The Wharton School
University of Pennsylvania
Wharton West

Marketing 777-Winter 2013

MARKETING STRATEGY

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Introduction

This course views strategic marketing as both a general management responsibility and an orientation of an organization. The course addresses the critical issues of how firms can be managed to keep winning in their markets by delivering a superior value proposition, and fully realizing the potential economic profits from this advantage. These strategic marketing responsibilities are realized through four customer value imperatives, on how to (1) lead markets with a distinct and compelling value proposition, (2) grow organically by offering new value to customers, and profitably manage (3) the customer asset, and (4) the brand asset. Relatively less attention will be given to the specific activities of the marketing department, sales group, or advertising function in implementing strategic decisions.

Objectives

Your basic objective is to develop your own understanding and management skills. My primary objective is to stimulate this process. Specifically, the course will attempt to help you develop your knowledge and skills in the application of advanced frameworks, concepts, and methods for making strategic choices at the business unit level. At the end of the course, you should have a working knowledge of the approaches that organizations use to resolve market strategy issues.

Teaching Method and Performance Evaluation

This course will be taught as a seminar so participation during the lectures and meaningful contributions to the case discussions are essential. There are three components to the course grade:

1. **Class Participation (25%).** This part of the grade depends on the quality of your contributions. Highly valued contributions include asking insightful questions about the assigned readings, redirecting a case discussion when the current point has been adequately covered, providing an appropriate quantitative analysis, summarizing and/or reconciling previous comments, and drawing generic learning points from a particular case.

2. **Individual Written Case Analysis (25%).** This should be handed in at the beginning of the session for which the case has been assigned. The choice of the specific case is made by each person. The write-ups should be in essay form. Also, they should be double-spaced and typed and not exceed six (6) pages, including exhibits and tables. Do not rely on the questions for discussion in the syllabus as the structure for your report. These questions are meant to signal the main issues to be addressed during the class discussion.

3. **Marketing Strategy Project (30%).** This report is to be prepared by self-selected groups of three people. The final paper should be between 10 and 12 double-spaced pages, excluding any charts, graphs and figures. The purpose is to give these teams an opportunity to apply course concepts to one of their companies. The topic should relate to the content of the course and provide a significant learning experience for all members of the group. A list of candidate topics is provided in Exhibit 1 (attached). However, every effort will be made to accommodate other topics.

The projects reports will be evaluated according to the following criteria:

1. The quality of the analysis – were the right questions asked?
2. The feasibility of the conclusions or recommendations – did they follow from the analysis?
3. Evidence of mastery of the frameworks, concepts, and methods developed during the course; and
4. The effectiveness of the written report. The written report should conclude with a brief section on lessons learned.

Unless I am informed otherwise, I will assume the workload was shared equally by the members of the group.

4. **Final Examination (20%).** This will be an open book examination designed to evaluate your ability to apply the course concepts and methods.

Materials

The required text for this course is George S. Day and Christine Moorman, *Strategy from the Outside-In: Profiting from Customer Value*, New York: McGraw-Hill 2010

A bulkpack of printed case studies will be provided.

Along with the assigned readings, you are encouraged to regularly read strategy-related items in the *Wall Street Journal* and articles in *Business Week, Fortune, Forbes*, and other publications.

This syllabus – and any updates can be found on:

https://wharton.instructure.com

Course Philosophy

The starting point is the belief that you cannot develop a sound competitive market 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 of how these features will impact your 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 this 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*

Exhibit One
Illustrative List of Topics for Marketing Strategy Project

1. Analyze the role and effectiveness of the CMO and the marketing function of one of your firms, and recommend ways to increase their influence in shaping the marketing strategy.

2. Review the portfolio of organic growth initiatives for your firm, assess the likelihood the growth objective will be achieved, and propose changes to the growth strategy.

3. Propose strategies for maximizing the value of the brand through line extensions, or other approaches.

4. Identify and evaluate strategic alternatives for a follower when the leader has preempted most of the positions of advantage.

5. Diagnose the appeal of your firm's value proposition to the target segments in light of shifts in the relative size and rate of growth of the segments in the market and the likely moves of competitors.

6. Design a strategy for responding to the entry of one or more low cost (price value) rivals into your market.

7. Pick an innovative business model in one of the industries served by your chosen company, and analyze the growth and profit prospects. Consider whether it is offering a superior value proposition and how long the advantage can be sustained.

8. Assess the annual loyalty/defection rate of the customers of your chosen company. What could be done to reduce the defection rate? What would be the consequences for the company's growth rate and profitability?

9. For a company of your choice, pick a new product, technology or business model innovation for their served market that was either missed, or where the company was very late in participating in the opportunity. Identify the reasons for the "error of omission", and what could be done to avoid a recurrence.

SCHEDULE and READINGS

1. Friday, February 8th 9:30 a.m. - 12:30 p.m.

Topic: ***Strategy from the Outside In***

Readings: *Chapters One and Two of the text*

Case: *Becton-Dickinson & Co.: VACUTAINER Systems Division*
Case Number 9-592-037

Questions:

1. Why does BDVS have the dominant share of the market for blood collection tubes?
2. What are the major challenges to their dominant position?
3. How should BDVS respond to APG demands regarding private labeling, use of distributors and pricing? What specific proposal should BDVS submit to APG on August15?

2. Saturday, February 9th 1:00 p.m. - 4:00 p.m.

Topic: ***Customer Value Leadership***

Readings: *Chapters Three and Four of the text*

Case: *Reed Supermarkets: A New Wave of Competitors*

Questions:

1. What is Reed's position in the Columbus market? How serious is the threat to this position by dollar stores and Aldi?
2. What alternative strategies should be considered? What do you recommend?
3. Should Collins continue the dollar specials program?

3. Friday, February 22nd 5:15 p.m. – 7:15 p.m.

Topic: ***Full Spectrum Innovation***

Readings: *Chapters Five and Six of the text*

Case: *Patients Like Me: An Online Community of Patients*

Questions:

1. What is the value proposition to patients? How do physicians react to sites like PLM?
2. How should PLM launch the General Platform? What are the biggest challenges? What metrics would you monitor to assess performance? Should PLM expand its business model (value capturing approach) to insurance companies and research institutions? Can it become the "Bloomberg of medical data"?

4. Friday, February 22nd 7:30 p.m. – 9:30 p.m.

Topic: ***Full Spectrum Innovation (continued)***

5. Saturday, February 23rd 7:30 a.m. – 9:00 a.m.

Topic: ***Building the Brand Asset***

Readings: *Chapter Nine of the text*

Case: *Black & Decker*
Case Number 9-595-057

Questions:

1. What are the reasons for Black & Decker's 9% share versus Makita's 50% share?
2. What is Makita's strategy, and what role does Milwaukee play?
3. What action alternatives should B&D consider? What would you recommend?

6. Friday, March 8th 5:15 p.m. – 7:15 p.m.

Topic: ***Building a Market-Driven Organization***

Readings: *Chapter Twelve of the text*

Case: *Zappos.com 2009: Clothing, Customer Service and Culture Case Number 9-610-015*

Questions:

1. What is the Zappos value proposition? How do they create and capture value? What is the contribution of their culture?
2. What does the Zappos brand mean? How far can it be extended?
3. Why did Amazon buy Zappos? How will they get a decent return on their investment?

7. Saturday, March 9th 7:30 p.m. – 9:00 p.m.

Topic: ***Building a Market-Driven Organization (continued)***

8. Thursday, March 21st 5:15 p.m. – 7:15 p.m.

Topic: ***Open Book Examination***