

**The Wharton School
University of Pennsylvania**

Marketing 777-Fall 2013

MARKETING STRATEGY

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Class schedule: Monday and Wednesday
9:00 a.m. to 10:20

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 marketing strategy issues.

Teaching Method and Performance Evaluation

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

1. **Class Participation (20%).** 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%).** You are asked to write-up one of the cases to be discussed during the course. The choice of the case to submit is up to you. This write-up should be handed in at the beginning of the session for which the case has been assigned.. 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 (35%).** This report is to be prepared and presented by self-selected groups of three or four people. 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 illustration topics is provided in Exhibit 1 (attached). However, every effort will be made to accommodate other topics. Feasible topics include an evaluation of the strategy of a firm or business, or the applicability of a concept or method useful in strategic marketing.

The report will ordinarily be based on secondary sources and information in the public domain, but can also be based on field research or interviews and data collection within a company. The written report should conclude with a brief section on lessons learned.

The 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 and verbal presentation of the report.

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

Please prepare a brief (one-paragraph to one-page) typed proposal to be submitted with the names of the team members by **September 23**. A one-page double-spaced progress report is due on **November 4**. The final paper should be between 12 and 15 double-spaced pages, excluding any charts, graphs, and figures. This paper is due on **November 25**. A class presentation of the project will be scheduled for November 20, 25 and December 2.

4. Course Examination (20%) This will be an open book examination, to be held during the regular class session on **December 4**. The questions will emphasize the understanding and application of concepts and frameworks we have covered to that point in the course.

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 of one or more firms, and recommend ways to increase their influence and value.
2. Determine the effectiveness of a relational value strategy through integrated customer solutions, in terms of the mutual benefits, organizational requirements, and prospects for competitive advantage.
3. Develop a marketing dashboard that can reveal the performance of a firm's marketing activities. What are the key metrics and their drivers?
4. Undertake an analysis of the capabilities, strategies, and intentions of a major competitor, and propose a defensive strategy to counter their likely moves.
5. Identify and evaluate the strategic alternatives for a follower when the leader has preempted most of the positions of advantage.
6. Identify and evaluate the strategic alternatives for a market leader in response to an aggressive price value competitor.
7. Assess the annual loyalty/defection rate of the customers for a firm. What could be done to reduce this defection rate? What would be the consequences for the company's growth rate and profitability?
8. Propose ways of ensuring a coherent value proposition when the customers are being served through many different channels, and the distinctions between physical and online channels are vanishing.
9. How will mobile devices/platforms and social media influence the end-to-end purchase cycle of customers for a firm, and how should their sales and marketing approaches adapt?
10. How should a firm adapt to an era of "Big Data" where there is a proliferation of near instantaneous information and the firm's ability to control it is much reduced?
11. Review the portfolio of organic growth initiatives for a firm, assess the likelihood their growth objectives will be achieved, and propose changes to the growth strategy.
12. Conduct an assessment of a major growth opportunity for a firm, and recommend a launch strategy.
13. Propose strategies for capitalizing on a brand as an asset, by building, protecting and leveraging the brand.

14. Propose a strategy for an emerging market firm with a strong local brand that wants to become a globally prominent brand? How should this brand be positioned?
15. Assess the present orientation of a firm to its market, by comparing the judgments of senior managers with the perceptions of major customers, and identify barriers to becoming more market-driven.
16. Redesign a marketing organization: what is the right mix of centralized and decentralized marketing activities? What is the right balance of outsourcing and insourcing of these activities?

The Course At A Glance

(A) INTRODUCTION

1. 8/28 Introduction to the course
2. 9/4 Strategy from the Outside In
3. 9/9 **Strategy from the Outside In (continued)**
Case: Becton-Dickinson & Co.

(B) IMPERATIVE ONE: BE A CUSTOMER VALUE LEADER

4. 9/11 Customer Value Leadership
5. 9/16 Customer Value Leadership (continued)
Case: **Reed Supermarkets**
6. 9/18 Customer Value Leadership (continued)
7. 9/23 Customer Value Leadership (continued)
Case: **Purolator Courier**
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- *Preliminary proposal due**
8. 9/25 Go-to-Market Strategies
9. 9/30 Go-to-Market Strategies (continued)
Case: **Natureview Farm**
10. 10/2 Competing with an Innovative Business Model
Case: **Zara**

(C) IMPERATIVE TWO: INNOVATE NEW VALUE FOR CUSTOMERS

11. 10/7 Innovation Prowess
12. 10/9 Innovation Prowess (continued)
13. 10/14 Developing Innovation Prowess
Case: **Pitney-Bowes, Inc.**

- 14. 10/16 Developing Innovation Prowess
- 15. 10/21 Full Spectrum Innovation
Case: **Patients Like Me**
- 16. 10/23 Seeing Market Opportunities Sooner

(D) IMPERATIVE THREE: CAPITALIZE ON THE BRAND AS AN ASSET

- 17. 10/26 Building the Brand Asset
- 18. 10/30 Leveraging the Brand Asset
Case: **Black & Decker**
- 19. 11/4 The Process of Brand Building

*Progress reports due
- 20. 11/6 Social Media and Branding
Case: **The Pepsi Refresh Project**
- 21. 11/11 No Class
- 22. 11/13 Building a Market-Driven Organization
Case: **Zappos.com**
- 23. 11/18 Building a Market-Driven Organization (continued)
- 24. 11/20 Group Presentations
- 25. 11/25 Group Presentations

*Final paper on group project due
- 26. 12/2 Group Presentations
- 27. 12/4 Course Examination**
- 28. 12/9 The Role of Marketing in the Organization

SCHEDULE and ASSIGNMENTS

1. 8/28 ***Introduction to the Course: Review of Core Concepts***

 Reading: Chapter One of text

2. 9/4 ***Strategy from the Outside In***

 Reading: Chapter Two of text

3. 9/9 ***Strategy from the Outside In (continued)***

 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 August 15?

IMPERATIVE ONE: BE A CUSTOMER VALUE LEADER

4. 9/11 ***Customer Value Leadership***

 Reading: Chapter Three of text

5. 9/16 ***Customer Value Leadership (continued)***

 Case: Reed Supermarkets: A New Wave of Competitors (Case
 4296, June 17, 2011)

 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?

6. 9/18 ***Customer Value Leadership (continued)***

Readings: (1) Chapter Four of text
 (2) Brent Adamson, Matthew Dixon and Nicolas Tuman, "The End of Solution Sales," *Harvard Business Review* (July – August 2012, Reprint R1207C)

7. 9/23 ***Customer Value Leadership (continued)***

Case: Purolator Courier Ltd.
 (Case number 9-508-054)

Questions:

1. Why was the Purolator turn-around 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?

8. 9/25 ***Go-to-Market Strategies***

Reading: Brynjolfsson, Hu and Raman, "Competing in the Age of Omnichannel Retailing," *MIT Sloan Management Review*, Summer 2013, pages 23-29 (Reprint 54412)

9. 9/30 ***Go-to-Market Strategies (continued)***

Case: Natureview Farm (Case 2073)

Questions:

1. Why has Natureview Farm been successful in the natural foods channel?
2. What are the strategic advantages and risks of each revenue growth option? What channel management and conflict issues are involved?
3. What would you recommend? What changes in marketing mix, sales, brand and channel partner arrangements are needed to implement your recommendation?

Note: Below are the first year financial results for each option based on the case data:

	Option #1	Option #2	Option #3
Incremental Sales gain	\$16,070,950	\$9,214,425	\$3,317,073
Gross profit	\$5,220,950	\$3,769,425	\$1,247,073
Profit contribution	(211,888)	(823,152)	\$781,463

10. 10/2 ***Competing with an Innovative Business Model***

Case: *Zara: Responsive, High speed, Affordable Fashion
(London Business School CS-05-037)*

Questions:

1. What is the Zara value proposition? What does the Zara brand promise to the target customers? How does Zara differ from H&M and the Gap? (groups will be assigned to one of these three chains to make a mystery shopping expedition to a nearby store.)
2. How does Zara build its brand?
3. How does the Zara supply chain differ from the traditional retail model?
4. What are the limits to the Zara business model, that would constrain its growth prospects?

IMPERATIVE TWO: INNOVATE NEW VALUE FOR CUSTOMERS

11. 10/7 ***Innovation Prowess***

Readings: (1) Chapters 5 and 6 text
 (2) Tim Brown, "Design Thinking," *Harvard Business Review*, June 2008 (Reprint R0806E)

12. 10/9 ***Innovation Prowess (continued)***

Illustrative Case: (Not suitable for a writeup)

Seven Peaks Technologies

Questions:

1. Would you back Jack Brandon a second time?
2. What is your evaluation of the forceps project (use the Real-Win-Worth framework)?
3. What is the real problem?

13. 10/14

Developing Innovation Prowess

Case: Pitney-Bowes Inc. (Case 9-607-034)

Questions:

1. How effective is the Pitney-Bowes innovation process?
2. Why were the early sales of “Stamp Expressions” disappointing? What does this say about their application of customer-centered innovation?
3. What could be done to make “Stamp Expressions” a success?

14. 10/16

Developing Innovation Prowess

Reading: J. Bruce Harreld, Charles A. O'Reilly and Michael Tushman, “Dynamic Capabilities at IBM: Driving Strategy in action,” California Management Review, 49 (Summer 2007), 21-43

15. 10/21

Full Spectrum Innovation

Case: Patients Like Me: An Online Community of Patients (Case 9-511-093)

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”?

16. 10/23

Seeing Market Opportunities Sooner

Reading: George S. Day and Paul J.H. Schoemaker, “Scanning the Periphery” Harvard Business Review, November 2005, (Reprint R0511H)

IMPERATIVE THREE: CAPITALIZE ON THE BRAND AS AN ASSET

17. 10/28 ***Building the Brand Asset***

Reading: *Chapter 9 of text*

18. 10/30 ***Leveraging the Brand Asset***

Case: *Black & Decker (Case 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?

19. 11/4 ***The Process of Brand Building***

Reading: *Chapter 10 of Text*

20. 11/6 ***Social Media and Branding***

Case: *The Pepsi Refresh Project: A Thirst for Change
(Case 9-512-018)*

Questions:

1. Should the Pepsi brand team continue to fund the Pepsi Refresh Project in 2011?
2. Is Pepsi the right brand for a program like the Pepsi Refresh Project?

21. 11/11 ***No Class scheduled today***

22. 11/13 ***Building a Market-Driven Organization***

Reading: *Chapter Twelve of 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?

23. 11/18 ***Building a Market-Driven Organization (continued)***

24. 11/20 ***Group Presentations***

Each group will make a presentation of the highlights of their project and the main insights and lessons that were gained.

25. 11/25 ***Group Presentations (continued)***

26. 12/2 ***Group Presentations (continued)***

27. 12/4 ***Course Examination***

28. 12/9 ***The Role of Marketing in the Organization***