

**Effective Fall 2014, MKTG784 will be renumbered as MKTG727**

**MKTG 784: Digital Marketing and Electronic Commerce**  
**Fall 2013 Wharton | San Francisco**  
**Semester in San Francisco**

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<b>Time:</b>	See detailed schedule to follows.
<b>Instructor:</b>	David R. Bell ( <a href="mailto:davidb@wharton.upenn.edu">davidb@wharton.upenn.edu</a> ; @davidbnz)
<b>TA:</b>	TBD.
<b>Office Hours:</b>	By appointment.
<b>Prerequisites:</b>	MKTG 621 and MKTG 622 or consent of instructor.
<b>Optional Text:</b>	<i>Location Is (Still) Everything: The Surprising Influence of the Real World on How We Search, Shop, and Sell in the Virtual One</i> <a href="http://www.hmhco.com/shop/books/Location-Is-Still-Everything/9780544262270">http://www.hmhco.com/shop/books/Location-Is-Still-Everything/9780544262270</a>
<b>Course Site:</b>	<a href="http://join.lore.com/YBJUGW">http://join.lore.com/YBJUGW</a>

## **DESCRIPTION**

The effect of the Internet and related technologies on business and social institutions is more profound than that of any prior invention, including the printing press and the internal combustion engine. Furthermore, marketing plays a key role in shaping the consumption-led economies fueled by these technologies. MKTG 784 provides a research-based and framework-driven approach to understanding digital marketing and electronic commerce.

The course is organized around three sections and utilizes relevant theory, empirical analysis, and practical examples to develop the key learning points. Guests from the entrepreneur and investor communities participate, as appropriate. Part I presents the behavioral foundations for understanding electronic commerce, and covers the relevant theory from economics, marketing, and related fields. Part II examines ecommerce business models and institutions including Internet retail, curated commerce, and so on. Part III focuses on how digital marketing fosters ecommerce business growth. In particular, we survey, critique, and evaluate common digital marketing methods and tactics including social targeting, SEO, and social advertising.

## **OBJECTIVES**

The main goal of the course is to help participants understand and evaluate ecommerce business models and digital marketing methods, from a variety of perspectives—as analysts, consumers, entrepreneurs, and investors. Two ancillary goals are:

1. To establish the importance of theory and empirical analysis as key facilitators of learning (I will curate and translate the best available academic research).
2. To expose participants to leading entrepreneurs and investors.

## VALUE PROPOSITION

Upon completion of the course, participants will have a solid foundation from which to evaluate ecommerce opportunities, and to participate in their own ventures as well.

## SPECIFIC LEARNING OUTCOMES

Taking MKTG 784 should improve your familiarity with the following subject areas:

- **Behavioral Foundations for E-commerce**

You should understand key concepts and principles including virtual world gravity, market frictions, the Long Tail, neighborhood effects, and online-offline interactions.

- **E-commerce Business Models**

You should understand the pros and cons of different business models including Internet retail, curated commerce, information aggregators, and so on.

- **Digital and Social Marketing**

You should understand why different forms of digital engagement, e.g., social advertising, social targeting, SEO and so on work, and under what conditions.

## ASSESSMENT

- Attendance and Participation: 10%
- Conceptual Assignment: 15% (A1)
- Analytical Assignment: 10% (A2)
- Take Home Midterm Exam: 25%
- Final Project: 40% (A3)

The conceptual assignment requires your group to assess the strengths and weaknesses of an E-commerce disruption of your choosing. The analytical assignment requires your group to analyze and interpret digital marketing data. Both are TBD.

The final project will develop a new business idea around a concept of your own choosing. Each team will need to prepare a short “elevator pitch” of their ideas.

More details on the nature of the assignments, due dates, and other administrative issues will be provided on the first day of class.

## COURSE SCHEDULE

Session	Month	Time	Date	Topic	Assignment / Note
1	Oct	1:30	Wed 24 <sup>th</sup>	Introduction to Digital Marketing and Electronic Commerce	
2		3:00		Frictionless Commerce and the Internet Law of Gravity	
3	Nov	1:30	Tue 5 <sup>th</sup>	The Long Tail	A1 Due 5pm on the 6 <sup>th</sup>
4		3:00		Guest: Jennifer Yen (Founder <a href="http://purlisse.com/">http://purlisse.com/</a> )	
5		1:30	Mon 11 <sup>th</sup>	Guest: Andy Katz-Mayfield (Founder <a href="http://www.harrys.com/">http://www.harrys.com/</a> )	
6		3:00		Online-Offline Competition	
7		10:30	Tue 12 <sup>th</sup>	Networks and Neighborhoods	
8		10:30	Mon 25 <sup>th</sup>	Guest: Kirsten Green (Founding and Managing Partner <a href="http://www.forerunnerventures.com/">http://www.forerunnerventures.com/</a> )	
9		10:30	Tue 26 <sup>th</sup>	Online Advertising and Optimal Bidding	
10	Dec	1:30	Tue 3 <sup>rd</sup>	Reputation and Reviews	A2 Due 5pm
11		3:00		Guest: Rob Coneybeer (Managing Director <a href="http://www.shastaventures.com/">http://www.shastaventures.com/</a> )	
12		10:30	Wed 4 <sup>th</sup>	Traditional and Social Media, Social Targeting and Social Advertising	
13		12:00		Guest: Aileen Lee (Partner at KPCB <a href="http://www.kpcb.com/partner/aileen-lee">http://www.kpcb.com/partner/aileen-lee</a> and Founder, Cowboy Ventures <a href="http://cowboy.vc/">http://cowboy.vc/</a> )	

## ABOUT THE GUEST SPEAKERS

The guest speakers will present material that complements our discussions. They have been chosen for their expertise in particular aspects of e-commerce and digital marketing, and for their demonstrated success as entrepreneurs or investors. All are engaging speakers who will add a good deal to our knowledge in this space. Please welcome our guests and come prepared to engage them.

- Jennifer Yen.** Jennifer is a former actress turned entrepreneur (<http://bit.ly/19xIVoz>) and the founder of <http://purlisse.com/>. **Learning Objective:** Gain insight into the practicalities of brand building in the virtual and physical worlds and how personal experiences can lead to successful businesses.
- Andy Katz-Mayfield.** Andy is a Stanford GSB graduate and together with Wharton and Warby Parker alum Jeff Raider, co-founder of <http://www.harrys.com/> (<http://wrd.cm/XLZzt6>). **Learning Objective:** Gain insight into the pros and cons of one of the most misunderstood business models—“curated” and subscription commerce.

- **Kirsten Green.** Kirsten is Founding and Managing Partner at <http://www.forerunnerventures.com/> and has a unique investment thesis and “who’s who” portfolio of ecommerce firms (<http://bit.ly/MIdoVY>). Learning Objective: Gain insight into what a successful investor looks for and how to develop an investment thesis.
- **Rob Coneybeer.** Rob is a Wharton alum (and Palmer Scholar) and Managing Director at <http://www.shastaventures.com/>. Rob is passionate about technology and hardware and has a long history of successful investments in the technology space (<http://bit.ly/nobWZ9>). Objective: Gain insight into how one builds new brands in the “Internet of Things”.
- **Aileen Lee.** Aileen is Founding and Managing Partner at <http://www.cowboyventures.com/> and partner at Kleiner Perkins Caufield Bowers (<http://bit.ly/MIdoVY>). Learning Objective: Gain insight into factors underlying the creation of “unicorns” <http://techcrunch.com/2013/11/02/welcome-to-the-unicorn-club/>).

I look forward to seeing you all on the first day of class in Wharton | San Francisco. If you have any questions prior to October 23, please do contact me.

Regards,

David.

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<https://marketing.wharton.upenn.edu/profile/227/>

## SELECTED REFERENCE ARTICLES (To Be Posted; Other Readings Added as Needed)

1. Bell, D. and S. Song (2007), "Neighborhood Effects and Trial on the Internet: Evidence from Online Grocery Retailing," *Quantitative Marketing and Economics*.
2. Bell, D. J. Choi, and L. Lodish (2012), "What Matters in Internet Retailing," *Sloan Management Review*.
3. Blum, B. and A. Goldfarb (2006), "Does the Internet Defy the Law of Gravity?" *Journal of International Economics*.
4. Brynjolfsson, E. J. Hu, and M. Rahman (2013), "Competing in the Age of Omnichannel Retailing," *Sloan Management Review*.
5. Choi, J. and D. Bell (2011), "Preference Minorities and the Internet," *Journal of Marketing Research*.
6. Choi, J., D. Bell, and L. Lodish (2012), "Marketing and IS-Enabled Customer Acquisition on the Internet," *Management Science*.
7. Dellarocas, C. (2010), "Online Reputation Systems: How to Design One That Does What You Need," *Sloan Management Review*.
8. Goel, S. and D. Goldstein (2013), "Predicting Social Behavior With Social Networks," *Marketing Science*.
9. Goldfarb, A. and C. Tucker (2011), "Online Display Advertising: Targeting and Obtrusiveness," *Marketing Science*.
10. Goldfarb, A. and C. Tucker (2011), "Search Engine Advertising: Channel Substitution When Pricing Ads to Context," *Management Science*.
11. Lee, J. and D. Bell (2013), "Neighborhood Social Capital and Social Learning for Experience Attributes of Products," *Marketing Science*.
12. Rutz, O. and R. Bucklin (2010), "From Generic to Branded: A Model of Spillover in Paid Search Advertising," *Journal of Marketing Research*.
13. Skiera, Bernd and Nadia Abou Nabout (2012), "PROSAD: A Bidding Decision Support System for Profit Optimizing Search Engine Advertising," *Marketing Science*.
14. Trusov, M., A. Bodapati, and R. Bucklin (2010), "Determining Influential Users in Internet Social Networks," *Journal of Marketing Research*.

## OPTIONAL BOOK

Bell, D. (2014) *Location is (Still) Everything: The Surprising Influence of the Real World on How We Search, Shop and Sell in the Virtual One* (Amazon Publishing)  
<http://www.hmhco.com/shop/books/Location-Is-Still-Everything/9780544262270>