODELS AND TOOLS FOR MARKETING TACTICS**  
**AND STRATEGY**

**Course Syllabus and Schedule**

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**Fall 2012**

STE 700 JMHH

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Course site: [wharton.instructure.com/courses/737692](http://wharton.instructure.com/courses/737692)

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**PERSPECTIVE**

This course surveys quantitative marketing methodology. Emphasis is on the selection and use of models to support managerial decisions concerning marketing strategy. Topics include: analysis of consumer behavior at the individual level; market analysis at the aggregate level; segmentation, targeting, positioning, forecasting methods; new product decisions and decision support systems; and advertising decision models. Special attention will be given to industries that have not received attention traditionally, such as the entertainment (movie) industry. The focus of the course is both on **modeling needs** and on the **applications** of analytical approaches and computer-based **models** to solve managerial problems. Hence, we will take the perspectives of models developers and users. The mathematics underlying the models is a necessary part *but* it should not be intimidating. The math is not so much difficult and just requires a willingness to spend *some* time on understanding the models.

**COURSE OBJECTIVES**

1. To help course participants become better managers/consultants by giving them better tools for analyzing marketing decision problems.
2. To acquaint participants with and help them to understand analytical and computer-based models and techniques which have been used to aid marketing decisions.
3. To give participants critical skills for evaluating new marketing models and quantitative tools about which they may read in the literature, and to enable them to read the literature.
4. To help participants understand marketing problems more clearly through useful frameworks and by analyzing them quantitatively.
5. To produce managers who will not be taken advantage of by some quantitative consultants.

## DESIRED COURSE PREREQUISITES

The course will be of particular relevance to students planning careers in marketing and management consulting. The course has been designed for students with some background in quantitative methods as well as some exposure to basic marketing concepts. That is, students who have taken the marketing management course or have an equivalent experience.

## ASSIGNED READINGS

**Recommended Text: *Marketing Engineering: Computer-Assisted Marketing Analysis and Planning* by Lilien and Rangaswamy (LR), Second Edition, 2006.** Available at the library on reserve. Can be purchased at the bookstore and Amazon. It provides sources for some of the required readings. If you do not wish to buy this book individually, I strongly recommend that you buy it in a group. It contains software with additional models that you may find useful in the future.

**Another text on reserve: *Marketing Models*, by Lilien, Kotler, and Moorthy (LKM), Prentice-Hall, 1992** (book is available on reserve at Lippincott Library). Provides more technical details with respect to the models discussed in class.

All assigned readings for the course are available in a **Bulk Pack (BP)** at Wharton Reprographics.

Your readings packet contains journal articles, which describe various models and their implementations. In this course you will be required to read them for basic understanding, not for mathematical detail. Beyond this course you will be exposed to models in this form, and the experience gained in digesting the material and filtering it for ideas will be invaluable. Besides, this packet will act as the nucleus of a models reference library when, in the field, you are called upon to solve a quantitative problem. Additional articles will be uploaded on the course Webcafe.

## COURSE GRADING

Your final grade in the course will be based on the following criteria and weights:

Group project and presentation	50%
Individual assignments (to be described)	30%
Class participation/attendance	20%

## ASSIGNMENTS

The course will involve two types of assignments: individual take-home assignments and a major group project. The take-home assignments are designed to provide running examples of the various concepts and methods introduced in the course and, secondarily, a means for assessing student progress. ***Late homework assignments will not be accepted.***

The major group project is the primary evaluation tool in the class. Its structure is straightforward: the class will be divided up into teams of ***three-five*** members each. The objective of the project is to develop a new procedure and/or apply one of the methods and models covered in the course to an actual marketing decision problem. This project involves an oral presentation and a term paper, due on **the last class meeting**. When the project is presented to the class (during the final two sessions), the other members of the class will act as if it is the

client. The presentation typically consists of a description of the problem, the model(s) or technique(s) in non-mathematical terms, and the team's evaluation of its impact, strengths, and weaknesses for helping the manager. It is strongly recommended that you start thinking about a marketing problem at the very beginning of the course. Feel free to discuss with me any ideas that you may have.

## CLASS PARTICIPATION/ATTENDANCE

Class sessions will be devoted to probing, extending, and applying the material in the readings and the cases. It is your responsibility to be prepared for each session as detailed in the course outline. I believe that each of you will benefit from belonging to a “study group” that meets and prepares for each session before coming to class.

Each of you is expected to contribute to class discussions. To do well, you must learn from active participation in presentations and class discussions. **In evaluating class participation, I emphasize the quality of participation.** In particular, I will try to assess how your contributions enhance both the *content* and *process* of a discussion along the following lines:

- Do the comments add to our understanding of the issues or are they frivolous – an attempt to get “air time” that day?
- Do the comments move the discussion along by giving a new perspective?
- Are the comments clear and concise, or obscure and rambling?
- Do the comments reflect a concern for maintaining a constructive and comfortable classroom atmosphere?

If you are unable to attend a particular session, please inform me as early as possible. If you attend, but are unprepared to participate in the day's discussion, notify me prior to the beginning of the class to avoid any embarrassments.

The various guest lectures are intended to provide the class with an opportunity to get exposure to real-world problems and their research-based solutions. It is highly recommended that you familiarize yourself with the guest speaker's firm and its clientele. **It is expected that you email me at the end of the guest speaker's day your three key takeaways from the session.** Please note that there may be some *changes* in the dates they are scheduled to visit the class.

## SOME SUGGESTIONS FOR THE TERM PROJECT

You are free to select any marketing problem that concerns you and appears capable of interesting and useful rigorous model implementation. Think of the problem in connection with an actual company. Your paper should have three parts:

1. Background to the problem.
2. A proposed model and solution to the problem.

### 3. Evaluation of the model.

For example, you can develop a model of market potential estimate and sales forecast for some market that interests you (e.g., automobiles, coffee, entertainment, toothpaste, banking.) Study pertinent publications for background information about the industry. Your main interest should center on how the company sales are determined and can be forecasted in this market.

Some sample projects completed in recent years:

- Forecasting sales for four PC software applications
- Estimating demand for a new citrus fruit
- Modeling students' choices of music records
- Pricing in the home video industry
- Modeling consumer trade-offs for video home viewing services
- Analyzing the business opportunity for digital music player
- Demand forecast for household on-line services
- Assessing the market share for a new basketball shoe
- Estimating the business opportunity of pay-per-view boxing events
- Introducing a foreign perfume in the U.S. market
- New product launching strategy for a digital syllabus
- Strategic plan for a gym
- Feasibility study for a café.

Your final paper should be typewritten, approximately **twenty** double-spaced page long (excluding exhibits and other attachments).

The term paper will be graded mainly on the following criteria:

1. Degree of developing an operational model for a well-formulated marketing problem;
2. Amount of research, digging, and topic development;
3. Critical and knowledgeable use of concepts and techniques;
4. Quality of paper's organization, clarity, and writing style.

It is highly desirable for you to:

1. Form a project team as early as possible;
2. Decide on your term paper topic as early as possible;
3. Review some old projects available in my office;
4. Get clearance from me;
5. Discuss the progress on your paper with me and my TA during the semester at an office appointment or during the course break.

**Marketing 771/271-401**  
**Fall 2012**  
**J. Eliashberg**  
**Tentative Course Schedule**

Date	Session	Topic, Readings, Cases, Assignments	Lilien and Rangaswamy (LR)
		<b>Introduction</b>	
W. Sept 5	1	<ul style="list-style-type: none"> <li>• Objective of this course</li> <li>• What you will learn in this course</li> <li>• Course administrative issues</li> <li>• Getting to know each other</li> </ul>	
		<b>Marketing Problems and Marketing Models</b>	
M. Sept 10	2	<b>Readings:</b> <ul style="list-style-type: none"> <li>• “Models and Managers”</li> <li>• “Principles of Marketing Engineering”</li> <li>• “Implementing and Evaluating SILVERSCREENER”(just skim it)</li> </ul>	Ch.1
W. Sept 12	3	<b>More on Marketing Problems, Modeling Needs, and Models: The Case of Product /Service Positioning</b>	Ch.4, pp. 117-119
W. Sept 19	4	<b>Perceptual Maps and Factor Analysis: The Fundamental Idea</b> <b>Reading:</b> <ul style="list-style-type: none"> <li>• “Analyzing Consumer Perceptions”</li> </ul>	Ch.4, pp. 128-136
M. Sept 24	5	<b>Factor Analysis: Interpreting the Output</b> <b>Readings:</b> <ul style="list-style-type: none"> <li>• “Motion Picture Attendance”</li> <li>• “Movie Genres: Toward a Conceptualized Model”</li> </ul> <b>Preference Models</b> <b>Due: List of Groups Members</b>	
M. Oct 1	6	<b>Preference Models</b> <b>Conjoint Analysis: The Basic Idea</b> <b>Readings:</b> <ul style="list-style-type: none"> <li>• “Conjoint Analysis: A Manager Guide”</li> </ul>	Ch. 7, pp. 239-247
W. Oct.3	7	<b>Application/Guest Speaker</b>	
M. Oct. 8	8	<b>Conjoint Analysis: Interpreting the Output</b> <b>Probability Models</b> <b>Market Share Models</b> <b>Readings:</b> <ul style="list-style-type: none"> <li>• “The consumer rent vs buy decision in the rentailer”</li> </ul> <b>Due: One page problem definition</b>	Ch. 7, pp. 247-253
W. Oct. 10	9	<b>Application/Guest Speaker</b>	
M. Oct. 15	10	<b>Market Analysis for New Product/Business Opportunities</b> <b>Case: E.T.Phone Home</b> <b>Discussion Issues: Digitron’s Survey Methodology and Long-term Forecasting Model</b> <b>Due: Assignment#1</b>	
W. Oct. 17	11	<b>Application/Guest Speaker</b>	

Date	Session	Topic, Readings, Cases, Assignments	Lilien and Rangaswamy (LR)
W. Oct. 24	12	<b>Market Potential, Penetration, Share Forecasting Models: An Overview</b>	
M. Oct. 29	13	<b>Application/Guest Speaker</b>	
W. Oct. 31	14	<b>Market Penetration Models: The Bass Model</b> <ul style="list-style-type: none"> <li>• Formulation</li> <li>• Use</li> <li>• Estimation</li> </ul> <b>Readings:</b> <ul style="list-style-type: none"> <li>• “Four Products: Predicting Diffusion”</li> <li>• “Forecasting the Adoption of New Product”</li> <li>• “A New Product Growth Model”</li> </ul>	Ch. 7, pp. 253-263
M. Nov.5	15	<b>More on the Bass Model and other dynamic models</b> <b>Readings:</b> <ul style="list-style-type: none"> <li>• “Diffusion Models: Managerial Applications and Software”</li> <li>• “A Parsimonious Model for Forecasting Gross Box-Office Revenues of Motion Pictures”</li> </ul>	
W. Nov.7	16	<b>Overview: New Products-Related Problems and Models</b> Case: “ <b>Johnson Wax: Enhance (A) Case</b> ” Ch.7,pp. 233-239	
M. Nov. 12	17	<b>Application/Guest Speaker</b>	
W. Nov. 14	18	<b>The Assessor Model</b> Ch.7, pp. 263-271 <b>Expert Systems</b> <b>Readings:</b> <ul style="list-style-type: none"> <li>• A Knowledge-Based System for Advertising Design</li> <li>• Developing Marketing Expert Systems: An Application to International Negotiations</li> </ul>	
M. Nov 19	19	<b>Application/Guest Speaker</b>	
W. Nov. 21	20	<b>Models and Modeling Needs in the Entertainment Industry</b> <b>Readings:</b> <ul style="list-style-type: none"> <li>• “Movie Stars and Box Office”</li> <li>• “MOVIEMOD: An Implementable Decision Support System for Pre-release Market Evaluation of Motion Pictures”</li> <li>• “Implementing and Evaluating SilverScreener”</li> </ul>	
M. Nov. 26	21	<b>Application/Guest Speaker</b>	
W. Nov. 28	22	<b>Summary and Preparation for the Projects Presentations</b> <b>Due: Assignment#3</b>	
M. and W. Dec. 3 and 5	23 and 24	<b>Projects Presentations</b> <b>Due on Dec 5: Group Project Report</b>	

**University of Pennsylvania  
The Wharton School  
Mktg 771/271**

**Professor Jehoshua (Josh) Eliashberg**

**Fall 2012**

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Polyphonics HMI: Mixing Music and Math (9-506-009)



## Group Project Self-Evaluation Form

The purpose of this evaluation form is to communicate the contribution of each individual in the group. Do this by allocating points among group members: give more points to individuals who did more work or for some reason deserve more credit; give fewer points to individuals who did less work or for some reason deserve less credit. The total points available for the entire group **including you** are 100. Therefore, if there are five members in your group, and if you feel that each member did their fair share of the work, then give 20 points to each member. If you give one or more members more than 20 points, then one or more other members must receive less than 20 points. I will consider confidentially all of the evaluations turned in by the group and any other relevant information that emerges during the term in assigning points for the Individual Effort component of the project. (Of course, you may as a group decide jointly how you will make the point allocations, if you so desire.)

**Project Title:**

	<b>Group Member</b>	<b>Points</b>
Your Name:	_____	_____
Other Members:	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

Comments (if any):

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