

MKTG 247x / MKTG 747x - Marketing Strategy for Technology Platforms

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Office hours:

Fridays 9:00 am to noon (or by appointment)

Class meetings:

MKTG 247402 and MKTG747402: M/W 1:30 pm - 2:50 pm

MKTG 247404 and MKTG747404: M/W 3:00 pm - 4:20 pm

MKTG 247406 and MKTG747406: T/R 9:00 am - 10:20 am

MKTG 247408 and MKTG747408: T/R 10:30 am - 11:50 am

Overview

What is this course about? This course focuses on the unique aspects of creating effective marketing and management strategies for technology-intensive on-line and off-line 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, on-line 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

- ✓ 4 Short case quizzes (40%)
- ✓ 3 Detailed case write-ups (45%)
- ✓ Participation (15%)

Short case quizzes (4 x 10% = 40%)

For 4 cases / class discussions, there will be a series of 1-3 short questions posted at the beginning of the class as a quiz. You are expected to answer the questions and turn in your answers.

Detailed Case Analysis (3 cases x 15% = 45%)

For two cases indicated on the syllabus, students are expected to provide a detailed case analysis. Detailed analyses will be graded based on the quality of the content. The write-up should not exceed 6 pages (1500 words max, 12pt font, double-spaced), plus up to four (4) exhibits. Assignments will be posted on Canvas a week or more in advance.

Participation: Contribution to Class Discussion and Self-assessment (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: 15% 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

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.

AGENDA

| SESSION | # | TOPIC |
|--|----|---|
| Welcome | 1 | Welcome and Course Introduction <i>Creating and Finding Market Failures and Opportunities</i> |
| Creating a value proposition | 2 | Multisided platforms: <i>What makes matchmakers and disruptors work?</i> Recommended Reading: Hagiu, Andrei. "Strategic decisions for multisided platforms." MIT Sloan Management Review 55.2 (2014): 71. |
| | 3 | Competitive Strategy in Online Platforms: <i>Competing through Governance</i> Case Study: eHarmony Recommended Reading: Halaburda, Hanna, Mikolaj Jan Piskorski, and Pinar Yildirim. "Competing by restricting choice: the case of search platforms." (2017). Forthcoming, Management Science. |
| | 4 | Online Social Networks: <i>Network Effects and Market Tipping</i> <i>How do traditional firms compete with social networks?</i> Case Study: LinkedIn Corporation, 2012 |
| | 5 | Selecting a Monetization Strategy and Pricing: <i>Freemium, Referral Marketing</i> Case Study: Angie's list |
| Driving user adoption and engagement | 6 | Sharing Economy and Role of Reviews and Reputation: <i>Product Reviews, recommendations, and reputation</i> Case Study: Airbnb |
| Business Channels | 7 | Selecting the Business Channels of Competition: <i>Omnichannel vs. brick-and-mortar vs. online pure-play</i> Case Study: Showrooming at Best Buy |
| Marketing Strategy in Media and Entertainment Industry | 8 | <i>State of the Media and Entertainment Industry</i> <i>Competition in Online Media and Entertainment</i> Case Study: Comcast |
| Learning about how Marketing Strategy works, what consumers want | 9 | Designing and Delivering Products: <i>Value and Design of Online Experiments</i> Case Study: Advertising Experiments at RestaurantGrades Recommended Readings: Blake, T., Nosko, C., Tadelis, S. "Consumer heterogeneity and paid search effectiveness: A large-scale field experiment." <i>Econometrica</i> 83.1 (2015): 155-174. Hauser, O., and Luca, M. "How to Design (and Analyze) a Business Experiment." <i>Harvard Business Review</i> (2015). |
| | 10 | Payment Systems and Financial Technology <i>Cryptocurrencies</i> Case Study: Bitcoin Recommended Reading: Frick, W. "Why Your Business Might One Day Accept Bitcoin (or Something Like It)," <i>Harvard Business</i> |

| SESSION | # | TOPIC |
|--|----|---|
| Value of Data, AI and Machine Learning in Marketing Strategy | 11 | Learning about consumers and their preferences: <i>Using data from online social networks</i> Case Study: Ant Financial Recommended Reading: Wei, Y., Yildirim, P., Van den Bulte, C., & Dellarocas, C. (2015). Credit scoring with social network data. <i>Marketing Science</i> , 35(2), 234-258. |
| | 12 | Value of Big Data for Marketing Strategy Case Study: Predicting Consumer Tastes with Big Data at Gap |
| | 13 | Artificial Intelligence and Machine Learning for Marketing: <i>Predicting the future of marketing/ developing emerging technologies</i> <i>Augmented/virtual reality in retail</i> Recommended Reading: Wellers, D., Elliott, T., Noga, M., 2017. "8 Ways Machine Learning Is Improving Companies' Work Processes," <i>Harvard Business Review</i> . |
| End Session | 14 | How to transform traditional businesses into a platform |

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 Selecting a Monetization Strategy

1. Freemium Pricing at Dropbox, Teixeira, Thales S.; Watkins, Elizabeth Anne HBS Case (514053)
2. Launching Yelp Reservations (A), Luca, Michael; Mohan, Kevin; Rooney, Patrick, HBS Case (916003)

On Social Networks

1. LinkedIn (A & B), Piskorski, Mikolaj Jan, HBS Case (707406) and HBS Case (707406)

On Product Line Extension and Luxury Brands

1. Longchamp, Avery, Jill; Junker, Tonia; Beyersdorfer, Daniela, HBS Case (316086)

Competitive Marketing Strategy in Retail

1. Lululemon Athletica, Tybout, Alice M., Kellogg Case (KE1010)

On Viral Marketing, Advertising, Media and Branding

1. Mekanism: Engineering Viral Marketing, Teixeira, Thales S.; Caverly, Alison, HBS Case (512010)
2. Online Marketing at Big Skinny, Edelman, Benjamin; Kominers, Scott Duke, HBS Case (911033)

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, HBS Case (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 2-4 students to lunch, perhaps multiple times this semester. 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.
- You must sit with your team at all times as there will be in-class group discussions and exercises.

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.

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