DYNAMIC MARKETING STRATEGY
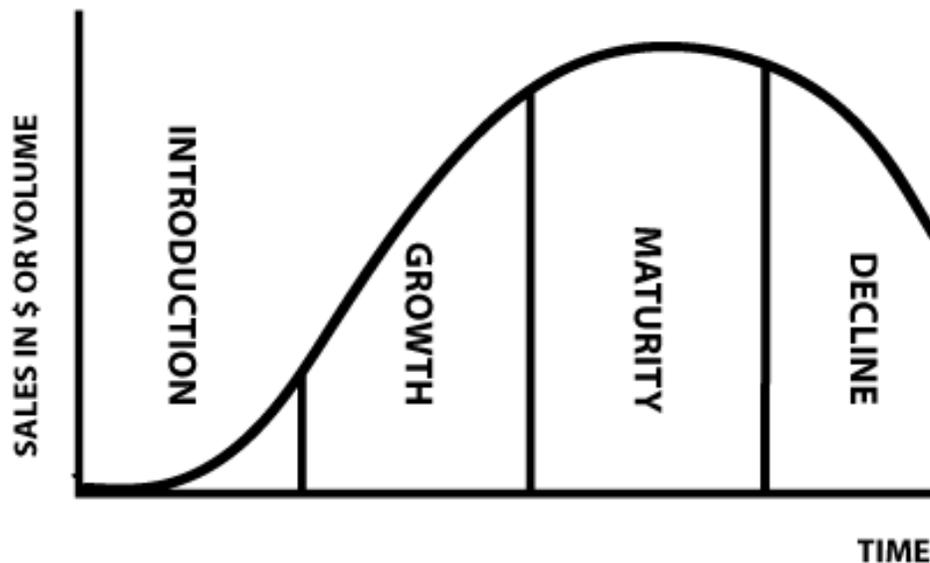## (MKTG 612)

Fall 2019, Quarter 3

COURSE DESCRIPTION,
REQUIREMENTS AND ASSIGNMENTS

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Professor of Marketing, Statistics, Economics and Education
Chairperson, Wharton Marketing Department
Vice-Dean, Analytics at Wharton

Objectives

This course focuses on helping you refine your skills in developing a marketing strategy and seeing how the marketing tactics selected need to be in alignment with that strategy. We will focus specifically on issues such as the selection of which businesses and segments to compete in, how to allocate resources across businesses, segments, and elements of the marketing mix, how to launch new products into the market, as well as other significant strategic issues facing today's managers in a dynamic competitive environment.

All of these issues will be discussed and couched in the context of *the dynamic nature of market evolution that occurs throughout the Product Life Cycle (PLC),* pictured above. Students

will develop strategic thinking skills and learn to apply analytical and data science tools to help formulate effective marketing tactics in each phase of the PLC.

Outline of Each Class Session

While the exact structure of each class will vary depending on whether it is a case or lecture, in general each session will have three facets:

1) ***The real world business problem.*** Most classes will begin with an example of a critical *current* issue that managers confront. This could be either a formal case (highlighted in green in the course schedule below that students read in advance), or a mini-case that I introduce in-class. For formal case discussions, we will assume that everyone has read and is prepared to discuss the case. It is not necessary to do any library work or bring in outside information about the company or the industry beyond what is described in the case. In fact, it will distract from the case discussion as we are learning how to make better strategic marketing decisions given the information available at the time of the case. We will focus on principles, theories, and basic applications of marketing strategy. Discussion and questions are strongly encouraged.

2) ***Analytical frameworks for thinking through the problem.*** For the business problem being discussed, the class will explore a range of general analytic frameworks through which the problem might be approached, and evaluate their comparative strengths and weaknesses. The purpose of this is to provide a systematic basis for narrowing down the set of candidate options, and choosing a best option in light of available data.

3) ***Informing the decision through data.*** Given a general analytic framework, most classes will go on to explore how greater precision can be brought to their application through the use of data---both in the form of customer insights (marketing research), and secondary data.

Course Website

Many of the course's activities will involve the use of Wharton's Canvas software, which you can access at: **https://canvas.upenn.edu**. Please bookmark this website and check it as often as necessary. This site will contain copies of class handouts, and other general information about the course.

No In-Class Use of Electronic Devices

Because my expectations are that there will be high in-class involvement, no electronic devices are allowed for use in the classroom, consistent with the MBAPO policy. This includes

tablets, laptops, cellphones, etc… Please print out the class slides in advance if you wish to take notes directly on them. Any exceptions to this policy should be discussed with me in advance.

Data and R code

In most lectures, there is a "toolkit takeaway" part of the lecture where I discuss the use of data and statistical methods for data-driven marketing strategy.   On each assignment page in canvas, I have posted the data set (used in class) as well as the R code that generated the output for those of you that want to reproduce the analyses.

Grading

The weighting of the inputs for the final course grade is:

Class Participation	**10%**
Five (Out-of-Class) Assignments	**50%**
Final Exam (take home)	**40%**

Each component of your grade (i.e. participation, assignments, quizzes, and final exam) is Z-scored, and then your grade is constructed from your weighted Z-score**.**   100% of your grade in this course is individual-based and hence you should not work on the assignments with other students or discuss them prior to turning them in.   After turning them in, feel free to learn from your common experiences; and, in fact, you are encouraged to do so.

Class Participation and Attendance:

Attendance in class is not required, and is not graded; but poor attendance will affect your class participation grade as you can't get credit for (positive) participation (which is graded) if you are not there.   For those classes that you attend, all course sessions involve active classroom discussion based on careful preparation of the readings and cases, with a focus on both theoretical questions and practical implications. You should be prepared both to share your ideas and to listen to and interpret issues presented by others. *The quality of your contribution counts for much more than the quantity*. Comments that move a discussion forward in a productive direction are particularly welcome.

Class Assignments

There are five (out-of-class) assignments (listed in RED below) with specific due dates. All of these assignments are due PRIOR to the class in which they are covered, and the due dates are clearly listed on the course calendar. <u>No late assignments will be accepted</u>. These five assignments will be equally weighted (10%) towards the 50% Out-of-Class Assignment part of your grade. More details on the assignments are below.

Five Out-of-Class Assignments

The links for submitting:

- Assignment 1: ROI Analysis and Social Media Measurement
- Assignment 2: Medicine's Case Numbers and Analysis
- Assignment 3: CCC case numbers and assignment
- Assignment 4: "Customer Analytics in the News"
- Assignment 5: FutureView experience

are all on the course Canvas site. Each of these assignments will also be discussed in the lecture that follows their due date. All assignments should be submitted via Canvas, and/or the weblink on Canvas that provides a form for submitting the required materials.

Assignment 1: ROI Analysis and Social Media Measurement (two pages maximum)
due by Friday October 25th at 9am.

Social media information (e.g. UGC, Facebook posts, tweets, etc..) have the potential to significantly impact the shape of the PLC for new products that are launched into the market. Your assignment is to:

- Provide a real-world example (e.g. a link to an article, video, etc..) and discussion of a company that has strategically used social media and/or text analysis (NLP) to influence new product sales either prior to launch or early on after the product hits the market.

- Describe the kind of data that a firm would want (both observational and potentially experimental) and the way (mathematically) in which you might provide an estimate of the ROI of social media to the firm.

Answers that provide a specific example, specific thoughts about data sources, and methods to estimate ROI will receive higher credit. This assignment must be submitted via Canvas and should be no more than 2 pages (single-spaced).

Assignment 2: Medicine's Case Numbers and Explanation (two pages maximum)
due by Tuesday, October 29th at 9am.

The Medicine's company is typical of a start-up that has to decide what price to charge at product launch as well as forecast year 1 and year 2 sales (and profits).   Your assignment has two parts:

- There is a link on the Medicine's Canvas Assignment page that you click on that brings you to an online form where you should enter your recommended price per dose and your forecasts of year 1 and year 2 sales, and year 1 and year 2 profits.

- Through canvas, submit a no more than 2-page (single-spaced) explanation of how you computed your numbers, what assumptions you made, and how you might empirically validate those assumptions.

Answers that rigorously lay out their assumptions, even if those assumptions may be speculative, and tie those assumptions to specific recommendations and forecasts will receive highest credit.

Assignment 3: CCC Case Numbers and Assignment (two pages maximum)
due Friday, November 8th by 9am

Making strategic decisions in highly competitive and mature markets provides significant challenges to marketing managers.   The CCC case is such an example.   Your assignment here has two parts:

- Using the Canvas link that takes you to the Wharton Learning Labs "Rules of Engagement" application, read the CCC case, and then enter your budget numbers for advertising, trade promotion and in-pack premiums for the current fiscal year as well as your "competition decision rules" for those budget numbers going forward.

- Through canvas, submit a no more than 2-page (single-spaced) explanation of why you chose those competition decision rules going forward to set budgets.

Assignments that thoroughly consider the role of competition and incorporate those beliefs about competitor action into ones' competition decision rules will receive the highest credit.

Assignment 4: "Customer Analytics in the News" (two pages maximum)
due Friday, November 15th by 9am.

Big data, data science, predictive analytics, machine learning, deep learning, etc… are all buzz words now that every manager/analyst/investor/thought leader should know something about.

Your assignment (<u>in two pages (single-spaced) or less</u>) is to select one of the methods/topics listed above and describe a recent application of it to a problem in marketing strategy which could include pricing, product design, sales forecasting, to name just a few.

Assignments that clearly state the method, find an interesting application, and discuss its use in marketing strategy will receive highest credit.

<p style="text-align:center; color:red;">Assignment 5: FutureView experience and write-up (two pages maximum)
due Wednesday, November 20th by 9am</p>

Marketing research methods are well-established to estimate demand, optimally design products, and determine target segments when the product/service of interest is to be launched soon and/or is of an incremental change. However, many of you make take jobs at firms (e.g. Google, SpaceX, etc…) that are building products for far off into the future for which customers have little to no familiarity.   Yet, the needs of data-driven marketing strategy still exist.   Your assignment here is two-fold:

- Click on the link to the Wharton Learning Labs FutureView application and participate in the experience.   We will be utilizing your experiences in class, so come prepared to talk about it.

- The data that emerges from FutureView is valuable for dynamic marketing strategy decisions describe in the class.   <u>In two (single-spaced) pages or less</u>, first, explicitly describe the data that you would capture from FutureView if you were going to utilize it as a business intelligence tool for marketing strategy. Second, be explicit about how you could use FutureView data to determine target segment(s), price, demand, distribution, shape of the PLC, etc…

Assignments that are specific about the data that emerge from FutureView and how you would explicitly tie that to specific marketing strategy decisions will receive the highest score.

Final Examination (due Tuesday, December 10th by 5pm)

The final examination for this course will be a take-home examination.   It will be made available on the course Canvas site on Thursday, December 5th at 5pm.   The exam will consist of questions about marketing strategy, and will also cover the cases and analysis methods that we have discussed in class. From the time that you start the examination (not download, but start), you have 2 hours to complete it.   You must then upload your answers to the canvas site prior to the due date. The Wharton School and University of Pennsylvania Honor Code applies, and in particular to the 2-hour time limit.   This is an individual-level examination.   You are not allowed to discuss this exam with anyone, during or even after the examination period. You may use outside materials, and it is open-book and open-notes, but note that the 2 hour time limit includes any time you might use to do outside research, look at your notes, etc….

Contact Information

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Course Outline

<u>Session</u>

1. October 22nd **Tuesday** **(T):** **Overview of Strategic Marketing Issues**
*Case: **Kindle Fire***

2. October 24th **Thursday** **(TH): Market Research for New Product Design**
*Case: **Shell Oil** (**mini-case** + ***in-class)***
Social Media Question and PLC due Friday, October 25th, 9am

3. October 29th **Tuesday** **(T):** **Social Media and Product Diffusion**
Medicine's Case numbers due Tuesday, October 29th, 9am.

4. October 31st **Thursday** **(TH):** **Pricing for New Product Launch**
*Case: **The Medicines Company (A)***

5. November 5th **Tuesday** **(T):** **Pioneering v. Follower (Entry Strategy)**

6. November 7th **Thursday** **(TH): Competing in the Growth/Mature Phase**
CCC case assignment due Friday, November 8th by 9am

7. November 12th **Tuesday** **(T):** **Dealing with Competition**
Case: Canadian Children's Cereal

8. November 14th **Thursday** **(TH): Multi-Product Resource Allocation**
"Customer Analytics in the News" due Friday, November 15th by 9am

9. November 19th **Tuesday** **(T):** **Customer Analytics for CLV growth**
FutureView Simulation due Wed, November 20th by 9am

10. November 21st **Thursday** **(TH): Marketing in the Decline Stage**

11. December 3rd **Tuesday** **(T):** **Marketing for Products of the Future**

12. December 5th **Thursday** **(TH): Selecting the Entire Marketing Mix/Course
Wrap-Up**
Case: Aqualisa Quartz

**TAKE-HOME FINAL EXAM POSTED THURSDAY DECEMBER 5TH AT 5PM
DUE BY TUESDAY DECEMBER 10TH AT 5PM**

Week Starting	Monday	Tuesday	Wednesday	Thursday	Friday
October 20th	21	22 Lecture 1: Overview of Marketing Strategy: Kindle Fire Case	23	24 Lecture 2: Market Research for New Product Design: Shell Oil Case	25 Social Media Question due by 9am
October 27th	28	29 Lecture 3: Social Media and Product Diffusion Medicines numbers due by 9am	30	31 Lecture 4: Pricing for New Product Launch: The Medicines Company Case	1
November 3rd	4	5 Lecture 5: Pioneering v Follower (Entry Strategy)	6	7 Lecture 6: Competing in the Growth/Mature Phase	8 CCC Case numbers due by 9am
November 10th	11	12 Lecture 7: Dealing with Competition: CCC Case	13	14 Lecture 8: Multi-product Resource Allocation	15 "Customer Analytics in the News" due by 9am
November 17th	18	19 Lecture 9: Customer Analytics for CLV growth in mature markets	20 FutureView Simulation due by 9am	21 Lecture 10: Marketing in the Decline Stage	22
November 24th	25	25 THANKSGIVING BREAK NO CLASS	27	28 THANKSGIVING BREAK NO CLASS	29
December 1st	2	3 Lecture 11: Marketing for Products of the Future (FutureView Simulation)	4	5 Lecture 12: Selecting the Entire Marketing Mix/Course Wrap-Up: Aqualisa Quartz Case FINAL EXAM POSTED AT 5PM	6
December 8th	9	10 FINAL EXAM DUE BY 5PM	11	12	13