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# MKTG 277

## Marketing Strategy

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### Description

This course views marketing as both a general management responsibility and an orientation of the firm that helps create, capture, and sustain customer value. The course develops knowledge and skills in the application of advanced marketing frameworks, concepts, and methods for making strategic choices for innovative business models, products and services—often in new markets. This course is biased to B-to-C marketing.

### Objective

This course will help you develop knowledge and skills in the creative and rigorous application of marketing strategy concepts and methods in order to enhance long run value for business entities.

### Goals

By the end of the course, you should have gained an understanding of contemporary challenges in marketing management and developed a conceptual and capability base for:

- ✓ pursuing organic growth via innovation and market development;
- ✓ launching new products and achieving rapid takeoff;
- ✓ managing diverse product lines and planning migration strategies;
- ✓ defending products and markets in a contentious environment;
- ✓ creating and maintaining brand equity;
- ✓ entering international markets

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Fall 2016

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Office Hours: M/W 4 p.m. – 5 p.m., or by appointment

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TA: Koehler Briceño

Email: [koehlerab@gmail.com](mailto:koehlerab@gmail.com)

Class Coordinator: Michele Anna Klekotka  
Email: [klekotka@wharton.upenn.edu](mailto:klekotka@wharton.upenn.edu)

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### Prerequisites

- MKTG 101

“Man’s mind, once stretched by a new idea, never regains its original dimensions”

~ Oliver Wendell Holmes

## Course Logistics

### Grading and Pedagogy

This course assumes a high degree of involvement and interaction. The learning methods are a combination of lectures, cases, debates and an industry analysis project.

Grading will be in accordance with Wharton policies. No individual extensions will be given for class assignments. The only extensions granted (if any) will be to the entire class.

### Office Hours

Should you have any questions or concerns about the class, please do not hesitate to see me or the TAs. No appointment is needed to meet during my office hours. If you are not able to meet with me during office hours, please email Michele to arrange an alternative meeting time. The TAs will not maintain regular office hours but can be reached via email in order to arrange a meeting.

### Student Lunch Dates

You are invited to sign up for a lunch below. Student-Faculty meals are sponsored by the Wharton Meals Program. Please write to Michele if you wish to book a date. ([klekotka@wharton.upenn.edu](mailto:klekotka@wharton.upenn.edu)) Lunch dates:

- Friday, September 16<sup>th</sup>, 12 p.m. (Parc Restaurant)
- Monday, October 17<sup>th</sup>, 1:30 p.m. (Penne)
- Wednesday, November 16<sup>th</sup>, 1:30 p.m. (POD)

### Supplemental Course Materials

These books are not required. They have been placed on reserve at Lippincott Library.

1. Nirmalya Kumar and Jan-Benedict E.M. Steenkamp, *Brand Breakout*. United Kingdom: Palgrave Macmillan. 2013.
2. Orville C. Walker, Jr. and John W. Mullins, *Marketing Strategy: A Decision Focused Approach, 8<sup>th</sup> Edition*, New York, McGraw Hill-Irwin, 2013
3. Hubert Gatignon, David Gotteland and Christophe Haon, *Making Innovation Last: Volume 1*. United Kingdom: Palgrave Macmillan. 2016.

### Student Referred Reading Material

Feel free to post interesting articles that relate to the course directly to Canvas for your colleagues to read.

## Assessment

Individual Level (60%):

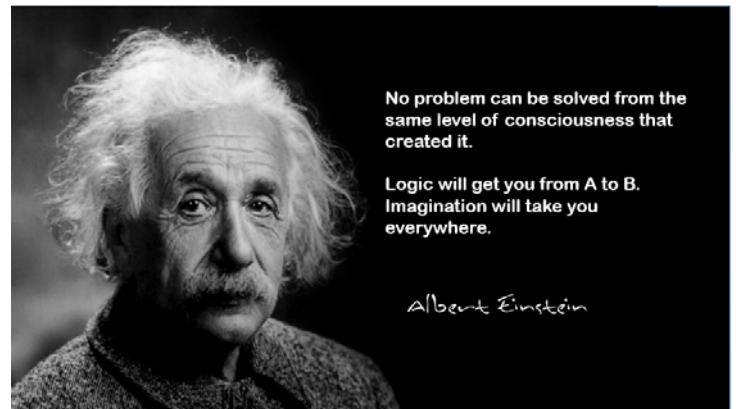
- Midterm Examination 20%
- Case Analysis 20%
- Attendance & Participation 20%

Team Level (40%):

- Customer Experience Project 20%
- Debate 15%
- Intragroup Evaluation of Team Members 5%

## Classroom Etiquette

1. You are expected to treat fellow students with respect and are expected to arrive for class on-time.
2. Cell phones and computers should be turned off. No typing or texting is permitted during class time.
3. Attendance is of paramount importance. If you will be absent due to illness or a religious holiday, please inform a TA by email prior to the class that you will miss.
4. Unexcused absence or chronic lateness will decrease your grade for the course.
5. Plagiarized work will result in failure of the course. Please refer to Penn's Plagiarism Policy: [http://gethelp.library.upenn.edu/PORT/documentation/plagiarism\\_policy.html](http://gethelp.library.upenn.edu/PORT/documentation/plagiarism_policy.html)



## Detailed Schedule

Session	Day	Date	Topic
			Course Overview of MKTG 277 Marketing Strategy
1	Wednesday	8/31/16	<p><b>Preparation Question:</b> What would you deem to be three emerging trends relevant to Marketing Strategy? Provide a sentence on each to explain. We will summarize across class members and discuss in class on Wednesday, Sept. 7<sup>th</sup></p> <p>POST YOUR RESPONSE TO CANVAS BY 5 P.M., TUESDAY, SEPT. 6<sup>TH</sup></p>
	Monday	9/5/16	No Class. Have a safe and happy Labor Day!
2	Wednesday	9/7/16	Trends and Opportunities   <b>Academic Readings</b> #1 Wanted: Flexible Corporate Strategies and #2 How Smart, Connected Products Are Transforming Competition"
3	Monday	9/12/16	Trends and Opportunities   <b>Case Study:</b> Google Car (Discussion Questions found on page 7 of Syllabus)
4	Wednesday	9/14/16	Designing Strategies for the Future   <b>Academic Readings</b> #3 Blue Ocean Strategy and #4 The Black Swan
5	Monday	9/19/16	Industry 4.0: The Future of Productivity and Growth in Manufacturing Industries   <b>Academic Readings</b> #5 Industry 4.0 and, #6 The Digital Imperative <b>Guest Lecturer: Joerg Matthiessen, Managing Partner, Boston Consulting Group</b>
6	Wednesday	9/21/16	Product Line Strategy   <b>Case Study:</b> Altius Golf (Discussion Questions found on page 8 of Syllabus)
7	Monday	9/26/16	Business Model Innovation   <b>Academic Readings</b> #7 "Business Models, Business Strategies and Innovation," and #8 "The 3-D Printing Revolution"
8	Wednesday	9/28/16	Digital Marketing in an App-Centric World   <b>Academic Reading</b> #9 "Hooked: How to Build Habit-Forming Products" <b>Guest Lecturer: Sunny Rao Co-Founder, Half.com and Zoomin.com</b> <i>Think about an app you recently installed and now use frequently. How would you break down the marketing techniques that were used to get you to first install the app. Also think about the techniques used by the app to increase your engagement with it over time. We will discuss the most popular and some of the more innovative app marketing techniques</i>
9	Monday	10/3/16	New Product Launch and Lifecycle Management   <b>Academic Readings</b> #10 "Winning the Take Off Battle," #11 "First Mover Advantage," and #12 Zynga (B) Case Study. <i>Treat Zynga as an Academic Reading and not as a Case Study.</i>
10	Wednesday	10/5/16	Market Defense   <b>Academic Readings</b> #13 "Incumbent Defense Strategies," and #14 "Should You Launch a Fighter Brand."
11	Monday	10/10/16	Asian Champions <b>Guest Lecturer: Vikram Malhotra, Vice Chairman, McKinsey &amp; Co. (tentative)</b>
12	Wednesday	10/12/16	Brand Positioning   <b>Case Study:</b> Rebranding Godiva (Discussion Questions found on page 8 of Syllabus) Prepare as a written analysis. See Case Analysis Assignment found on page 9.
13	Monday	10/17/16	Competitive Management and Market Signaling   <b>Academic Reading</b> #15 "Toward a Theory of Competitive Market Signaling"
14	Wednesday	10/19/16	Managing Competitors   <b>Case Study:</b> Emirates Airlines (Discussion Questions found on page 7 of Syllabus)
15	Monday	10/24/16	The Customer Experience   <b>Academic Readings</b> #16 "Millennials and the World of Work," #17 "Have We Reached the Bottom For Service on Aeroplanes?", #18 "What Do Mature Consumers Want?" and #19 "The Tyranny of Choice"
16	Wednesday	10/26/16	Supply Chain Innovation <b>Guest Lecturer: Cheryl Peisach, Founder, Passion Roses</b> <b>Academic Reading:</b> #20 "Who's Buying Flowers?"
17	Monday	10/31/16	<b>Team Debates</b> (See Team Debate Assignment found of page 10)
18	Wednesday	11/2/16	<b>Team Debates</b> (See Team Debate Assignment found of page 10)

19	Monday	11/7/16	Luxury and Fashion   <b>Academic Reading #21</b> "Luxury Goods Worldwide Market Study"
20	Wednesday	11/9/16	The Online Customer Experience   <b>Case Study: Flipkart</b> (Discussion Questions found on page 8 of Syllabus) Prepare as a graded written analysis. See Case Analysis Assignment found on page 9.
21	Monday	11/14/16	International Brand Positioning   <b>Case Study: L'Oreal in China</b> (Discussion Questions found on page 7 of Syllabus)
22	Wednesday	11/16/16	The New Retail: Omnichannel and Popups   <b>Academic Reading #22</b> "A Store Made for Right Now."
23	Monday	11/21/16	<b>Midterm Examination</b>
	Wednesday	11/23/16	No Class. Happy Thanksgiving!
24	Monday	11/28/16	Global and Nation Branding   <b>Academic Reading #23</b> "The Fortune at the Bottom of the Pyramid"
25	Wednesday	11/30/16	The Food Customer Experience   <b>Case Study: Eataly</b> (Discussion Questions found on page 8 of Syllabus)
26	Monday	12/5/16	Business Model Innovation Revisited   <b>Case Study: Tesla</b> (Discussion Questions found on page 7 of Syllabus)
27	Wednesday	12/7/16	<b>Customer Experience Team Project Presentation</b> (See instructions on page 11)
28	Monday	12/12/16	<b>Customer Experience Team Project Presentation</b> (See instructions on page 11)
			Enjoy the Winter Break!

## About The Guest Lecturers

Guest speakers will present lectures that complement our discussions. They have been chosen for their expertise in particular aspects of marketing strategy. All are engaging speakers who will add their own unique perspective on the area of marketing strategy.

- **CHERYL PEISACH.** *Co-founder, Passion Growers*  
Cheryl graduated from Wharton in 1987 and after 3 years in the tax practice at Arthur Andersen she ventured into the flower industry. She first co-founded Finesse Farms with her husband Jaime in 1992. It was acquired by Dole in 1998. Then in 2001 she co-founded Passion Growers with Jaime. The company focuses on growing the highest quality roses and other fresh cut flowers and bouquets in Colombia and Ecuador and distributing them to supermarkets and other large retailers in the U.S. In 2014 they also launched the PassionRoses.com website as a way to brand their roses and make them available to all consumers in the country.
- **SUNNY RAO.** *Co-founder and CEO of ZoomIn.com.*  
ZoomIn is a photo sharing and printing service. Before ZoomIn, Sunny co-founded Half.com, one of the largest sellers of used books, movies and music in the world, where he was Chief Technology Officer. Computerworld named Sunny a Premier 100 IT Leader in its annual ranking of Information Technology leaders. Half.com was acquired by eBay in July 2000 in a transaction valued at over \$350 million. After the acquisition, Sunny remained with eBay to integrate the two companies' technologies. Since leaving eBay in 2003, Sunny has been an active angel investor and advisor in a number of technology start-ups. Prior to Half.com, Sunny spent six years at Infonautics, where he designed and built the Sleuth product line and managed the operations of the Electric Library, a subscription service similar to LexisNexis. He is also part of the India based venture fund—Lightbox Ventures.

**JOERG MATTHIESSEN.** *Senior Partner and Managing Director, Boston Consulting Group.* Joerg joined BCG in Germany in 1987 after receiving his PhD in economics from the University of Hamburg. He transferred in 1996 to the BCG Atlanta office, where Joerg was the Managing Partner from 1999 to 2007. He has focused his consulting work on asset intensive industries (e.g. highly engineered products, automotive, metals & mining). In addition he has worked extensively on post-merger integrations for clients in Europe and North America. He currently leads the Operations Practice in the Americas.

**VIKRAM MALHOTRA.** *Chairman of the Americas, McKinsey & Company.* Vik leads the firm's practices in both North America and Latin America. He joined McKinsey in 1986 and has spent his career in the New York office, where he has focused on serving clients in the financial-services sector. In the past, Vik has led McKinsey's East Coast Financial Institutions Practice, the North American Life Insurance Practice, and the North American Personal Financial Services Practice, and he has co-led the Emerging Markets Financial Institutions Practice. Vik has served major financial institutions focused on wholesale banking, asset management, private banking, and retail banking. His consulting experience with these clients has covered a broad range of assignments on corporate strategy, business-unit strategy, growth strategies, performance transformation, organizational design, operational improvement, and business-process offshoring.

# Case Studies and Academic Readings

## Case Studies

1. "Google Car" (HBS 9-614-022. Rev. 3/9/15)
2. "Altius Golf and the Fighter Brand" (HBS 9-913-578. Rev. 5/1/14)
3. "Rebranding Godiva: The Yildiz Strategy" (HBS 9-515-059. Rev. 1/15/15). Prepare as a written analysis. Refer to Case Analysis Assignment found on page 9. This analysis will not be graded.
4. "Emirates Airline: Connecting the Unconnected" (HBS 9-714-432. January 29, 2014)
5. Flipkart: Transitioning to a Marketplace Model" (HBS 9-516-017. Rev. 12/8/15) Prepare as a graded written analysis. Refer to Case Analysis Assignment found on page 9. This analysis will be graded.
6. "L'Oreal in China: Marketing Strategies for Turning Around Chinese Luxury Cosmetic Brand Yue Sai" (INSEAD 5/2014-5960)
7. "Eataly: Reimagining the Grocery Store" (HBS 515708-HTML-ENG)
8. "Tesla Motors" (HBS 9-714-413 Rev. 1/24/14).

## Academic Readings

1. Hill, Andrew (2015). "Wanted: Flexible corporate strategies for fast times," *Financial Times*.
2. Porter, Michael E., and James E. Heppelmann (2014). "How smart, connected products are transforming competition," *Harvard Business Review*.
3. Kim, W. Chan and Renee Mauborgne (2007). "Blue Ocean Strategy," *Harvard Business Review*.
4. Taleb, Nassim Nicholas (2007). "The Black Swan: The Impact of the Highly Improbable," *The New York Times*.
5. Rubmann, Michael, Markus Lorenz, Philip Gerbert, Manuela Waldner, Jan Jastus, Pascal Engel, and Michael Harnisch (2015). "Industry 4.0: The Future of Productivity and Growth in Manufacturing Industries," Boston Consulting Group, Inc.
6. Dreischmeier, Ralf, Karalee Close and Philippe Trichet (2015). "The Digital Imperative," Boston Consulting Group, Inc.

7. Teece, David J. (2010). "Business models, business strategy and innovation," *Long Range Planning*
8. D'Aveni, Richard (2015). "The 3-D printing revolution," *Harvard Business Review*.
9. Eyal, Nir (2014). *Hooked: How to Build Habit-Forming Products*. (Not a confirmed reading per Sunny Rao)
10. Kuester, Sabine and Thomas Robertson (2005). "Winning the take-off battle"
11. Kerin, Roger A., P. Rajan Varadarajan and Robert A. Peterson (1992). "First mover advantage: A synthesis, conceptual framework and research propositions," *Journal of Marketing*.
12. Piskorski, Mikolaj Jan, and Aaron Smith (2013). Zynga (B), Harvard Business School (Case Study 9-713-502).
13. Gatignon, Hubert, Thomas S. Robertson and Adam J. Fein (1997). "Incumbent defense strategies against new product entry," *International Journal of Research in Marketing*.
14. Ritson, Mark (2009). "Should you launch a fighter brand?" *Harvard Business Review*.
15. Heil, Oliver and Thomas S. Robertson (1991). "Toward a theory of competitive market signaling: A research agenda," *Strategic Management Journal*.
16. Hershatter, Andrea and Molly Epstein (2010). "Millennials and the world of work: An organization and management perspective," *Journal of Business Psychology*.
17. J.C.C. (2016). "Have we reached the bottom for service on aeroplanes?" *The Economist*.
18. Walker, Martin, and Xavier Mesnard (2011). "What do mature consumers want?" ATKearney.
19. (2010) "The tyranny of choice: You choose," *The Economist*.
20. Westbrook, Mary (2016), "Who's Buying Flowers?" *Floral Management*.
21. D'Arpizio, Claudia, Federica Levato, Daniele Zito and Joelle de Montgolfier (2015). "Luxury goods worldwide market study," Bain & Company.
22. Horyn, Cathy (2004). "A store made for right now: You shop until it's dropped," *The New York Times*.
23. Prahalad, C.K., and Stuart L. Hart (2002). "The fortune at the bottom of the pyramid," *Strategy+Business*.

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### Case Study Discussion Questions

#### Google Car

1. How does this project relate to Google's corporate mission of organizing the world's information?
2. Is the Google Car project a worthwhile investment of its resources?
3. Can Google compete against established auto manufacturers working on self-driving technology, or should it establish a partnership?
4. Should Google manufacture its own vehicles or license its self-driving software?
5. How would an autonomous car fit with Google's core search business and its advertising-based revenue model?

#### Tesla Motors

1. Should BMW expect Tesla to grow into a strong direct competitor like Audi, versus Tesla being limited to a niche or being just a flash in the pan? Is Tesla at a competitive advantage or disadvantage? How will that evolve?
2. What do you think of Tesla's entry strategy? What barriers did it have to overcome? Should Nissan learn something from Tesla's approach? Will other firms follow in their footsteps?
3. Do you think Tesla's secret plan (p9) was really a plan or an ex-post rationalization? Would it matter?
4. How do you expect the industry to evolve?

#### L'Oreal in China

1. What are the pros and cons of a lifestyle positioning compared to a more concrete positioning on functional benefits?
2. Are today's Chinese consumers ready for Chinese luxury brands? How might this change over time? How does this depend on the product category?
3. What is brand heritage? How can the conflict between a respective brand's heritage and staying relevant for new generations of consumers be resolved?

#### Emirates Airlines

1. In an industry where profitable firms are scarce, Emirates has delivered solid growth and solid financial performance for years. Why? What is behind Emirates' success?
2. What is the role of Dubai in Emirates' success?
3. What are the strengths of Emirates' Dubai-based hub-and-spoke model? What are the weaknesses?
4. Is Emirates' strategy sustainable? Why?
5. How should U.S. and European legacy carriers defend against Emirates?

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## Rebranding Godiva

1. What is your model of consumer behavior in the chocolate market?
2. How is this market segmented?
3. Contrast the Lindt strategy to the Godiva strategy.
4. What brand positioning should Godiva pursue?
6. What channel strategy do you recommend?

## Altius Golf

1. Why has Altius Golf lost market share? What will happen if Altius maintains the status quo?
2. What should Altius's objectives be? What trade-offs must it manage?
3. Analyze the economics of Altius's product lines. What are the implications of this for the advisability of introducing Elevate?
  - a) What is Altius's and its competitors' 2012 revenue and gross profit?
  - b) What is the value of a point of market share for Altius?
4. Should Altius implement the Elevate strategy?
  - a) If so, what are the risks to the brand and how can they be managed?
  - b) If not, what are the alternatives, assuming the board expects growth in the profit contribution from the golf ball line?

## Eataly

1. Describe the customer experience. Is the Eataly model scalable?
2. Can Eataly maintain its profitability?
3. Will the European low price retailers (such as Aldi and Lidl) continue to take share?
4. Will online retailers (such as Ocado and Peapod) continue to take share?
5. Contrast the Eataly customer experience with and Aldi and a Peapod.

## Flipkart

1. What are the relevant characteristics of the Indian market that should guide Flipkart's model?
2. Is a marketplace model versus a mixed model more appropriate for Flipkart?
3. How should Flipkart defend against Amazon?



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### Case Analysis Assignment

#### Directions

1. Analyze two cases—Godiva and Flipkart. Godiva is a practice round; you will receive feedback but not a grade. Flipkart will be graded
2. Submit the analysis via canvas before 12 p.m. on the day the case will be discussed (refer to Syllabus)
3. Limit 1000 words, double-spaced (Ariel 12pt font), plus four (4) exhibits

#### Guidelines

1. This is not a research paper, it is an analysis of the facts
2. Do not use any outside information when preparing for case discussion or producing written case analyses
3. Outside sources of information include the library, mass media, the internet and corporate executives for the case in question.

#### Analysis Structure

- Statement of decision to be made
- Strategic options considered
- Recommended decision
- Justification for decision
- Four (4) exhibits

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### Team Debate Assignment

#### Team Responsibilities

Prepare a PowerPoint presentation of the arguments supporting your team's position—agree or disagree as assigned. A hard copy is due 24-hours before the debate. Upload your presentation to Canvas by noon the day prior to presentation.

Present in class a constructive argument of the team's position and a rebuttal of the opposing team's position.

#### Format

Agree Team Opening Statement	5 mins
Disagree Team Opening Statement	5 mins
Teams Prepare Rebuttal	3 mins
Agree Team Rebuttal	3 mins
Disagree Team Rebuttal	3 mins
Teams Prepare Closing Statement	3 mins
Agree Team Closing Statement	3 mins
Disagree Team Closing Statement	3 mins

#### Preparation

The most effective debates will formulate compelling arguments related to our course content, provide evidence to support these arguments, and suggest relevant company examples.

Assign specific portions of the debate to particular group members. For example, one person may wish to provide the opening statement, another to prepare rebuttal, and another to present the closing statement. This is only a suggestion but it is of value to have all study members take an active role in the debate.

#### Debate Topics

1. Uber's "surge" pricing is in the consumers' best interest
2. Apple's product centered approach is better than a customer centered approach
3. McDonald's should embrace the Fairtrade brand
4. A local brand strategy is superior to a global brand strategy

#### Assessment

Prof. Robertson, TAs and Classmates

The assignment will be based on your group's ability to construct and present a compelling argument for your position and to rebut and answer questions about opposing points of view.

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# MKTG 277

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### Customer Experience Team Project Presentation

#### Team Responsibilities

Study the customer experience within a product category.

- Based on primary research. Observe or recount personal experiences.
- Based on secondary research. Identify sources that might describe the customer experiences (give cites)

#### Assignment

(7 double-spaced pages)

1. Write about this customer experience (1 page)
2. Identify gaps where customer needs are unfulfilled or sub-optimally fulfilled (1 page)
3. Propose a promising new product or service opportunity, or a new go-to-market business model (1 page)
4. Develop a marketing plan (4 pages)
  - Revenue objective
  - Segment selection
  - Positioning
  - Go-to-market channels, pricing, promotion
  - Defense strategy assuming success

#### Submission Process

1. Submit report to Canvas by noon on the day your team is presenting
2. Present on the last two days of class for 15-minutes
3. Maximum length is 1750 words with no more than 5 exhibits. Place the word count at the end of your paper

#### Assessment

Prof. Robertson, TAs and Classmates

- Feasibility
- Creativity
- Rigor and logic
- Explicit use of course concepts
- Options explicitly considered and rejected
- Would your classmates vote to fund your strategy?