Marketing Strategy & Technology

MKTG 777

Professor Pinar Yildirim

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MARKETING STRATEGY & TECHNOLOGY

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Spring 2019

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Office hours:
By appointment, between 9am to 12pm on M/W/F

Class meetings:
Session 277_001: T/ TH 10:30am – 11:50am Vance B11
Session 777_001: T/ TH 1:30pm – 2:50pm JMHH 250
Session 277_002: T/ TH 3:00pm – 4:20pm JMHH 250

Teaching Assistants:
Michael Kurish (mekurish@wharton.upenn.edu, e-mail for appointment)

Overview

What is this course about? This course focuses on the unique aspects of creating effective marketing and management strategies for technology-intensive online and offline businesses. We will discuss the effective competitive marketing strategies for winning in markets which are powered by technology. Specifically, we will discuss how firms create value for customers and how they can integrate technology in delivering a better consumer experience.

What can I expect to learn? The course provides a series of useful concepts and frameworks which students can directly apply to strategic marketing problems they will encounter post-graduation. Throughout the course, there will be an emphasis on going from concepts and market analysis all the way to the formulation of concrete strategies and applications from recent research.

What industries will be covered? Matching markets, sharing platforms, online retail and e-commerce, advertising, financial technology, social networks, media and content providers, and virtual currencies.

What do I need to do? The course relies on case discussions, industry facts and independent reading. The readings are primarily drawn from the marketing and economics literature. The case studies provide extensive opportunities to integrate and apply these abstract tools in practical, competitive marketing strategy contexts. Course outcome is determined by active class participation, case write ups, short presentations, and a class project. (see "Grading" for details.)

Who is this course designed for? While competitive marketing strategy is important for all managers, it will be particularly useful to students who are planning to accept a position in leading technology companies, and marketing firms in which technology is likely to play an important role. In addition, the course will provide value to those who expect to work in consulting or investing in technology industries and must analyze firm strategies. But it may also be valuable for students who do not necessarily plan to pursue a career related to technology or even marketing.

Assignments and Grading

There will be in-class discussions, case-write ups, short presentations focusing on competitive marketing strategies and a final project which requires a short presentation and a group report. All assignments should be submitted before the class (by 9am on the due date) on Canvas. Cases and presentation evaluations will be returned in class the following week. Below is the distribution of the weights of each assignment on your final grade:

- ✓ 5 Short case briefs/idea write ups (pass or fail grade – 5 x 6% = 30%)
- ✓ 2 Detailed case write-ups (2 x 10% = 20%)
- ✓ 1 Short-idea presentation (10%)
- ✓ Final project (%25)
  - o Presentation (10%)
  - o Report (15%)
- ✓ Participation (15%)
  - o Professor's assessment (10%)
  - o Self-assessment (5%)

Formation of Groups:

- ✓ Students must organize themselves into groups of 6 for the detailed case analyses, short presentation, and the final project. Please email me the names of the members of your team (one email per group) by **January 31, 5:00pm EST**.
- ✓ I encourage active group work and strongly recommend that you form a study group with your team or friends to discuss the readings before each session.

[Individual] Case briefs/idea write ups (5 cases x 6% = 30%)

For several class discussions, there will be a series of 1-3 short questions posted on Canvas (a week before the session). You are expected to answer the questions and turn in your answers. These questions may relate to a case or to a discussion to be carried out in the class.

- ✓ This assignment is designed to prepare you for the discussion in class, rather than measuring your knowledge. These short responses will only be graded as pass or fail (checked for relevance of content, but not graded based on the quality of content.)
- ✓ The briefs shall not exceed 1 page (500 words max, 12pt font).
- ✓ You should post your responses on Canvas by 9 am on their due date. Late work will not be accepted since the questions will be addressed in class.

[Group] Detailed Case Analysis (2 cases x 10% = 20%)

For two class discussions indicated on the syllabus, students are expected to provide a detailed case analysis as a group. Detailed analyses will be graded based on the quality of the content. The write-up should not exceed 8 pages (5000 words max, 12pt font, double-spaced), plus up to four (4) exhibits. Assignments will be posted on Canvas a week or more in advance of the deadline.

[Group] Short Idea Presentation (10%)

For a specific industry, your group will be asked to take a position to disrupt an existing market (as a competitor or third party) or defend the incumbent. You will be asked to give a short (5-minute max) presentation on an idea for product or service which is aimed at competing with the successful incumbent in the company, to save the incumbent.

[Group] Final project (10% presentation + 15% report = 25%)

For your final project, I expect you and your team to consider the conceptual frameworks we develop in class to identify a market opportunity, an unmet customer need, or weakness of an existing brand. You should propose a product/company/service to address the unmet or poorly-met consumer need. Details about the final project are provided at the end of the syllabus.

- ✓ By **March 28th, 2019** you should come up with a one-page proposal of your final project. This proposal will not be graded, but you will receive an informal feedback with comments and/or suggestions. The document should be posted before class on Canvas by due date.
- ✓ We will spend two sessions with presentations of the ideas at the end of the semester. The presentation slides are due by 9am on **April 23rd, 2019**.
- ✓ You will also be expected to write a report on your idea and submit it by 9am on **April 30th, 2019**.

Participation: Contribution to Class Discussion and Self-assessment (10% + 5% =15%)

Everyone in the class has some valuable idea to contribute. I encourage you to openly share ideas and ask questions. Every session will involve interaction in the form of in-class discussion about the topic covered that week. I expect each class member to be prepared at all times to comment in any class session.

My assessment: 10% of your grade will be assessed by me as a combination of the following factors:

- ✓ Regular and punctual class attendance
- ✓ Class preparation: engagement in class discussions
- ✓ Attendance and engagement in guest lectures
- ✓ Your peer's appreciation of you

Your assessment: 5% of your grade will be assessment of your own performance. I will ask you to assign yourself a participation grade at the end of the semester. Your evaluation should consider the elements listed above and should be scored on a scale such that 1 = worst possible participation and 10 = highest possible participation. Your assessment should be uploaded on canvas by 5pm on **April 30th, 2019**.

Assessment of Contributors: You will also be asked to write a paragraph about one student who has enhanced your learning in this course. (This can be a student who was particularly insightful and helpful in a group project, someone who helped you think about an issue in a new way in class, etc.). These comments will be taken into consideration when final participation grades are assigned. **Note:** I will not share these comments, but you are welcome to share them with one another.

Canvas & Readings

All slides used in class, links to points of interest and optional readings, assignments, announcements and critical course information will be posted online on Canvas. Please check it often. Some readings in the course will be recommended, but not required. The recommended readings will give you a chance to go into more depth on particular subjects if you are interested. All readings will be linked from Canvas.

Session	Date		AGENDA
Welcome	17-Jan-19	TH	**Welcome and Course Introduction** Creating and Finding Market Failures and Opportunities
Platforms and Competitive Strategies	22-Jan-19	T	**Multisided Platforms:** Characteristics and principles: How do matchmakers and disruptors work? **Recommended Reading:** Hagiu, Andrei. "Strategic decisions for multisided platforms." MIT Sloan Management Review 55.2 (2014): 71.
	24-Jan-19	TH	**Platforms and Sharing Economy: Economic Principles** Network Effects and Market Tipping Competition in Ride Sharing Industry **Case Study:** Uber: Changing the way the world moves
	29-Jan-19	T	**Economics of Trust and Reputation** Product Reviews, recommendations, and reputation **Case Study:** Airbnb (Case Brief #1 Due)
	31-Jan-19	TH	**Online Social Networks: Social Failures** Competing through networks & social strategies **Case Study:** LinkedIn Corporation, 2012 (Group formation due) **Recommended Reading:** foursquare
Driving user adoption and engagement	5- Feb-19	T	**Platform Competition:** Competing through Governance **Case Study:** eHarmony (Case Brief #2 Due) **Recommended Reading:** Halaburda, Hanna, Mikolaj Jan Piskorski, and Pinar Yildirim. "Competing by restricting choice: the case of search platforms."
	7-Feb-19	TH	**Monetization Strategy:** Freemium, Referral Marketing Moving from a traditional business model to MSP **Case Study:** Angie's list (Case Brief #3 Due)
Distribution channels, product design, and pricing	12-Feb-19	T	**Distribution Competition:** Online-Offline Channels, Retailtech **Recommended Reading:** Showrooming at Bestbuy
	14-Feb-19	TH	**Product Design Competition:** Competing by Product Line Extensions Marketing Strategy in Luxury Markets **Case Study:** Rent the Runway (Detailed Case Analysis #1) **Recommended Reading:** Burberry

	19-Feb-19	T	**Topic: Moving a pay-per-use business into a subscription model** **GUEST SPEAKER: Josh Builder, CTO, Rent the Runway**
	21-Feb-19	TH	**Revenue models and Competing by Pricing II:** Ad supported business models **Case Study:** The New York Times Paywall
	26-Feb-19	T	**Topic: Competition in Media Industry:** Acquiring customers **GUEST SPEAKER: ARAM CHEKIJIAN, VP, Customer Data and Insights, The New York Times**
	28-Feb-19	TH	**Competing via Bundling and Unbundling:** Media and Entertainment Industry **Case Study:** Comcast
Developing the Brand, Communication and Information Campaigns	12-Mar-19	T	**Communication and Persuasion in Marketing:** Advertising, social media, branding at various stages of organizations **Case Study:** Advertising Experiments at RestaurantGrades, RocketFuel **Recommended Reading:** Blake, T., Nosko, C., Tadelis, S. "Consumer heterogeneity and paid search effectiveness: A large-scale field experiment." Econometrica 83.1 (2015): 155-174. Hauser, O., and Luca, M. "How to Design (and Analyze) a Business Experiment." Harvard Business Review (2015).
Managing Growth Marketing, Strategy in Media and Entertainment Industry	14-Mar-19	TH	<mark>Short Idea Presentations</mark>
	19-Mar-19	T	**Topic: Competition in Media Industry:** Traditional and Digital Media: trends and future **GUEST SPEAKER: Eric KESSLER, Former President and COO of HBO**
	21-Mar-19	TH	**Competition in Online Media and Entertainment,** Brand building via media **Recommended Reading:** Fox Entertainment President: Kevin Reilly, BBVA
	26-Mar-19	T	**Topic: Competition and Trends in the Media and Entertainment Industry** **GUEST SPEAKER: Peter Liguori, Former CEO of Tribune Company, FX, Fox Broadcasting**
Learning about how Marketing Strategy works, what consumers want	28-Mar-19	TH	**Strategy in Regulation, Social Responsibility and Privacy** **Recommended Reading:** Amazon, Apple, Facebook, and Google Competitive Advantage of Corporate Philanthropy <mark>(Case Brief #4 Due)</mark> <mark>(One-page proposal summary due)</mark>

	2-Apr-19	T	**Payment Systems and FinTech** Economics of Blockchain and Cryptocurrencies **Case Study:** Bitcoin: The Future of Digital Payments? (Case Brief #5 Due) **Recommended Reading:** Frick, W. "Why Your Business Might One Day Accept Bitcoin (or Something Like It)," Harvard Business Review Ant Financial
	4-Apr-19	TH	**Learning About Customers via Big Data and Analytics** Using big data, learning from online social networks **Case Study:** Vodafone (Detailed Case Analysis #2 Due) **Recommended Reading:** Wei, Y., Yildirim, P., Van den Bulte, C., & Dellarocas, C. (2015). Credit scoring with social network data. Marketing Science, 35(2), 234-258.
Value of Data, AI and Machine Learning in Marketing Strategy	9-Apr-19	T	**Future of Work:** Economics of on Demand Labor Automation and the Future of Organizations, Impact on Marketing
	11-Apr-19	TH	**Artificial Intelligence and Machine Learning for Marketing:** Predicting the future of marketing/ developing emerging technologies Augmented/ virtual reality in retail **Recommended Reading:** Wellers, D., Elliott, T., Noga, M., 2017. "8 Ways Machine Learning Is Improving Companies' Work Processes," Harvard Business Review.
	16-Apr-19	T	**Machine Learning and Analytics in Marketing:** Cases in Litigation Consulting **GUEST SPEAKER: Vildan Altuoglu (Principal, Cornerstone)**
	18-Apr-19	TH	**Value of Big Data and Analytics for Marketing Strategy:** Application to Political Campaigns **GUEST SPEAKER: Andrew Claster (Former Deputy Chief Analytics Officer, Obama for America)**
Active Idea Generation and Evaluation	23-Apr-19	T	**Final Project Presentations**
	25-Apr-19	TH	**Final Project Presentations** **Post discussion**
	30-Apr-19	T	**Course Summary and Takeaways** **Final Reports Due**

Guest Speakers

To discuss competitive marketing strategies in their own practice, multiple guest speakers from various companies will be speaking in class. <u>Please note that speakers are arranged months in advance, and their schedules are subject to last minute changes</u>. There may be additional experts on various subjects invited to our sessions. If there is a date change or unexpected cancellation, it will be announced in advance. Here are the bios of some of the speakers we may have throughout the course.

Josh Builder, Rent the Runway, CTO Josh is the CTO & Head of Product at Rent the Runway. He joined the company in 2016, and currently oversees all aspects of the company's technology strategy, including, Product Management, Engineering, Data Science, Logistics, and Retail systems. Formerly he held positions such as the CTO of SoulCycle and CTO of The Orchard.

Eric Kessler, HBO, Former President and COO After graduating from Wharton, Eric spent seven years in marketing positions at Gillette and Lever Brothers. He joined HBO in 1986 as a marketing manager, ultimately serving as its president from 1989 to 1995. Kessler is the recipient of numerous high-profile industry honors including Promax's Brand Builder of the Year, Brandweek's Marketer of the Year and was named a top 10 Innovator by Advertising Age.

Aram Chekijian VP, Customer Data and Insights at The New York Times Aram oversees analytics initiatives at the New York Times company. He is an Analytics consultant with wide-ranging experience in marketing mix modeling, digital measurement / empirical attribution modeling and cross-campaign media measurement and ROI optimization.

Dr. Vildan Altuoglu, Cornerstone, Principal Vildan specializes in applying economic analysis and marketing research techniques to antitrust, intellectual property, consumer fraud, product liability, and general business litigation matters. Her experience includes trademark and trade dress cases that include confusion, dilution, blurring, and harm-to-brand issues. She also specializes in matters involving technology markets.

Andrew Claster, Deputy Chief Analytics Officer for President Barack Obama's 2012 re-election campaign, Political Consultant Andrew helped create and lead the Obama Analytics team of more than 50 analysts, statistical modelers and engineers. The team used predictive modeling, data analysis and technology to revolutionize political polling and individual-level voter targeting. He is currently helping other campaigns in and outside of the U.S.

Peter Liguori, Former CEO and President at Tribune Media Company

Peter held various high-level positions in various media companies, including COO and Senior Executive Vice President of Discovery Communications and News Corp.'s Fox division and President and CEO of FX Networks.

Recommended Readings (Optional)

On Multi-sided Platforms and Matching Markets

1. Hagiu, Andrei, and Julian Wright. "Multi-sided platforms." International Journal of Industrial Organization 43 (2015): 162-174.
2. Hagiu, Andrei; Altman, Elizabeth J. (2017) "Finding the Platform in Your Product," Harvard Business Review

On Sharing Economy

1. Sundararajan Arun "From Zipcar to the sharing economy." Harvard Business Review. 2013 Jan 3;1.
2. Sundararajan, Arun "Peer-to-peer businesses and the sharing (collaborative) economy: Overview, economic effects and regulatory issues." Written testimony for the hearing titled The Power of Connection: Peer to Peer Businesses (2014).
3. HomeAway: Organizing the Vacation Rental Industry, McDonald, Rory; Zhu, Feng;Gao, Cheng, HBS Case (615036)
4. BlaBlaCar: The Road Ahead..., Lakhani, Karim R.; Sundararajan, Arun; Billaud, Emilie; Caltagirone, Caroline, HBSCase (617050)

On Online –offline competition

1. Lieber, Ethan, and Chad Syverson. "Online versus offline competition." Oxford Handbook of the Digital Economy (2012): 189-223.
2. Reinventing Best Buy, Wells, John R.; Ellsworth, Gabriel, HBS Case (716455)

Designing Online Experiments

3. Bakshy, Eytan, Dean Eckles, and Michael S. Bernstein. "Designing and deploying online field experiments." Proceedings of the 23rd international conference on World wide web. ACM, 2014.

Student-Faculty Lunches

A fun way for me to get to know you informally is to have lunch together. I would like to take groups of 4-8 students to lunch. There will be sign up dates available on Canvas and each student is expected to attend at least once.

Administrative and Classroom Policies

- Students who violate on academic dishonesty are subject to disciplinary penalties as determined by university policies. Since dishonesty harms the individual, fellow students and the integrity of the university, policies on academic dishonesty will be strictly enforced.
- If you have a disability for which you are or may be requesting an accommodation, you are encouraged to contact the Student Disability Services of Penn as early as possible in the term. SDS will verify your disability and determine reasonable accommodations for this course.
- Electronic devices are not welcome in class as they have been shown to have a negative impact on student learning. If you must use an electronic device for a specific reason, please see me.

Details of Class Assignments

Short Presentation

You should use no more than 4 slides and only aim for a 5-minute presentation. Submit your presentation by 9am on the due date. Ideally, each member of the team should be involved in presentation. The presentations will be judged based on the creativity of the idea and the quality of your arguments for the need.

- Choose a firm operating in the sharing economy space (e.g., Uber, Airbnb) OR media space (e.g., cable TV providers, Netflix, HBO, Amazon Video). You are asked to identify a business opportunity taking one of the following roles:
    1. A competitor entering the market of the firm you have chosen (for example, a competitor for Uber).
    2. A third-party firm offering services to benefit from the success of the focal market (e.g., a provider for Uber)
    3. An incumbent whose market has been disrupted (e.g, taxi-drivers, hotels). Come up with an idea to defend your market position.

Case Brief and Detailed Analysis

- Case Briefs: Please include the following, when they apply:
    1. Statement of decision to be made
    2. Recommended decision
    3. Justification for decision

- Detailed Case Analyses: Please include the following:
    1. Statement of decision to be made
    2. Strategic options considered
    3. Recommended decision
    4. Justification for decision
    5. Four (4) exhibits maximum

Case briefs or analysis are not research papers; they are analyses of the facts. Do not use any outside information when producing detailed case analyses. (Outside sources of information include the library, mass media, the internet and corporate executives for the case in question.) Your decision should be based on the facts presented in the case.

How to Analyze a Case Study

A case study helps students learn by immersing them in a real-world business scenario where they can act as problem-solvers and decision-makers. The case presents facts about a particular organization. Students are asked to analyze the case by focusing on the most important facts and using this information to determine the opportunities and problems facing that organization. Students are then asked to identify alternative courses of action to deal with the problems they identify.

A case study analysis must not merely summarize the case. It should identify key issues and problems, outline and assess alternative courses of action, and draw appropriate conclusions. The case study analysis can be broken down into the following steps:

Identify the most important facts. Read the case several times to become familiar with the information it contains. Pay attention to the information in any accompanying exhibits, tables, or figures. Many case scenarios, as in real life, present a great deal of detailed information. Some of these facts are more relevant than others for problem identification. One can assume the facts and figures in the case are true, but statements, judgments, or decisions made by individuals should be questioned. If key facts and numbers are not available, you can make assumptions, but these assumptions should be reasonable given the situation.

Identify the key issues. Use the facts provided by the case to identify the key issue or issues facing the company. Many cases present multiple issues or problems. Identify the most important and separate them from more trivial issues. State the major problem or challenge facing the company. You should be able to describe the problem or challenge in one or two sentences. You should be able to explain how this problem affects the strategy or performance of the organization.

You will need to explain why the problem occurred. Does the problem or challenge facing the company come from a changing environment, new opportunities, a declining market share, or inefficient internal or external business processes?

Specify alternative courses of action. List the courses of action the company can take to solve its problem or meet the challenge it faces. Remember, there is a difference between what an organization "should do" and what that organization actually "can do". Some solutions are too expensive or operationally difficult to implement, and you should avoid solutions that are beyond the organization's resources. Identify the constraints that will limit the solutions available. Is each alternative executable given these constraints?

Evaluate each course of action. Evaluate each alternative using the facts and issues you identified earlier and given the conditions and information available. Identify the costs and benefits of each alternative. Ask yourself "what would be the likely outcome of this course of action? State the risks as well as the rewards associated with each course of action. Is your recommendation feasible from a technical, operational, and financial standpoint? Be sure to state any assumptions on which you have based your decision.

Make a decision. State your choice for the best course of action and provide a detailed explanation of why you made this selection. You may also want to provide an explanation of why other alternatives were not selected. Your final recommendation should flow logically from the rest of your case analysis and should clearly specify what assumptions were used to shape your conclusion. There is often no single "right" answer, and each option is likely to have risks as well as rewards.

Final Project & Presentation

For your final project, I expect you and your team to consider the conceptual frameworks we develop in class to identify a market opportunity, an unmet customer need, or weakness of an existing company and propose a product / company / service to address the need. Your ideas may come from a combination of:

✓ Primary research. Observations or recounting personal experiences.
✓ Secondary research. Identify sources that might describe the customer experiences (provide cites)

Structure. The structure of your presentation and report should be as follows:

1. Write about the specific customer experience, or the market need identified from market research (1 page)
2. Identify gaps in the market 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 (4-6 pages)
   - Revenue objective
   - Segment selection
   - Positioning
   - Go-to-market channels, pricing, promotion
   - Defense strategy assuming success

Submission Notes

1. E-mail your presentation by 9am on April 23rd.
2. Submit report to Canvas by 9am by April 30th.
3. Maximum length for the report is 10 pages, 5000 words max, 12pt, double spaced. You should use no more than 5 original exhibits.

Assessment of Presentation & Report

✓ Feasibility
✓ Creativity
✓ Rigor and logic
✓ Explicit use of course concepts
✓ Options explicitly considered and rejected
✓ Mastery and application of course concepts
✓ Quality and depth of research
✓ Would your classmates support your strategy?