The Wharton School
University of Pennsylvania
Wharton East

Marketing 777-Winter 2014

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 (30%).** 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 (35%).** Only one case has to be written-up during the course. 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 (35%).** 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.

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?

SCHEDULE and READINGS

1. Friday, January 3rd 1:30 p.m. - 4:30 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, January 4th 9:00 a.m. – 12:00 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, January 17th 9:30 a.m. - 12:30 p.m.

Topic: ***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?

4. Saturday, February 1st 9:00 a.m. – 12:00 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"?

5. Friday, February 28th 9:30 a.m. – 12:30 p.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. Saturday, March 1st 9:00 a.m. – 12:00 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?