

MKTG 270 / 770: Digital Marketing, Social Media, and e-Commerce
Fall 2017 Wharton | Philadelphia

Time	Tue/Thurs 10:30-11:50am
Instructor	David R. Bell (davidb@wharton.upenn.edu) 755 JMHH
TA	TBA
Office Hours	Tuesday and Thursday afternoons or by appointment
Prerequisites	MKTG 611 or equivalent (or consent of instructor)
Course site	Canvas
Optional Book	<i>Location is (Still) Everything: The Surprising Influence of the Real World on How We Search, Shop, and Sell in the Virtual One</i> (Boston, New York: New Harvest, Houghton Mifflin Harcourt, 2014)

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 is critical to the success of firms that will shape the consumption-led economies that are fueled by these technologies. MKTG 270/770 provides a research-based and framework-driven approach to succeeding in this environment, through a rigorous approach to understanding digital marketing, social media, and electronic commerce.

The course is organized in 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 well, as appropriate. Part I presents the behavioral foundations for understanding commerce and emerging business models, and covers the relevant phenomena and theory from economics, marketing, and related fields. Part II focuses on the principles and mechanics of digital marketing tools and tactics. Part III develops concepts and tools for content creation, social commerce, and new media. Throughout the course we survey, critique, and evaluate the key ideas in digital marketing, social media, and e-Commerce.

OBJECTIVE

We emphasize fundamental concepts over trends and fads and the main goal of the course is to help participants understand and critique customer behavior and businesses from several perspectives—as analysts, consumers, entrepreneurs, and investors. An ancillary goal is to establish the importance of theory and empirical analysis as key facilitators of this process.

VALUE PROPOSITION

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

SPECIFIC LEARNING OUTCOMES

MKTG 270/770 will improve your familiarity with the following subjects:

- **Behavioral Foundations of e-Commerce**

You will understand key concepts and principles including virtual world GRAVITY, market frictions, the Long Tail, neighborhood effects, and online-offline synergy.

- **Digital Marketing Tools and Tactics**

You will get to know the pros and cons of how the main digital marketing tools work, how to deploy them, and how to acquire customers and generate content that matters.

- **Social Media**

You will be proficient in the “social” aspect of commerce, including social advertising, social targeting, and to imbue products with viral features.

ASSESSMENT

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|---------------------------------|-----|
| • Attendance and Participation: | 20% |
| • Conceptual Assignment (A1): | 25% |
| • Analytical Assignment (A2): | 20% |
| • Final Exam: | 35% |

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

DETAILED SCHEDULE*

Session	Month	Date	Topic	Notes
1	Aug	Tue 29	Introduction to “Digital Marketing, Social Media, and e-Commerce”	
2		Thu 31	Marketing Assets in the Digital Economy	
3	Sep	Tue 05	Work on A1 (Conceptual Case) “Unicorns” by watching Aileen Lee and Kirsten Green on the videos available on Spike (details TBA)	
4		Thu 07	Guest: Mauro Guillen “Global trends and the digital economy”	
5		Tue 12	Internet GRAVITY and Frictionless Commerce	
6		Thu 14	Classic Case: “Webvan” (Internet Economics)	
7		Tue 19	Contemporary Case: “Warby Parker” (Digitally Native Vertical Brands)	
8		Thu 21	Offline-Offline Substitution	
9		Tue 26	The Long Tail	
10		Thu 28	Guest: Nina Ojeda Founder of PRETE	
11	Oct	Tue 03	Networks and Neighborhoods	A1 Due
Fall Break				
12		Tue 10	Reputation and Reviews	
13		Thu 12	Platforms and Aggregation	
14		Tue 17	Online Advertising	
15		Thu 19	Digital Marketing Tools and Tactics	
16		Tue 24	Marketing Optimization: Optimal Bidding on Keywords	
17		Thu 26	Guest: Lawrence Lenihan Co-CEO of Resonance	
18		Tue 31	Mobile Marketing and Wearables: Time, Location, Context	
19	Nov	Thu 02	Earned and Social Media, Social Advertising	
20		Tue 07	Social Advertising and Social Targeting	
21		Thu 09	Guest: Tom Patterson Founder and CEO Tommy John	
22		Tue 14	Guests: Patrick Duffy and Boyd Renner, Founders Endeavor Life Sciences	
23		Thu 16	Diffusion Over Networks: Viral Features of Products	
24		Tue 21	Work on A2 (Analytical Case) “Star Digital”	
Thanksgiving Break				
25		Tue 28	Diffusion Over Networks: Structure, Patterns and Degrees	
26		Thu 30	Guests: Pete Borum and Ben Williams Reelio	
27	Dec	Tue 05	Communication Persuasiveness, Social Platforms, ROI	A2 Due
28		Thu 07	Key Learning Points and Course Summary	

*** Dates could occasionally will change due to guest schedules—I will update the syllabus immediately if and when changes occur**

GUESTS

Our guests are an integral part of course and provide tremendous value-add as friends and colleagues who are really executing exciting ideas and business practices. Please come to the sessions fully prepared to engage in a thoughtful dialog with our guests.

- **Mauro Guillen.** Mauro is a renowned scholar and award winning teacher and researcher. He is also Director of the Lauder Institute.
- **Nina Ojeda** is a multi-time entrepreneur and founder of [PRÊTE](#), a members only club to access the best blowouts in a city. Before PRÊTE, Nina founded go-to-market agency, The [Avenue West](#) where she was responsible for some of the most noteworthy marketing stunts in the industry.
- **Lawrence Lenihan** is the co-founder and co-CEO of [Resonance](#), an early stage fashion-oriented venture studio. Previously, he founded [Firstmark Capital](#).
- **Tom Patterson.** Tom is the founder and CEO of [Tommy John](#), an offline-first and now fully omni-channel brand of men's underwear and accessories based in New York City.
- **Patrick Duffy and Boyd Renner.** Partick and Boyd, along with their team of with former Navy SEALS are world renowned tattoo artists will discuss the digital go-to-market strategy for a "new to the world" and about to launch DNA micro-encapsulation product. The product allows individuals to connect to the people, places, and experiences that bring meaning to their lives.
- **Pete Borum and Ben Williams.** Pete and Ben are founders at [Reelio](#), an influencer marketing business based in New York City.

VIRTUAL GUESTS (available via Spike for Assignment A1)

- **Kirsten Green.** Kirsten is the Founder of [Forerunner Ventures](#), a premier brand-building commerce VC based in San Francisco. Kirsten and her team have a unique investment thesis, "who's who" portfolio, some high profile recent exits ([Dollar Shave Club](#) (\$1b); [Jet](#) (\$3b)).
- **Eurie Kim.** Eurie is General Partner at [Forerunner Ventures](#) and a graduate of the Wharton School (WG '09).
- **Aileen Lee.** Aileen is Founder Partner at [Cowboy Ventures](#), an early stage venture fund, and formerly a partner at [Kleiner Perkins Caufield Bowers](#). A successful

investor and operator, Aileen also introduced the “unicorn” idea into the vernacular with her influential article [Welcome to the Unicorn Club](#).

- **Mitchell Green and Nimay Mehta.** Mitchell and Nimay are both Partners at [Lead Edge Capital](#), a growth equity fund based in New York City.

CASES AND ACADEMIC (REFERENCE) READINGS (On Study.Net)

Cases

1. “Webvan: Groceries on the Internet” (HBS Case 500052-HCB-ENG, Revised March 25, 2003).
2. “Warby Parker: Vision of a ‘Good’ Fashion Brand” (HBS Case 9-413-051, Revised, September 19, 2012).

Academic Readings

- Bell, D., J. Choi, and L. Lodish (2012), “What Matters Most in Internet Retailing” *Sloan Management Review*.
- Bell, D., S. Gallino, and A. Moreno (2014), “How to Win in an Omni Channel World” *Sloan Management Review*.
- Blum, B. and A. Goldfarb (2006), “Does the Internet Defy the Law of Gravity?” *Journal of International Economics*.
- Choi, J. and D. Bell (2011), “Preference Minorities and the Internet,” *Journal of Marketing Research*.
- Bell, D. and S. Song (2007), “Neighborhood Effects and Trial on the Internet: Evidence from Online Grocery Retailing,” *Quantitative Marketing and Economics*.
- Trusov, M., A. Bodapati, and R. Bucklin (2010), “Determining Influential Users in Internet Social Networks,” *Journal of Marketing Research*.
- Dellarocas, C. (2010), “Online Reputation Systems: How to Design One That Does What You Need,” *Sloan Management Review*.
- D. Mayzlin, Y. Dover, and J. Chevalier (2014), “Promotional Reviews: An Empirical Investigation of Online Review Manipulation,” *American Economic Review*.
- Goldfarb, A. and C. Tucker (2011), “Online Display Advertising: Targeting and Obtrusiveness,” *Marketing Science*.
- Goldfarb, A. and C. Tucker (2011), “Search Engine Advertising: Channel Substitution When Pricing Ads to Context,” *Management Science*.
- Choi, J., D. Bell, and L. Lodish (2012), “Marketing and IS-Enabled Customer Acquisition on the Internet,” *Management Science*.
- Rutz, O. and R. Bucklin (2010), “From Generic to Branded: A Model of Spillover in Paid Search Advertising,” *Journal of Marketing Research*.
- B. Skiera, N. Nabout (2012), “PROSAD: A Bidding Decision Support Engine for Profit Optimizing Search Engine Advertising,” *Marketing Science*.
- Fang, Z., X. Luo, and M. Keith (2014), “How Effective is Location-Targeted Mobile Advertising,” *Sloan Management Review*.
- McKinsey and Co. (2012), “Turning Buzz into Gold.”

- Holt, D. (2016), "Branding in the Age of Social Media," *Harvard Business Review*.
- Kumar, V. and R. Michandanl (2012), "Increasing the ROI of Social Media Marketing," *Sloan Management Review*.
- Schulze C., L. Scholer, and B. Skiera (2015), "Customizing Social Media Marketing," *Sloan Management Review*.
- Zalmanson, L. and G. Oestreicher-Singer (2016), "Turning Content Viewers into Subscribers," *Sloan Management Review*.

Detailed Reading Schedule*

Week 1 Introduction (8/29), Marketing Assets in the Digital Economy (8/31)

Week 2 "Unicorns" (9/5), Global Trends in the Digital Economy (9/7)

- Tuesday: Read Aileen Lee's original TechCrunch article "Welcome to the Unicorn Club," and begin watching Aileen, Eurie, and Kirsten on Spike.

Week 3 Internet GRAVITY and Frictionless Commerce (9/12), Webvan (9/14)

- Tuesday:
 - a. Skim Blum, B. and A. Goldfarb (2006), "Does the Internet Defy the Law of Gravity?" *Journal of International Economics*.
 - b. Skim Bell, D. and S. Song (2007), "Neighborhood Effects and Trial on the Internet: Evidence from Online Grocery Retailing," *Quantitative Marketing and Economics*.
- Thursday: Read "Webvan: Groceries on the Internet," HBS Case 500052-HCB-ENG, Revised March 25, 2003.

Week 4 Warby Parker (9/19), Online-Offline Substitution (9/21)

- Tuesday:
 - a. Read "Warby Parker: Vision of a 'Good' Fashion Brand," HBS Case 9-413-051, Revised, September 19, 2012.
 - b. Read Bell, D., S. Gallino, and A. Moreno (2014), "How to Win in an Omni Channel World" *Sloan Management Review*.
 - c. Skim Bell, D., S. Gallino, and A. Moreno (2017), "Revenge of the Store," *Sloan Management Review*.
- Thursday:
 - a. Read Bell, D., J. Choi, and L. Lodish (2012), "What Matters Most in Internet Retailing," *Sloan Management Review*.
 - b. Skim Choi, J. and D. Bell (2011), "Preference Minorities and the Internet," *Journal of Marketing Research*.

Week 5 The Long Tail, (9/26), Nina Ojeda

- Tuesday: Read Bell, D., J. Choi, and L. Lodish (2012), "What Matters Most in Internet Retailing," *Sloan Management Review*.

- Thursday: Skim / Read according to your interest, articles on Inc.com and elsewhere written by Nina Ojeda.

Week 6 Networks and Neighborhoods (10/3)

- Tuesday: Skim Trusov, M., A Bodapati, and R. Bucklin (2010), "Determining Influential Users in Internet Social Networks," *Journal of Marketing Research*.

FALL BREAK

Week 7 Reputation and Reviews (10/10), Platforms and Aggregation (10/12)

- Tuesday:
 - a. Read Dellarocas, C. (2010), "Online Reputation Systems: How to Design One That Does What You Need," *Sloan Management Review*.
 - b. Skim D. Mayzlin, Y. Dover, and J. Chevalier (2014), "Promotional Reviews: An Empirical Investigation of Online Review Manipulation," *American Economic Review*.
- Thursday: No reading, lecture notes only.

Week 8 Online Advertising (10/17), Digital Marketing Tools and Tactics (10/19)

- Tuesday:
 - a. Skim: Goldfarb, A. and C. Tucker (2011), "Online Display Advertising: Targeting and Obtrusiveness," *Marketing Science*.
 - b. Skim: Goldfarb, A. and C. Tucker (2011), "Search Engine Advertising: Channel Substitution When Pricing Ads to Context," *Management Science*.
- Thursday:
 - a. Skim Rutz, O. and R. Bucklin (2010), "From Generic to Branded: A Model of Spillover in Paid Search Advertising," *Journal of Marketing Research*.

Week 9 Marketing Optimization: Optimal Bidding on Keywords (10/24), Lawrence Lenihan (10/26)

- Tuesday: Skim B. Skiera, N. Nabout (2012), "PROSAD: A Bidding Decision Support Engine for Profit Optimizing Search Engine Advertising," *Marketing Science*.
- Thursday: Skim / Read according to your interest, articles on Business of Fashion and elsewhere written by Lawrence Lenihan.

Week 10 Mobile Marketing and Wearables (10/31), Earned and Social Media, Social Advertising (11/02)

- Tuesday: Read Fang, Z., X. Luo, and M. Keith (2014), "How Effective is Location-Targeted Mobile Advertising," *Sloan Management Review*.
- Thursday:
 - a. Read Holt, D. (2016), "Branding in the Age of Social Media," *Harvard Business Review*.
 - b. Skim McKinsey and Co. (2012), "Turning Buzz into Gold."

- c. Skim Schulze C., L. Scholer, and B. Skiera (2015), "Customizing Social Media Marketing," *Sloan Management Review*.

Week 11 Social Advertising and Social Targeting (11/07), Week 12 Tom Patterson (11/09)

- Tuesday: No reading, lecture notes only.
- Thursday: Familiarize yourself with TommyJohn.

- b. Read Holt, D. (2016), "Branding in the Age of Social Media," *Harvard Business Review*.
- c. Skim McKinsey and Co. (2012), "Turning Buzz into Gold."
- d. Skim Schulze C., L. Scholer, and B. Skiera (2015), "Customizing Social Media Marketing," *Sloan Management Review*.

Week 12 Patrick Duffy and Boyd Renner (11/14), Diffusion Over Networks: Viral Features of Products (11/16)

- Tuesday: No reading, presentation only.
- Thursday: No reading, lecture notes only.

Week 13 A2 Case (Star Digital) No In-Class Session (11/21)

- **Tuesday: Work on Star Digital Case and Assignment A2.**

THANKSGIVING BREAK

Week 14 Diffusion Over Networks: Structure, Patterns, and Degrees (11/28), Pete Borum and Ben Williams (11/30)

- Tuesday: No reading, lecture notes only.
- Thursday:
 - a. Familiarize yourself with Reelio.
 - b. Skim Zalmanson, L. and G. Oestreicher-Singer (2016), "Turning Content Viewers into Subscribers," *Sloan Management Review*.

Week 15 Communication Persuasiveness, Social Platforms, ROI (12/05), Course Summary (12/07)

- Tuesday: Read Kumar, V. and R. Michandanl (2012), "Increasing the ROI of Social Media Marketing," *Sloan Management Review*.
- Thursday: Come prepared for course summary and review.

* YellowDig serves as a "living library" of content to which we all contribute. Please do allocate some time at the beginning of each week to skim through the content posted there.